

**AXIAN TELECOM**

**CONSOLIDATED AND SEPARATE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**AXIAN TELECOM****CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**AXIAN TELECOM**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>Date of appointment</b>
<b>DIRECTOR</b>	:	
	Mr Hassanein Shahreza Hiridjee	21 June 2003
	Mr Ahmud Ismael Parwiz Jugoo	30 April 2018
	Mrs Anja Blumert	15 August 2020
	Mr. Afsar Azize Abdulla Ebrahim	16 November 2020
	Mr. Michael Jimmy Wong Yuen Tien	01 December 2021
	Mrs. Badiene Seynabou Ba	28 November 2022
<b>ADMINISTRATOR &amp; SECRETARY</b>	:	
	DTOS Ltd	
	10 <sup>th</sup> Floor	
	Standard Chartered Tower	
	19 Cybercity	
	Ebène	
	Republic of Mauritius	
<b>REGISTERED OFFICE</b>	:	
	c/o DTOS Ltd	
	10 <sup>th</sup> Floor	
	Standard Chartered Tower	
	19 Cybercity	
	Ebène	
	Republic of Mauritius	
<b>AUDITOR</b>	:	
	PricewaterhouseCoopers	
	PwC Centre	
	Avenue de Telfair	
	Telfair 80829	
	Moka	
	Republic of Mauritius	

**AXIAN TELECOM**

## COMMENTARY OF DIRECTORS

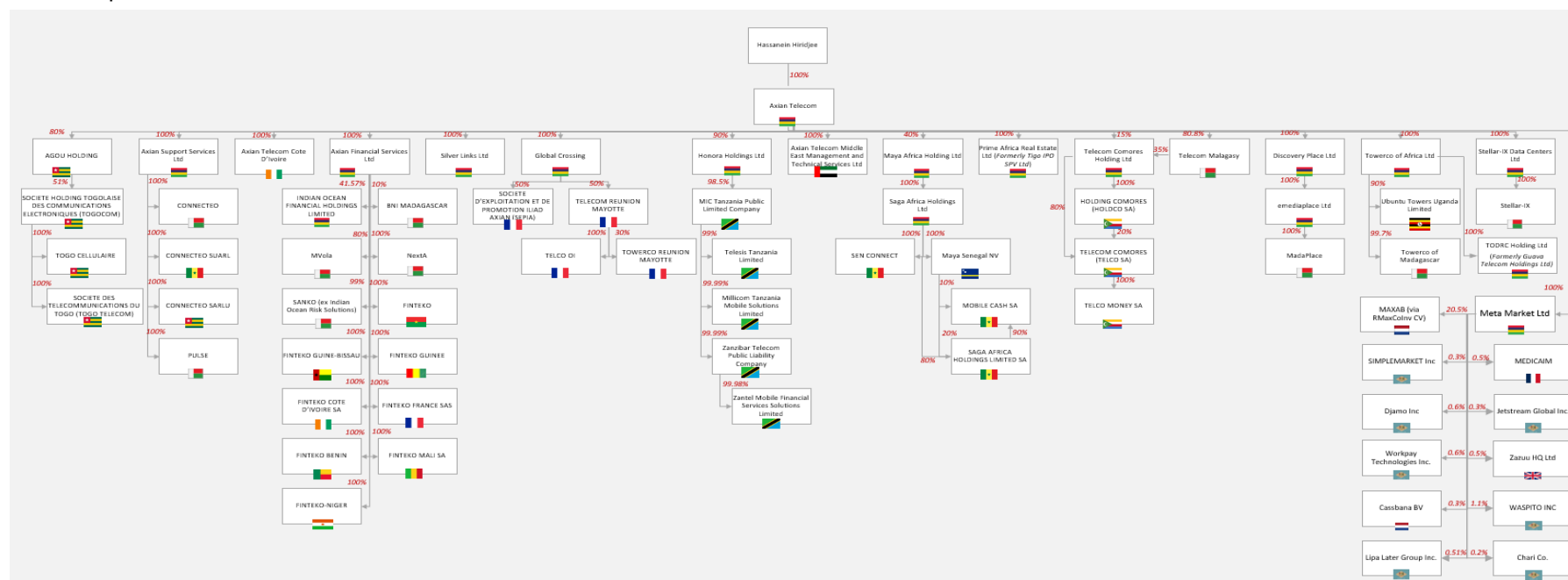
The directors are pleased to present their commentary and the audited consolidated and separate financial statements of Axian Telecom (the 'Company') and its subsidiaries (together referred to as the 'Group') for the year ended 31 December 2022.

### PRINCIPAL ACTIVITY

The Company operates as an investment holding company for operating entities in the telecommunications sector and also provides support services to its subsidiaries.

The Group is a leading pan-African telecommunications services provider, operating in eight markets through subsidiaries in Tanzania, Madagascar, Togo, Mauritius, and Uganda, and its joint ventures in Senegal, Réunion/Mayotte and Comoros. The Group's activities span over 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, datacenters and fibres).

The Group structure as at 31 December 2022 is as follows:



**AXIAN TELECOM**

**COMMENTARY OF DIRECTORS (CONTINUED)**

REVIEW OF THE BUSINESS

The results for the year under review are shown in the consolidated and separate statements of profit or loss and the consolidated and separate statements of other comprehensive income on pages 16 and 17.

**AXIAN TELECOM**

**COMMENTARY OF DIRECTORS (CONTINUED)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The Mauritian Companies Act 2001 requires the directors to prepare consolidated and separate financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the consolidated and separate financial statements; and
- prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing these consolidated and separate financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated and separate financial statements comply with the requirements of the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

The auditor, PriceWaterhouseCoopers, has indicated its willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

**SECRETARY'S CERTIFICATE**

**TO THE MEMBER OF AXIAN TELECOM**

**UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001**

We certify that, based on records and information made available to us by the directors and shareholder of the Company, the Company has filed with the Registrar of Companies, for the year ended 31 December 2022, all such returns as are required of the Company under the Mauritian Companies Act 2001.



Dated 24 APR 2023

**DTOS LTD  
SECRETARY**



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Axian Telecom (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

#### What we have audited

Axian Telecom's consolidated and separate financial statements set out on pages 16 to 163 comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

#### Basis for Opinion

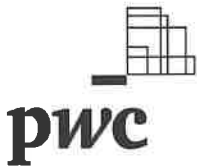
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

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

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.





## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

### Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter relating to the consolidated financial statements	How our audit addressed the key audit matter
<p><b>Business combination – Purchase Price Allocation (PPA) (see note 26 to the financial statements)</b></p> <p>The Group acquired 98.5% stake in MIC Tanzania Public Limited Company ("MIC Tanzania") during the year ended 31 December 2022.</p> <p>This transaction has been accounted for in accordance with IFRS 3 'Business Combinations'. Management has applied the acquisition method in accounting for the above mentioned acquisition.</p> <p>The Group performed a PPA exercise with the assistance of an external valuation expert to determine the fair value the identifiable assets and liabilities.</p> <p>Given its nature, this PPA allocation requires the exercise of judgement to identify the assets acquired and the liabilities assumed, and to determine the various assumptions used to estimate the fair value of these assets and liabilities.</p> <p>This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.</p>	<p>We obtained the report issued by the external valuation expert engaged by management to perform the PPA and to assist management with the identification of assets acquired and liabilities assumed in the business combination.</p> <p>With the support of our internal technical experts, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed whether management's assumptions in relation to the accounting for the transactions are in accordance with the requirements of IFRS 3;</li> <li>Assessed the completeness and accuracy of the assets acquired and liabilities assumed in the purchase price allocation; and</li> <li>Reviewed the appropriateness of the valuation methodology and approach used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets.</li> </ul> <p>We also assessed whether appropriate disclosures were made by management in the financial statements.</p>



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

Report on the Audit of the Consolidated and Separate Financial  
Statements (Continued)

### Key Audit Matters (Continued)

Key audit matter relating to the consolidated financial statements (Continued)	How our audit addressed the key audit matter relating to the consolidated financial statements (Continued)
<p><b>Impairment of Goodwill (see note 33 to the financial statements)</b></p> <p>The Group has Goodwill amounting to USD 196.2 million as at 31 December 2022 (2021: USD 49.8 million).</p> <p>Management assessed whether there were any indicators of impairment as at 31 December 2022 using discounted cash flow models to determine the recoverable amounts of the respective cash generating units (CGUs) to which the Goodwill relates. The recoverable amount of each CGU has been determined based on their value-in-use.</p> <p>The assessment of the recoverable amount of each cash generating unit requires the use of a number of key assumptions and judgements, including the estimated future cash flows, terminal growth rates, profitability levels and discount rates applied.</p> <p>This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.</p>	<p>We obtained management's workings of the recoverable amounts of the different CGUs.</p> <p>With the support of our internal valuation experts, we tested the assumptions used in the discounted cash flow models by comparing these assumptions to our independently derived expectations, which are based on the historical performance of the businesses, as well as expectations for the markets in which the CGUs operate. The budgeted figures used in the discounted cash flow models were compared to the historical performance of the respective CGUs in order to assess the reasonableness of the forecasted cash flows.</p> <p>Terminal growth rates have been assessed for reasonableness based on market expected long term growth rates.</p> <p>In order to determine the reasonableness of the discount rates used in the cash flow models, these were independently calculated based on the markets in which the CGUs operate, taking into consideration the nature of the CGUs. We have also verified the mathematical accuracy of the models.</p> <p>We also assessed whether appropriate disclosures were made by management in the financial statements.</p>



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

Report on the Audit of the Consolidated and Separate Financial  
Statements (Continued)

### Key Audit Matters (Continued)

Key audit matter relating to the separate financial statements	How our audit addressed the key audit matter relating to the separate financial statements
<p><b>Impairment assessment of investments in subsidiaries, interests in joint ventures and associates (see notes 10 and 11 to the financial statements)</b></p> <p>The Company holds investments in subsidiaries and interests in joint ventures and associates which amounted to USD 137.3 million and USD 6.6 million respectively as at 31 December 2022 (2021: USD 137.2 million and USD 7.1 million).</p> <p>Management determines at the end of each reporting period the existence of any indication of impairment of the Company's investments in subsidiaries and interests in joint ventures and associates. If there are indicators of impairment, management would assess the recoverable amounts of the investments in subsidiaries and interests in joint ventures and associates. Any shortfall between the recoverable amounts of the subsidiaries and interests in joint ventures and associates and their carrying values is recognised in profit or loss.</p> <p>The assessment of indicators of impairment and the determination of the recoverable amounts of the subsidiaries require judgement.</p> <p>The determination of the recoverable amounts, using a discount cash flow model, requires the use of a number of key assumptions and estimates such as the estimated future cash flows, discount rates, profitability levels and terminal growth rate.</p> <p>This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.</p>	<p>We considered whether there were internal and external indicators of impairment for investments in subsidiaries and interests in joint ventures and associates.</p> <p>For those investment in subsidiaries and interests in joint ventures and associates whereby indicators of impairment were identified, we obtained management computation of the recoverable amounts, which were based on a discounted cash flow model.</p> <p>With the support of our internal valuation experts, we have independently assessed the recoverable amounts of the investments in subsidiaries and interests in joint ventures and associates based on the markets in which the investee entities operate and their actual performance.</p> <p>We assessed whether appropriate disclosures were made by management in the financial statements.</p>



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

### Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

#### Other Information

The directors are responsible for the other information. The other information comprises the company information, the commentary of directors, and the secretary's certificate but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

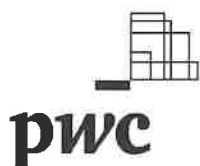
Report on the Audit of the Consolidated and Separate Financial  
Statements (Continued)

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

Report on the Audit of the Consolidated and Separate Financial  
Statements (Continued)

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### **Mauritian Companies Act 2001**

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company and of some of its subsidiaries;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.



## Independent Auditor's Report

To the Shareholder of  
Axian Telecom (Continued)

### Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholder in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

  
PricewaterhouseCoopers

  
Robert Coutet, licensed by FRC

24 April 2023

## AXIAN TELECOM

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	Restated 2021	2022	2021
	USD	USD	USD	USD
Revenue (Note 29)	827,515,328	495,694,686	26,001,570	30,150,670
Other income (Note 30)	15,580,035	33,427,203	94,469,060	98,059,164
Cost of devices and equipments (Note 5)	(17,586,473)	(8,880,757)	-	-
Cost of interconnection and roaming (Note 5)	(27,049,175)	(18,325,205)	-	-
Government and regulatory costs (Note 5)	(50,130,980)	(32,419,997)	-	-
Advertising and distribution costs (Note 5)	(11,917,037)	(3,821,861)	-	-
Commissions to sales agents (Note 5)	(120,607,162)	(38,283,712)	-	-
Impairment losses on financial assets (Note 5)	(1,907,867)	(679,918)	-	-
Technology operation costs (Note 5)	(68,862,094)	(43,270,141)	-	-
Staff costs (Note 5)	(83,925,466)	(52,340,592)	(10,679,447)	(6,917,495)
Other operating expenses (Note 5)	(61,392,475)	(44,039,241)	(2,375,594)	(2,198,832)
Derecognition of financial assets (Note 5)	(3,522,597)	(17,961,095)	-	-
Professional fees (Note 5)	(21,637,089)	(20,629,007)	(12,637,993)	(9,344,823)
Depreciation and amortisation (Note 5)	(178,487,301)	(112,299,491)	-	-
Reversal of impairment of non-financial assets (Note 5)	3,017,500	4,100,480	-	-
Net fair value gain/(losses) on financial assets at fair value through profit or loss (Note 5)	2,666,217	(141,500)	141,500	(141,500)
<b>OPERATING PROFIT</b>	<b>201,753,364</b>	<b>140,129,852</b>	<b>94,919,096</b>	<b>109,607,184</b>
Finance income (Note 6)	47,843,557	24,907,305	40,350,291	9,066,945
Finance costs (Note 6)	(145,480,371)	(57,582,371)	(57,255,558)	(9,894,976)
Finance costs – Net (Note 6)	(97,636,814)	(32,675,066)	(16,905,267)	(828,031)
Non-operating Income (Note 38)	1,823,707	-	-	-
Non-operating expenses (Note 38)	(6,309,388)	(15,600,429)	-	-
Share of profit in associates and joint ventures, net of tax (Note 11)	14,364,751	22,442,120	-	-
<b>PROFIT BEFORE INCOME TAX</b>	<b>113,995,620</b>	<b>114,296,477</b>	<b>78,013,829</b>	<b>108,779,153</b>
Income tax expense (Note 7 (a))	(29,924,533)	(26,880,856)	(5,175,313)	(4,085,706)
<b>PROFIT FOR THE YEAR</b>	<b>84,071,087</b>	<b>87,415,621</b>	<b>72,838,516</b>	<b>104,693,447</b>
<b>Profit for the year attributable to:</b>				
- Owners of the Company	57,883,845	56,643,615	72,838,516	104,693,447
- Non - controlling interest	26,187,242	30,772,006	-	-
	<b>84,071,087</b>	<b>87,415,621</b>	<b>72,838,516</b>	<b>104,693,447</b>



## AXIAN TELECOM

**CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>Restated</b>	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>USD</b>
		<b>USD</b>		
<b>PROFIT FOR THE YEAR</b>	<b>84,071,087</b>	87,415,621	<b>72,838,516</b>	104,693,447
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be re-classified to profit or loss</i>				
Exchange differences on translation of foreign subsidiaries	<b>(12,976,848)</b>	(10,797,977)	-	-
Exchange differences on translation of foreign joint ventures and associates (Note 11)	<b>(1,494,415)</b>	(1,908,364)	-	-
Share of other reserves of the joint venture (Note 11)	-	269,695	-	-
	<b>(14,471,263)</b>	(12,436,646)	-	-
<i>Items that will not be re-classified to profit or loss</i>				
Net gain on equity instruments designated at fair value (Note 43)	<b>3,155,480</b>	-	-	-
Remeasurements of retirement benefit obligations (Note 35(ii))	<b>22,516</b>	-	<b>(221)</b>	-
Deferred tax on remeasurement of retirement benefit obligations	<b>(3,377)</b>	-	<b>33</b>	-
	<b>3,174,619</b>	-	<b>(188)</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>72,774,443</b>	74,978,975	<b>72,838,328</b>	104,693,447
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>				
- Owners of the Company	<b>48,771,875</b>	45,821,496	<b>72,838,328</b>	104,693,447
- Non - controlling interest	<b>24,002,568</b>	29,157,479	-	-
	<b>72,774,443</b>	74,978,975	<b>72,838,328</b>	104,693,447

## AXIAN TELECOM

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	USD	USD	USD	USD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment (Note 8)	670,042,389	495,789,056	-	-
Right-of-use assets (Note 25 (i))	392,172,617	44,007,136	-	-
Intangible assets (Note 9)	211,680,348	86,968,628	-	-
Goodwill (Note 33)	196,215,765	49,759,990	-	-
Deferred tax assets (Note 7 (b))	35,165,682	36,514,957	179	-
Investments in subsidiaries (Note 10)	-	-	137,257,269	137,247,269
Interests in joint ventures and associates (Note 11)	61,522,220	68,846,258	6,571,031	7,118,741
Financial assets at fair value through other comprehensive income (FVOCI) (Note 43)	18,590,788	-	-	-
Financial assets at fair value through profit or loss (Note 31)	9,912,153	5,867,383	-	4,858,500
Loans receivable (Note 14)	167,508	-	333,254,563	37,237,482
Trade and other receivables (Note 12)	35,138,045	30,582,014	-	-
Deposits receivable (Note 36)	2,168,923	2,628,252	-	-
Treasury bonds (Note 32)	1,803,607	2,392,521	-	-
Embedded derivative assets (Note 40)	6,422,975	-	700,000	-
	1,641,003,020	823,356,195	477,783,042	186,461,992
<b>Current assets</b>				
Inventories (Note 13)	23,227,898	17,044,520	-	-
Loans receivable (Note 14)	17,187,838	5,862,653	83,761,289	6,539,890
Deposits receivable (Note 36)	220,015	-	-	-
Trade and other receivables (Note 12)	160,169,985	141,013,207	35,008,770	24,524,234
Dividend receivable (Note 42)	-	-	30,156,085	53,418,814
Income tax receivable (Note 7(d))	9,841,120	445,763	-	-
Cash and cash equivalents (Note 15)	226,590,223	134,506,254	116,673,950	36,466,092
Restricted cash (Note 16)	277,344,579	82,199,911	-	-
	714,581,658	381,072,308	265,600,094	120,949,030
<b>Total assets</b>	<b>2,355,584,678</b>	<b>1,204,428,503</b>	<b>743,383,136</b>	<b>307,411,022</b>

Authorised for issue by the Board of Directors on .....  
Signed on its behalf by:





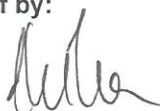
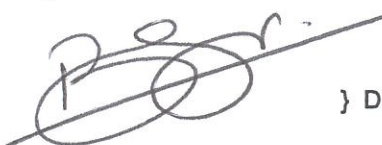
} DIRECTORS

The notes on pages 24 to 163 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022 (CONTINUED)

	Group 2022 USD	2021 USD	Company 2022 USD	2021 USD
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and reserves</b>				
Share capital (Note 17)	1,372,564	1,372,564	1,372,564	1,372,564
Reorganisation reserves	76,511,569	76,511,569	-	-
Other reserves	(36,397,142)	6,059,348	(188)	-
Legal reserves	3,025,353	781,147	-	-
Translation reserves	(20,516,421)	(8,587,980)	-	-
Retained earnings	139,345,719	83,706,080	125,531,962	52,693,446
	-----	-----	-----	-----
Equity attributable to owners of the Company	163,341,642	159,842,728	126,904,338	54,066,010
Non-controlling interests (Note 19)	99,967,254	91,152,614	-	-
	-----	-----	-----	-----
<b>Total equity</b>	<b>263,308,896</b>	<b>250,995,342</b>	<b>126,904,338</b>	<b>54,066,010</b>
	-----	-----	-----	-----
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings (Note 20)	674,743,490	267,477,680	542,459,743	126,884,081
Trade and other payables (Note 21)	61,125,648	85,777,942	-	-
Government grants (Note 22)	18,198,686	26,397,175	-	-
Provisions (Note 23)	45,853,429	36,584,910	-	-
Lease liability (Note 25 (i))	380,496,338	45,310,470	-	-
Deposits payable (Note 34)	7,652,013	6,073,969	-	-
Deferred tax liability (Note 7(b))	16,608,944	27,942	-	-
Retirement benefit obligations (Note 35)	2,352,140	2,308,036	1,195	656
Embedded derivatives liabilities (Note 40)	36,951,071	-	-	-
	-----	-----	-----	-----
	1,243,981,759	469,958,124	542,460,938	126,884,737
	-----	-----	-----	-----
<b>Current liabilities</b>				
Trade and other payables (Note 21)	690,586,504	342,125,698	20,040,360	16,418,475
Deposits from customers (Note 39)	1,330,778	695,993	-	-
Borrowings (Note 20)	55,542,276	79,000,856	31,769,344	84,673,409
Provisions (Note 23)	2,483,165	1,308,775	-	-
Lease liability (Note 25 (i))	41,295,551	5,943,398	-	-
Bank overdraft (Note 15)	27,728,595	22,554,266	-	82
Income tax payable (Note 7(d))	7,631,340	10,155,353	521,883	3,682,036
Dividend payable (Note 37)	21,695,814	21,690,698	21,686,273	21,686,273
	-----	-----	-----	-----
	848,294,023	483,475,037	74,017,860	126,460,275
	-----	-----	-----	-----
<b>Total liabilities</b>	<b>2,092,275,782</b>	<b>953,433,161</b>	<b>616,478,798</b>	<b>253,345,012</b>
	-----	-----	-----	-----
<b>Total equity and liabilities</b>	<b>2,355,584,678</b>	<b>1,204,428,503</b>	<b>743,383,136</b>	<b>307,411,022</b>
	=====	=====	=====	=====

Authorised for issue by the Board of Directors on 24 APR 2023  
Signed on its behalf by:

 }  
 } DIRECTORS

## AXIAN TELECOM

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Group	Stated capital USD	Re- organisation reserves USD	Other reserves USD	Legal reserves USD	Translation reserves USD	Retained Earnings USD	Total USD	Non- controlling interest USD	Total USD
At 01 January 2021	117,389,774	23,981,559	5,789,653	300,727	2,503,834	23,525,675	173,491,222	63,553,316	237,044,538
<b>Comprehensive income:</b>									
Profit for the year	-	-	-	-	-	56,643,615	56,643,615	30,772,006	87,415,621
Other comprehensive income for the year, net of tax	-	-	269,695	-	(11,091,814)	-	(10,822,119)	(1,614,527)	(12,436,646)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total comprehensive income for the year	-	-	269,695	-	(11,091,814)	56,643,615	45,821,496	29,157,479	74,978,975
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Transaction with owners in their capacity as owners:</b>									
Disposal of shares	-	-	-	-	-	-	-	10	10
Acquisition through business combination (Note 26)	-	52,530,010	-	-	-	-	52,530,010	2,694,488	55,224,498
Capital reduction (Note 17)	(56,017,210)	-	-	-	-	56,017,210	-	-	-
Share buy-back (Note 17)	(60,000,000)	-	-	-	-	-	(60,000,000)	-	(60,000,000)
Dividend declared (Note 37)	-	-	-	-	-	(52,000,000)	(52,000,000)	(4,252,679)	(56,252,679)
Transfer to legal reserves	-	-	-	480,420	-	(480,420)	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>At 31 December 2021</b>	<b>1,372,564</b>	<b>76,511,569</b>	<b>6,059,348</b>	<b>781,147</b>	<b>(8,587,980)</b>	<b>83,706,080</b>	<b>159,842,728</b>	<b>91,152,614</b>	<b>250,995,342</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The notes on pages 24 to 163 are an integral part of these financial statements.

## AXIAN TELECOM

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

Group	Stated capital USD	Re- organisation reserves USD	Other reserves USD	Legal reserves USD	Translation reserves USD	Retained Earnings USD	Total USD	Non- controlling interest USD	Total USD
At 01 January 2022	1,372,564	76,511,569	6,059,348	781,147	(8,587,980)	83,706,080	159,842,728	91,152,614	250,995,342
Comprehensive income:									
Profit for the year	-	-	-	-	-	57,883,845	57,883,845	26,187,242	84,071,087
Other comprehensive income for the year, net of tax	-	-	2,816,471	-	(11,928,441)	-	(9,111,970)	(2,184,674)	(11,296,644)
<b>Total comprehensive income for the year</b>	-	-	2,816,471	-	(11,928,441)	57,883,845	48,771,875	24,002,568	72,774,443
Transaction with owners in their capacity as owners:									
Acquisition through business combination (Note 26)	-	-	-	-	-	-	-	(3,433,350)	(3,433,350)
Dividend declared (Note 37)	-	-	-	-	-	-	-	(11,754,578)	(11,754,578)
Transfer to legal reserves	-	-	-	2,244,206	-	(2,244,206)	-	-	-
Recognition of NCI put option (Note 40)	-	-	(45,272,961)	-	-	-	(45,272,961)	-	(45,272,961)
At 31 December 2022	1,372,564	76,511,569	(36,397,142)	3,025,353	(20,516,421)	139,345,719	163,341,642	99,967,254	263,308,896

The notes on pages 24 to 163 are an integral part of these financial statements.

## AXIAN TELECOM

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**Company**

	<b>Stated capital USD</b>	<b>Other reserves USD</b>	<b>Retained earnings USD</b>	<b>Total USD</b>
At 01 January 2021	117,389,774	-	(56,017,211)	61,372,563
Comprehensive income: Profit and total comprehensive income for the year	-	-	104,693,447	104,693,447
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	104,693,447	104,693,447
	-----	-----	-----	-----
Capital reduction (Note 17)	(56,017,210)	-	56,017,210	-
Share buy-back (Note 17)	(60,000,000)	-	-	(60,000,000)
Dividend declared (Note 37)	-	-	(52,000,000)	(52,000,000)
	-----	-----	-----	-----
At 31 December 2021	1,372,564	-	52,693,446	54,066,010
Comprehensive income: Profit and total comprehensive income for the year	-	(188)	72,838,516	72,838,328
	-----	-----	-----	-----
Total comprehensive income for the year	-	(188)	72,838,516	72,838,328
	-----	-----	-----	-----
<b>At 31 December 2022</b>	<b>1,372,564</b>	<b>(188)</b>	<b>125,531,962</b>	<b>126,904,338</b>
	=====	=====	=====	=====

## AXIAN TELECOM

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Cash flows from operating activities</b>				
Cash generated from operations (Note 28)	360,355,796	272,905,079	439,425	12,070,335
Interest paid	(61,110,713)	(22,525,313)	(15,487,500)	(628,920)
Interest received	7,586,471	2,530,432	6,270,543	-
Taxation paid (Note 7(d))	(53,248,957)	(30,403,947)	(6,746,314)	(465,063)
<b>Net cash generated from/(used in) operating activities</b>	<b>253,582,597</b>	<b>222,506,251</b>	<b>(15,523,846)</b>	<b>10,976,352</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant & equipment	413,979	259,643	-	-
Proceeds from sale of intangible assets	184,973	210,717	-	-
Purchase of property, plant and equipment (Note 8)	(225,349,941)	(130,816,199)	-	-
Acquisition of subsidiaries net of cash acquired (Note 26)	(77,793,423)	(19,983,006)	-	-
Shares buy back (Note 10)	-	-	-	17,640,930
Purchase of intangible assets (Note 9)	(43,507,569)	(16,986,384)	-	-
Dividend received (Note 42)	581,692	337,397	113,250,276	44,640,350
Treasury bonds matured (Note 32)	443,686	337,406	-	-
Purchase of financial assets at fair value through profit or loss	(1,436,744)	(5,000,000)	-	(5,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	61,975	-	-
Buy back of shares by joint ventures (Note 11)	1,993,678	22,387,945	547,710	22,387,945
Dividend received from joint ventures (Note 11)	15,157,492	17,853,053	-	-
Loan granted to related parties (Notes 24(a) and (b))	-	(1,388,713)	-	(6,371,662)
Loan repayments made by related parties (Note 24(a))	533,694	11,741,365	-	-
Amount received from minority interests (Note 24(a))	5,085,000	-	-	-
Additional deposits (Note 36)	(362,206)	(133,457)	-	-
Deposits received (Note 36)	1,252,110	52,674	-	-
(Increase)/decrease in deposits payable (Note 34)	(408,131)	5,937	-	-
Grants received (Note 22)	3,330,309	7,180,215	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(319,881,401)</b>	<b>(113,879,432)</b>	<b>113,797,986</b>	<b>73,297,563</b>
<b>Cash flows from financing activities</b>				
Proceeds from disposal of shares (Note 10)	-	10	-	10
Repayment of loan receivable by related parties (Note 24 (a), (b))	-	-	15,085,000	-
Loan granted to related parties (Note 24 (a), (b))	-	-	(360,328,183)	-
Proceeds from borrowings (Note 28)	463,355,178	48,571,494	424,915,000	-
Repayment of borrowings (Note 28)	(269,076,785)	(74,501,852)	(83,867,851)	(17,882,747)
Payment of bond transaction costs	(11,525,796)	-	(11,525,796)	-
Repayment of principal component of lease liabilities (Note 25 (i))	(26,493,552)	(3,480,062)	-	-
Dividend paid (Note 37)	(11,822,484)	(34,566,406)	-	(30,313,727)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>144,436,561</b>	<b>(63,976,816)</b>	<b>(15,721,830)</b>	<b>(48,196,464)</b>
<b>Net increase in cash and cash equivalents</b>	<b>78,137,757</b>	<b>44,650,003</b>	<b>82,552,310</b>	<b>36,077,451</b>
Effect of exchange rate on cash and cash equivalents	8,771,883	5,294,217	(2,344,370)	(337,021)
Cash and cash equivalents at beginning of year	111,951,988	62,007,768	36,466,010	725,580
<b>Cash and cash equivalents at end of year (Note 15)</b>	<b>198,861,628</b>	<b>111,951,988</b>	<b>116,673,950</b>	<b>36,466,010</b>

The notes on pages 24 to 163 are an integral part of these financial statements.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****1 GENERAL INFORMATION**

Axian Telecom (the "Company") was incorporated as a private limited company on 20 June 2003 and is domiciled in the Republic of Mauritius. The Company holds a Global Business Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission. The Company's registered office is 10<sup>th</sup> Floor, Standard Chartered Tower, 19 Cybercity, Ebène, Republic of Mauritius.

The principal activity of the Company is to engage in investment holding activities primarily in entities operating in the telecommunications sector and related sectors. The Company also provides support services to its subsidiaries in African countries.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements (collectively referred to as the "financial statements") are set out below. These policies apply to the Group and the Company and have been consistently applied to all the years presented, unless otherwise stated.

*Basis of preparation*

The financial statements are prepared under the historical cost convention, except for financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income, both of which are measured at fair value. The financial statements are presented in United States Dollars (USD) and in accordance with International Financial Reporting Standards (IFRS), and in compliance with the requirements of the Mauritian Companies Act 2001. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The principal accounting policies are set out below:

*Going concern*

In accordance with the requirements of IAS 1 - Presentation of Financial Statements, the financial statements have been prepared on the going concern basis which assumes that the Group and the Company will continue in operational existence for the foreseeable future.

At 31 December 2022, the Group was in a net current liability position of **USD 133,712,365** (2021: USD 102,402,729). The directors have made an assessment of the Group's ability to continue as a going concern, and they consider that there is sufficient liquidity to continue as a going concern for at least 12 months, taking into account the following factors:

- The Group's operations are cash generative and the nature of mobile services revenue (which makes up the majority of the Group's revenue) in the markets where the Group operates, is such that customers will generally prepay for their services through prepaid airtime and data bundles. The Group thus inherently has more favourable credit terms with its suppliers than it does with its customers and is able to manage cash resources effectively in order to ensure sufficient liquidity.
- The balance of deferred revenue of USD 33.5 million (Note 21) does not represent a cash liability in its entirety. The Group is required to deliver services in respect of billing made in advance but the cash cost of delivering those services is significantly lower than the balance of deferred revenue as at 31 December 2022.
- Included in current liabilities is a balance of USD 21.7 million (Note 37) related to dividends declared but not yet paid. While these are due to be paid in the short term, in the unlikely event that the group encounters liquidity issues, the sole shareholder will allow for the deferral of the dividend payment due.
- On 16 February 2022, the Group also entered into a revolving credit facility which provides it with USD 42 million of available credit, should the need arise. This revolving credit facility expires on 16 February 2027.



**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Going concern (continued)*

- Based on the group cash flow forecast, revenue has increased due to the Tanzania acquisition, growth in demand for the products and services from the existing customer base, expansion of the customer base (underlined by strong market fundamentals with growing telecom penetration in all of the Group's core markets) and expansion of highly synergetic business such as Mobile Financial Services ('MFS'). Strong operating cash flow generation is supported by efficient working capital with a majority of our revenues being prepaid and, a majority of our suppliers extending the Group customary payment terms of between 30 and 90 days.

Management has assessed existing cash reserves, the availability of undrawn facilities, and the ongoing operational requirements and planned capital expenditure. In the context of current commitments and available liquidity, management believes that the going concern assumption remains appropriate.

Accordingly, the financial statements have been prepared on the going concern basis which assumes that the Group and the Company will continue in operational existence for the foreseeable future.

*Basis of consolidation*

The consolidated financial statements comprise the financial information of the Company and its subsidiaries, associates, and joint ventures. Refer to Note 10 for list of subsidiaries owned and controlled by the Company. The Company controls an entity when the latter is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to non-controlling interests ('NCI') present within the ownership structure of the Company's subsidiaries; even if this results in a deficit balance for the latter.

Where necessary, adjustments are made to the financial information of the subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

*Investments in subsidiaries*

Subsidiaries are all entities over which the Company has control, either directly or indirectly. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less impairment. Any impairment in value is recognised by reducing the cost to the recognised value and charging the difference to profit and loss.

On disposal of an investment, the difference between the net disposal of proceeds and the carrying amount is charged or credited to profit or loss.

## AXIAN TELECOM

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Interests in joint ventures and associates*

A joint venture is a type of arrangement whereby the parties to the arrangement exercise joint control over the operations of, and have joint rights to the net assets of, the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investments in joint ventures and associates in its consolidated financial statements by using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognised at cost, which includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture or associate after the acquisition date.

Where an indicator of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment expense in profit or loss, in the period in which the impairment is identified.

On disposal of an investment in an associate or joint venture, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

In the Company's separate financial statements, investment in joint ventures and associates is carried at cost.

*Business combination under common control*

Where the combining entities are ultimately controlled by the same party both before and after the combination, the transaction is a "common control" transaction, outside the scope of IFRS 3 Business Combinations.

There is currently no guidance in IFRS on the accounting treatment for combinations among entities or businesses under common control.

Depending on the specific facts and circumstances surrounding a particular business combination under common control, management selects an appropriate accounting policy, and it applies that policy consistently from period to period to all business combinations under common control that are considered similar in nature. Management has a policy choice between acquisition accounting and predecessor accounting.

Based on the particular facts and circumstances, for similar transactions, management applies either acquisition accounting (similar to IFRS 3) or predecessor accounting. For business combination under common control that took place in the current and prior years, management has applied predecessor accounting to account for the business combination given that the transaction was not done at fair value and there were no non-controlling interests.

The principles of predecessor accounting are:

- Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity as part of reorganisation reserve.
- Any gains or losses arising upon disposal of subsidiaries are recognised in profit or loss.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Changes in accounting policies and disclosures***(i) New and amended standards**

The following new standards, amendments to existing standards and interpretations, which are effective for the financial periods beginning on 01 January 2022, have been assessed by management who concluded that the new standards have no effect on the financial results or financial position of the Group and the Company.

- IAS 16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
- IFRS 9 Financial Instruments: Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the “10 per cent” test for derecognition of financial liabilities) (effective 1 January 2022)

**(ii) New standards, amendments to existing standards and interpretations issued but not yet effective**

Several new standards, amendments to existing standards and interpretations have been issued, but are not yet effective, up to the date of issuance of the Group and the Company’s financial statements. The Group and the Company have not early adopted any new standards, interpretations or amendments to existing standards that have been issued but which are not yet effective.

None of the following new standards, amendments to existing standards and interpretations are expected to have a significant impact on the Group’s and the Company’s financial statements.

- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective 1 January 2024)
- IAS 1 Presentation of Financial Statements: Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2024)
- IAS 1 Presentation of Financial Statements: Amendments regarding the disclosure of accounting policies (effective 1 January 2024)
- IAS 1 Presentation of Financial Statements: Amendments regarding the classification of debt with covenants (effective 1 January 2024)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
- IAS 12 Deferred tax related to assets and liabilities arising on a single transaction: Amendments regarding recognition of related deferred tax asset and liability (effective 1 January 2023)

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Foreign currency translation**(a) Functional and presentation currency*

The individual financial information of the Group's subsidiaries, associates, and joint ventures are presented in the currency of the primary economic environment in which those entities operate (their functional currency). For the purpose of the consolidated financial information, the results and financial position of each entity are expressed in United State Dollars (USD) which is the functional currency of the Company and the presentation currency for the consolidated and separate financial statements.

*(b) Foreign denominated transactions and balances*

- In the individual accounts of the Group's entities

Transactions denominated in foreign currencies are translated into the measurement currency at the rates of exchange ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Such balances are translated at year-end exchange rates.

- In the Group's consolidated financial statements

The results and financial position of all the group entities that have a functional currency different from the functional and presentation currency of the Company, are translated into the presentation currency of the Company as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at an average exchange rate for the period (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- share capital and equity movements are stated at their historical value in the statement of financial position; and
- all resulting exchange differences are recognised in other comprehensive income.

*Revenue recognition*

The Group applies IFRS 15 "Revenue from Contracts with Customers" in accounting for revenue.

The Group offers products and services on a standalone basis or as part of bundles. Revenue is recorded net of VAT and other taxes collected on behalf of local tax authorities.

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of the goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group carries out services for clients, with revenue recognised typically on an over time basis. This is because for such services rendered, the customer simultaneously receives and consumes the economic benefit provided by the Group's performance and the contracts would require payment to be received for the time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Group's failure to perform its obligations under the contract.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time, a contract asset is recognised. Contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future periodic billing. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised as deferred revenue. For contracts containing significant financing components, the Group reduces revenue and recognises interest income over the period between satisfying the related performance obligation and payment.

The Group applies the practical expedient in IFRS 15 paragraph 63 and does not account for the impact of financing components where the period between the receipt of payment and the delivery of a good or service is of one year or less.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue recognition (continued)*

## (i) Mobile services and fixed services

The Group offers fixed and mobile telephone services, fixed and mobile internet access services and content offers to its customers. Some contracts are for a fixed term (generally 12 or 24 months), while others may be terminated at short notice. Service revenue is recognised when the service is provided, based on usage (minutes of traffic, number of SMS or bytes of data processed) or the period for which the customer has paid and the over which the Group has provided a service (e.g monthly service costs). If the performance obligations of a contract are non-distinct, the revenue relating to the aggregate services offered is recognised on a linear basis over the term of the contract.

## (ii) Revenue from interconnection, roaming and Mobile Virtual Network Operator (MVNO)

Comprises of operator billing on interconnections, call termination, international or national roaming and any other form of wholesale traffic resale (MVNO) to other telecommunications service providers. For contracts with operator customers, the price, volume and terms are defined in the contracts. The operator has a commitment to pay the amount as per the contract irrespective of actual traffic consumed over the contract period. Revenue is recognised over time as the services are provided over the term of the contract.

## (iii) Customer Equipment and infrastructure

Comprises of sale of equipment such as terminals, routers, solar kits, infrastructure, and the sale of other telecom & IT equipment to other telecommunications professionals. The Group offers equipment (primarily mobile phones) either separately or bundled with service offers. When sold separately, the amount invoiced is recognised in revenue once delivery of the products has occurred (at a point in time). When equipment is bundled with service offers, the Group recognises the portion of the contract consideration allocated to the equipment as revenue on delivery. The proportion of the contract consideration allocated to service revenue is recognised over the contract period, as services are delivered to the customer.

Revenue is allocated to each component in proportion to their individual selling prices. This is the case for bundled offers which include a subsidised mobile phone, where the individual selling prices are calculated at the cost price plus a margin derived from market practices.

## (iv) Equipment hosting, rental of sites, and energy services and datacentre business

The Group offers telecom equipment hosting and energy services. The Group purchases and constructs infrastructure (primarily towers), that will then host telecom equipment and transmission equipment, all of which the Group designates under the umbrella term "telecom sites". The Group leases such telecom sites in strategic locations to telecom and audio-visual network operators with complementary energy supply, all while ensuring the proper management, maintenance and upkeep of the sites.

The revenue from equipment hosting and energy services is therefore recognised over time.

## (v) Revenue from operator infrastructure services

Revenue from operator infrastructure services include income from backbone connectivity rental in any contractual form with Synchronous Transport Module (STM). The services also comprise of rental of technical sites and accommodation of data processing equipment in technical rooms.

It also comprises of sales of bandwidth on certain telecommunications cable system.

The Group has contracts with customers and revenue is recognised in the accounting period in which the service is provided, which is over time, usually over the duration of the contract with the customer.

## (vi) Commission received on electronic money activities

The Group provides mobile money activities whereby customers can open a virtual wallet and deposit funds, withdraw or transfer funds, or transact with registered vendors using their wallet balance. Revenue from our mobile money activities mainly comprises of the commissions received on cash transactions, which are calculated based on the official rates decided by management. The revenues are net of value added taxes.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Revenue recognition (Continued)***(vi) Commission received on electronic money activities (continued)**

Revenue is recognised as and when the service is provided, which is at a point in time. Interest income on loan to clients calculated using the effective interest rate method is recognised in profit or loss as part of Commission received on electronic money activities.

**(vii) Revenue received from customers for use of trademark and licences**

Trademark fees are derived from the use of the trademark and intellectual property rights which are registered in Mauritius. A trademark fee is received based on the agreements between the parties. Revenue is recognised in the accounting period in which the customer is granted the right to use the trademark or intellectual, which is over time.

**(viii) Revenue received from digital solutions services**

Digital solutions services are derived from providing IT support services and other assistance to companies. Revenue derived from digital solutions services is categorised as service revenue. This type of revenue is recognised in the accounting period in which the service is provided, which is over time, usually over the duration of the contract with the customer.

*Operating costs*

Costs directly associated with generating revenues are included under operating costs. Operating costs include direct material, input, and labour costs, and indirect costs that can be directly attributed to generating revenue. The operating costs of the Group relate principally to costs of devices and equipment, cost of interconnection and roaming, telecom operator fees, satellite and optical fiber bandwidth charges, technical assistance fees, commission to sales agents, depreciation of property, plant and equipment, water and electricity charges and repairs and maintenance costs on technical sites. Operating costs are accrued in the period in which the services are provided, by reference to the stage of completion of the specific transaction as a proportion of the total services to be provided.

*Segment reporting*

The Group presents segment information using business segments as its primary reporting format and geographical segments as its secondary reporting format. The identification of business and geographical segments is based on the internal management and financial reporting systems and reflects the risks and sources of earnings the Group's earnings. Management and key decision makers (comprising the Chief Executive Officer, Chief Financial Officer, and Chief Technical Officer, as well as the executive and non-executive directors of the Group), monitor the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

*Property, plant and equipment*

Property, plant and equipment ("PPE") is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment.

Initial and subsequent costs associated with items of property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The group componentises its PPE by reference to separately identifiable components which may be replaced separately or may have differing useful lives. The carrying amount of any component accounted for as a separate asset is derecognised when replaced, scrapped or disposed of. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment, net of their residual values, over their estimated useful lives as follows:

Land is not depreciated.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Property, plant and equipment (Continued)*

The annual rates or lifetime are as follows.

Buildings & Infrastructure	10 to 20 years
Technical equipment	3 to 20 years
Materials	5% to 10%
Others	2 to 10 years

Others include furniture & fittings and vehicles.

The residual values and useful lives or property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, with the resulting impairment recognised in profit or loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

*Intangible assets***(a) Licences**

Licences acquired are recorded at cost, net of amortisation. Amortisation is calculated on a straight-line basis in order to spread the cost of licenses over their estimated useful life of 4 to 20 years. The amortisation period is reviewed annually and is modified if expectations differ from previous estimates.

**(b) Software**

The Group purchases software as well as developing software internally. Purchased software is recognised initially at its purchase price plus any costs necessary for bringing it into a condition where it is available for use, for example installation and setup costs.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software is available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software development costs include employee costs and an appropriate portion of relevant overheads.

Capitalised software purchase and development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. These costs are amortised over the estimated useful life of the software between 2 and 10 years.

Costs associated with maintaining software programmes are recognised as an expense as incurred.

**(c) Indefeasible right of use (IRU)**

IRUs acquired are recorded at cost, net of amortisation. Amortisation is calculated on a straight-line basis in order to spread the cost of the IRUs over their estimated useful lives (usually 5 to 20 years). The amortisation period is reviewed annually and is modified if expectations differ from previous estimates.

Where an IRU is acquired for a specified bandwidth in a fibre cable, such IRUs are recognised as intangible assets. The carrying value of intangible assets as at the end of the reporting period also consist of the Group's share of international bandwidth capacity on the METISS ("Melting pot indianoceanic submarine system") and EASSY ("Eastern African submarine cable system") submarine cable systems following its participation in the relevant consortiums as from December 2020.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Intangible assets (Continued)*

## (d) Brands and customer related intangible assets

Brands and customer related intangible assets, acquired in a business combination, are recognised at fair value at the acquisition date. The Tigo and Zantel brand acquired as part of the business combination of MIC Tanzania Public Limited Company, provide customer recognition and pricing power. The Zantel brand has an indefinite useful life and the Tigo brand shall be amortised over 5 years. Customer related intangible assets represents customer contracts and relationships. Amortisation is calculated using the straight-line method to allocate the customer related intangible assets over their estimated useful lives of 3-8 years.

*Impairment of property, plant and equipment and intangible assets (excluding goodwill)*

At the end of each reporting year, the Group reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, or where the carrying value of the asset is expected to be recovered primarily through continuing use, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised in profit or loss.

*Financial assets*

## (i) Initial measurement of financial assets

Financial assets are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the financial instruments.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets measured at fair value through profit or loss) are included in the fair value of the financial assets at initial recognition. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit, or loss, are immediately recognised in profit or loss.

## (ii) Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables, receivables from entities under common control, treasury bonds are held to collect contractual cash flows which consist of principal and, for some financial assets, interest. As such, the Group classifies these as financial assets at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Investment in mutual funds and equity instruments are classified as financial assets at fair value through profit or loss.

When the Group acquires a subsidiary, it maintains the initially elected classification of financial assets of that subsidiary that are classified as either fair value through profit or loss or FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Financial assets (continued)*

## (iii) Impairment of financial assets

The impairment requirements under IFRS 9 are based on an expected credit loss (ECL) model, under which the Group must recognise expected credit losses at the initial recognition of a financial asset, and changes in these expected credit losses at each balance sheet date in order to reflect changes in credit risk since the initial recognition of the financial assets. In other words, there is no longer a need for a credit-related event to occur before credit losses are recognised.

General approach

IFRS 9 requires that the Group measures a loss allowance for a financial instrument at an amount corresponding to the credit losses expected over the remaining life of the financial instrument if the credit risk associated with this financial instrument has increased significantly since its initial recognition, or if the financial instrument is an impaired financial asset upon its acquisition or creation (a lifetime ECL). For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). The Group uses the general approach for its exposures under loans receivables and amounts due from related parties.

Simplified approach

IFRS 9 also requires a simplified approach whereby the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. An entity is allowed to apply the simplified approach only for trade receivable, lease receivables and contract assets within the scope of IFRS 15 and that do not contain a significant financing component. Accordingly, the Group uses the simplified approach for its exposures from trade and other receivables.

It is the policy of the Group to write off trade and other receivables on case-to-case basis if the Group deems that these receivables will not be collectible on the assessment of underlying facts and circumstances. These underlying facts include historical experience of the receivables, instances where the customer has been declared insolvent or bankrupt, and instances when debt settlement negotiations have been unsuccessful in achieving debt collections for long-outstanding unpaid amounts from customers.

*Long-term loans*

Long-term loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method (EIR), less any impairment losses. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

Long-term loans are assessed for impairment losses resulting from changes in the credit risk of the counterparty and thus changes in the ECL. The amount of any provision for ECL is recognised in profit or loss.

*Trade and other receivables*

Trade and other receivables are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest rate method less any allowance for expected credit losses. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of the reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are not met.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Financial assets (continued)**Cash and cash equivalents*

For the purposes of presentation in the consolidated and separate statements of cash flows, cash and cash equivalents comprise cash-in-hand, cash at bank and bank overdrafts. Bank overdrafts are shown under current liabilities on the statement of financial position.

## (iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interests in the asset and an associated liability for amounts it may have to pay.

At the time of derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset and the sum of the consideration received or receivable as well as the cumulative profit or loss recognised in other comprehensive income and accumulated in equity are reclassified to retained earnings when they are realised. When derecognising only part of a financial asset (for example, if the Group retains an option authorising it to buy back part of a transferred asset), the Group breaks down the value previously accounted as financial asset between the part that it continues to recognise as part of its continuing involvement and the part that it no longer recognises, on the basis of the relative fair values of these parts at the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part derecognised and any cumulative profit or loss, which has been allocated to it and which has been recognised in other items of comprehensive income must be reclassified to retained earnings when they are realised.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

*Financial liabilities*

The Group classifies its financial liabilities as financial liabilities subsequently measured at amortised cost. Financial liabilities that: i) do not constitute contingent consideration to be paid by an acquirer in a business combination, ii) are not held for trading, or (iii) are not designated as being at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

Financial liabilities which are designated at fair value through profit or loss are fair valued at each reporting period and the fair valuation movements are recognised in profit or loss.

*Embedded derivatives*

Embedded derivatives are derivative instruments which are embedded within the terms of other financial or non financial contracts (the host contract). Embedded derivatives are bifurcated if their terms are not closely related to that of the host contract. The initial fair value of derivatives embedded within financial contracts is recognized as an adjustment to the initial fair value recognized in respect of the host contract. Subsequently the embedded derivative is measured at fair value and the host contract is measured using the appropriate provisions of IFRS 9 (for example at amortized cost). The initial fair value of derivatives embedded within non-financial host contracts is recognized according to the nature of the underlying transaction, as an asset, liability, or equity transaction.

The movement in the fair values of the embedded derivatives are recognised under finance income and finance cost in profit or loss.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where management identifies uncertain tax positions, it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred income tax is recognised, using the balance sheet approach, on all temporary differences arising at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are reassessed at the end of each reporting period and are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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

Deferred income tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to the same taxable entity and taxes levied by the same taxation authority.

*Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

*Restricted cash*

Restricted cash represents funds for which the use by the Group is subject to restrictions. Restricted cash primarily represents funds deposited by the Group in order to create mobile money in circulation, and which the Group cannot utilise as such money may only be used to refund mobile money customer wallet balances, net of commission and revenues earned. The value of restricted cash therefore generally approximates the value of mobile money customer deposits.

*Stated capital*

Ordinary shares are classified as equity.

*Reorganisation reserves*

For business combination involving entities under common control, the difference between the purchase consideration and fair value of assets acquired and liabilities assumed is taken to reorganisation reserve in equity. Common control occurs when a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Legal reserves*

Under the " Code général des impôts ", the Group's subsidiaries in Madagascar are required to transfer 5% of their profits or losses for the year to a legal reserve. This reserve should not exceed 10% of the stated capital of the subsidiary and is subject to approval in the annual meeting of shareholders.

*Trade and other payables*

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

*Provisions*

Provisions are recognised when an entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

*Provision for dismantling costs*

The costs of dismantling and rehabilitating the sites, incurred as a result of the contractual obligation incumbent on the Group due to an immediate deterioration of the environment, are subject to a provision. This provision is evaluated on a statistical basis on the basis of the number of sites concerned, an average unit cost of rehabilitating sites, and assuming the average duration of the leases, a discount rate, and inflation. When a site is dismantled, the corresponding provision is utilised against the cost of dismantling and any shortfall or excess is immediately released to profit or loss.

Provisions for dismantling are initially measured at the present value of the estimated future cost of dismantling, with a corresponding increase in the cost of the associated item property, plant and equipment or right of use asset. Interest is accrued against the provision for dismantling using the effective interest rate method and such provisions are revised annually for changes in estimated future dismantling costs and discount rates.

Any difference between the carrying value of the dismantling obligation and its re-estimated present value is recognised as an increase or decrease in the cost of the associated item of property, plant and equipment or the right of use asset, unless such a decrease exceeds the carrying value of the item of property, plant and equipment or right of use asset; in which case such excess is immediately expensed to profit or loss.

*Government grants*

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with the attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. More specifically, government grants, whose main condition is that the Group must purchase, construct or otherwise acquire non-current assets, are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of borrowings using the effective interest rate method.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Leases*

The Group applies IFRS 16 in accounting for leases and applies the model as per IFRS 16 in identifying whether a contract contains a lease element. The Group considers whether it obtains control of an asset as part of the contract. Control exists if the Group has both of the following:

- The right to derive economic benefits from the use of the asset; and
- The right to direct the use of the asset.

Where the Group identifies a contract as a lease, it recognises a lease liability and right-of-use asset at the commencement of the lease.

The Group applies the practical expedient in IFRS 16 and does not recognise lease liabilities and right-of-use assets in respect of short-term and low value leases. Short-term leases are leases with a term of less than 12 months and low value leases are those where the total payments under the lease do not exceed USD 5,000.

Payments associated with all short-term and low-value leases are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise mainly small space and road stalls.

*Lease liabilities*

Lease liabilities are initially recognised at the net present value of the outstanding lease payments, over the term of the lease which are fixed and determinable at the start of the lease.

The discount rate is the interest rate implicit in the lease contract. If this cannot readily be determined, the lessee's incremental borrowing rate is used instead, which in the case of the Group ranges between 4.5% and 38.15%.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments that are due within 12 months from the end of the reporting period, less associated interest expense to be accrued within the same 12-month period, are classified as current liabilities. Lease payments that are due for settlement after more than 12 months from the end of the reporting period are classified as non-current liabilities.

*Right-of-use of assets*

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

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and are assessed annually for indicators of impairment. Depreciation and impairment expenses in respect of right-of-use assets are recognised in profit or loss.

*Dividends*

The Group and the Company recognise a liability to pay dividend when the distribution is approved by the board of directors. A corresponding amount is recognised directly in equity.

Dividend income is recognised when the shareholder's right to receive payment is established.

*Goodwill*

Goodwill is not subject to amortisation and is tested annually for impairment. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if there is an indication that the unit may have suffered an impairment loss. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first recorded as a reduction of the carrying amount of any goodwill allocated to the unit and is subsequently charged to other assets of the unit in proportion to the book value of each of the assets included in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period, even if the recoverable amount of the unit exceeds the carrying value in a future period.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Retirement benefit obligations*

The Group operates an unfunded defined benefit plan in Togo and a defined contribution scheme in Mauritius.

In the Togocom Group, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of retirement benefit obligations is the present value of the defined benefit obligation at the end of the reporting period. As from 2021, the defined benefit obligation is calculated annually by an actuary based on the gross salary and according to the length of service of the employee in the company. Prior to 2021, the defined benefit obligation was being calculated by the management of Togocom. The calculation method is defined according to Article 114 of Togo Telecom's Staff Regulations dated 30 December 2009. There is no legal obligation in Togo to contribute in a pension plan.

In Mauritius, the employees were not initially covered by a pension plan. As such, as from 2021, the net present value of gratuity on retirement benefit payable under the Worker's Rights Act 2019 has been calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

*Expense recognition*

Expenses are accounted for in profit or loss on an accrual basis.

*Fair values*

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

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

**3 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors of the Group and of relevant subsidiaries. The Board of Directors identifies, evaluates and manages financial risks in cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk and credit risk. The Group treasury is responsible for managing the Group's exposure to financial risk within the policies set by the Board of Directors.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## Categories of financial instruments

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Financial</b>	<b>2021</b>	<b>Financial</b>	<b>2021</b>
	<b>assets at</b>	<b>Financial</b>	<b>assets at</b>	<b>Financial</b>
	<b>amortised cost</b>	<b>assets at</b>	<b>amortised cost</b>	<b>assets at</b>
	<b>USD</b>	<b>amortised cost</b>	<b>USD</b>	<b>amortised cost</b>
		<b>USD</b>		<b>USD</b>
Deposits receivable	19,356,761	2,628,252	-	-
Treasury bonds	1,803,607	2,392,521	-	-
Loans receivable	387,523	5,862,653	417,015,852	43,777,372
Trade and other receivables	98,040,026	126,693,025	34,963,124	24,223,017
Dividend receivable	-	-	30,156,085	53,418,814
Cash and cash equivalents	226,590,223	134,506,254	116,673,950	36,466,092
Restricted cash	277,344,579	82,199,911	-	-
	-----	-----	-----	-----
Total	623,522,719	354,282,616	598,809,011	157,885,295
	=====	=====	=====	=====

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Financial asset</b>	<b>2021</b>	<b>Financial</b>	<b>2021</b>
	<b>at fair value</b>	<b>Financial</b>	<b>assets at fair</b>	<b>Financial</b>
	<b>through profit</b>	<b>assets at fair</b>	<b>value through</b>	<b>assets at fair</b>
	<b>or loss</b>	<b>value through</b>	<b>profit or loss</b>	<b>value through</b>
	<b>USD</b>	<b>profit or loss</b>	<b>USD</b>	<b>profit or loss</b>
		<b>USD</b>		<b>USD</b>
Mutual funds and securities	908,248	963,840	-	-
Equity securities	1,479,188	45,043	-	-
Venture capital funds	7,524,717	4,858,500	-	4,858,500
Embedded derivative assets	6,422,975	-	700,000	-
	-----	-----	-----	-----
Total	16,335,128	5,867,383	700,000	4,858,500
	=====	=====	=====	=====

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Financial asset</b>	<b>2021</b>	<b>Financial asset</b>	<b>2021</b>
	<b>at fair value</b>	<b>Financial asset</b>	<b>at fair value</b>	<b>Financial asset</b>
	<b>through Other</b>	<b>at fair value</b>	<b>through Other</b>	<b>at fair value</b>
	<b>Comprehensive</b>	<b>through Other</b>	<b>Comprehensive</b>	<b>through Other</b>
	<b>Income</b>	<b>Comprehensive</b>	<b>Income</b>	<b>Comprehensive</b>
	<b>USD</b>	<b>Income</b>	<b>USD</b>	<b>Income</b>
		<b>USD</b>		<b>USD</b>
Equity Investments	18,590,788	-	-	-
	-----	-----	-----	-----
Total	18,590,788	-	-	-
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## Categories of financial instruments (Continued)

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Financial</b>	<b>2021</b>	<b>Financial</b>	<b>2021</b>
	<b>liabilities at</b>	<b>Financial</b>	<b>liabilities at</b>	<b>Financial</b>
	<b>amortised cost</b>	<b>liabilities at</b>	<b>amortised cost</b>	<b>liabilities at</b>
	<b>USD</b>	<b>amortised cost</b>	<b>USD</b>	<b>amortised cost</b>
		<b>USD</b>		<b>USD</b>
Borrowings	<b>730,285,766</b>	346,478,536	<b>574,229,087</b>	211,557,490
Lease liability	<b>421,791,889</b>	51,253,868	-	-
Trade and other payables	<b>614,827,968</b>	319,793,045	<b>20,035,537</b>	16,418,475
Bank overdraft	<b>27,728,595</b>	22,554,266	-	82
Deposits payable	<b>5,728,963</b>	6,073,969	-	-
Dividend payable	<b>21,695,814</b>	21,690,698	<b>21,686,273</b>	21,686,273
Deposits from customers	<b>1,330,778</b>	695,993	-	-
	-----	-----	-----	-----
Total	<b>1,823,389,773</b>	768,540,375	<b>615,950,897</b>	249,662,320
	=====	=====	=====	=====

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Financial</b>	<b>2021</b>	<b>Financial</b>	<b>2021</b>
	<b>liabilities at</b>	<b>Financial</b>	<b>liabilities at</b>	<b>Financial</b>
	<b>FVTPL</b>	<b>liabilities at</b>	<b>FVTPL</b>	<b>liabilities at</b>
	<b>USD</b>	<b>FVTPL</b>	<b>USD</b>	<b>FVTPL</b>
		<b>USD</b>		<b>USD</b>
NCI put option	<b>36,951,071</b>	-	-	-
	-----	-----	-----	-----
Total	<b>36,951,071</b>	-	-	-
	=====	=====	=====	=====

**Group**

Trade and other receivables exclude prepayments of **USD 44,925,778** (2021: USD 15,296,217) and VAT receivable and amount receivable from authorities of **USD 52,342,226** (2021: USD 29,605,979).

Trade and other payables exclude deferred revenue of **USD 52,016,153** (2021: USD 43,440,625), VAT payable and amount payable to authorities of **USD 84,868,030** (2021: USD 64,669,970) and non-refundable deposits of **USD 1,923,050** (2021: Nil).

**Company**

Trade and other receivables exclude prepayments of **USD 45,646** (2021: USD 301,217).

Trade and other payables exclude other payables of **USD 4,823** (2021: Nil).



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk

## Company

	Financial assets USD	2022 Financial liabilities USD	Financial assets USD	2021 Financial liabilities USD
Euro	78,791,553	52,849,192	71,858,472	78,746,437
United States Dollar	479,431,647	563,101,705	90,885,323	170,915,883
Others	215,906	-	-	-
CFA Franc	41,069,905	-	-	-
	-----	-----	-----	-----
Total	599,509,011	615,950,897	162,743,795	249,662,320
	=====	=====	=====	=====

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the Euro, with all other variables held constant, profit before income tax for the Company would have been lower by **USD 1,297,118** (2021: higher by USD 344,398).

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the CFA Franc, with all other variables held constant, profit before income tax for the Company would have been higher by **USD 2,053,495** (2021: Nil).

## Group

The Group's activities expose them primarily to the financial risks of changes in foreign currency exchange rates. The Group manages its exposure to foreign exchange risk by retaining funds in local currencies to the extent required (or forecast to be required) for liquidity, working capital, and local investment purposes.

The assets and liabilities denominated in foreign currency are tabled below.

	Financial assets USD	2022 Financial liabilities USD	Financial assets USD	2021 Financial liabilities USD
CFA Franc	111,483,782	254,965,937	134,899,619	313,910,814
United States Dollar	143,420,892	644,820,679	17,915,555	120,185,605
Malagasy Ariary	140,598,420	191,935,989	137,269,336	165,533,775
Euro	50,610,180	124,570,633	68,613,649	166,862,755
Tanzanian Shilling	209,451,285	613,353,144	-	-
Ugandan Shillings	2,025,731	30,345,932	680,155	2,014,581
Others	858,345	348,530	771,685	32,945
	-----	-----	-----	-----
Total	658,448,635	1,860,340,844	360,149,999	768,540,475
	=====	=====	=====	=====

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the Malagasy Ariary, with all other variables held constant, profit before income tax for the Group would have been higher by **USD 2,566,878** (2021: USD 1,413,222).

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the Euro, with all other variables held constant, profit before income tax for the Group would have been higher by **USD 3,698,023** (2021: USD 4,912,455).

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the CFA Franc, with all other variables held constant, profit before income tax for the Group would have been higher by **USD 7,174,108** (2021: USD 8,950,560).

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****3 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)****(i) Foreign exchange risk (Continued)**

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the Tanzanian Shilling, with all other variables held constant, profit before income tax for the Group would have been higher by **USD 20,195,093** (2021: Nil).

At 31 December 2022, if the United States Dollar ("USD") had strengthened by 5% against the Ugandan Shillings, with all other variables held constant, profit before income tax for the Group would have been higher by **USD 1,416,010** (2021: USD 66,721).

**(ii) Interest rate risk****Group**

The Group is exposed to interest rate risks as it borrows funds at floating rates as at 31 December 2022. The interest rate was as follows:

	<b>Floating interest rate 2022</b>
Bank loan – BFV Societe Generale de Madagascar	
(i) Principal USD 12,000,000	SOFR+ margin 3.75%
(ii) Principal MGA 25,000,000,000	Variable rate (bank base rate – 7.9%) of 7% payable monthly
Bank loan – BNI Madagascar	
(i) Principal MGA 50,000,000,000	8% per annum over first 36 months, 6.6% per annum as from the 37th month
Stanbic Bank Uganda Limited	
(i) Principal USD 9,000,000	3 months SOFR + 5% margin
(ii) Principal UGX 38,588,250,000	3 months average 182 days treasury bill rates + 4.25% margin

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at year-end. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at year-end was outstanding for the whole year. A 1% increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

	<b>2022 USD</b>	2021 USD
Profit or loss	<b>481,325</b>	-
	-----	-----

The Group did not have significant assets and liabilities that have a variable rate of interest and was thus not subject to interest rate risk as at 31 December 2021.

**Company**

The Company do not have significant assets and liabilities that have a variable rate of interest and is thus not subject to interest rate risk.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Market risk (Continued)

## (iii) Price risk

The Group is exposed to equity securities price risk and derivative price risk. The equities price risk arises on the Group's investments at FVPTL and FVOCI whereas its exposure to derivative price risk mainly arises from its embedded derivative assets (Refer to Note 40). Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares.

Derivative price risk is the risk of unfavourable movement in the inputs to the valuation model which in turn impact on the fair value of the derivative asset. The key inputs to the valuation of the call option are last 12-month EBITDA, EBITDA multiple and market volatility. The Group has undertaken a sensitivity analysis of the key inputs that impact the valuation of the call option and this is provided under Note 4.

The risk arising from changes in the value of equity securities is managed by regular monitoring of the performance of the investment through information available to management.

## Sensitivity analysis

Pre-tax profit for the year, including the Group's equity, would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

The table below summarises the impact of increases/decreases of the quoted price of the Mutual Funds on the Group's pre-tax profit for the year and its equity. The analysis is based on the assumption that the equity prices had increased/decreased by 1% with all other variables held constant:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Effect on pre-tax profit and equity</b>	<b>2021</b>	<b>Effect on pre-tax profit and equity</b>	<b>2021</b>
	<b>USD</b>	<b>Effect on pre-tax profit and equity</b>	<b>USD</b>	<b>Effect on pre-tax profit and equity</b>
		<b>USD</b>		<b>USD</b>
Increase in share price	9,082	9,638	-	-
Decrease in share price	(9,082)	(9,638)	-	-

## (b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, loan to clients, other receivables and receivables from entities under common control. The amounts presented in the statement of financial position are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Group's exposure and credit balances from counterparties are continuously monitored by the credit risk department. The credit risk for trade receivables is generally limited due to the customer base being large and unrelated, in conjunction with stringent credit approval processes by the credit risk department. Credit risk for restricted cash and cash and cash equivalents is managed by placing these with high credit quality financial institutions. Credit risk relating to receivables from entities under common control is managed through regular monitoring and review of the related parties' financial position and financial support available from the shareholders.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (Continued)

Amounts receivable from entities under common control are carried at amortised cost and are also subject to the expected credit loss model. The Group applies the general approach for assessing impairments on amount receivables from entities under common control.

General approach

The general model requires recognising impairment losses in line with the stage of the financial asset and if there is no significant increase in credit risk (SICR), the loss allowance is based on 12-months ECL, alternatively the loss allowance is based on lifetime ECL. ECLs are probability weighted averages of credit losses with the respective defaults occurring as the weights.

Three elements are taken into account:

- Probability of default (PD) - is the percentage likelihood of that the borrower will not be able to repay its debt within some period.
- Loss given default (LGD) - is the percentage that could be lost in the event of a default by the borrower not paying its debt (principal and interest).
- Exposure at default (EAD) - is the outstanding balance of the loan - how much the Group is owed at statement of financial position date.

There is a rebuttable presumption that if a loan is more than 30 days past due, there has been a significant increase in credit risk. Most amounts receivable from entities under common control have no fixed repayment terms. If the amounts receivable from entities under common control are considered fully performing, healthy assets, then the loss allowance is calculated at 12-month ECL. We therefore apply a  $PD \times LGD \times EAD$  (probability weighted) methodology for calculating the expected credit loss under IFRS 9. A weighted average PD rate was computed based on a probability weighted outcomes approach.

The Group has considered qualitative factors when assessing whether or not there has been a SICR such as adverse forecasts on the counter-parties operating results and lack of financial support from the shareholder. On adopting a 'repay over time' strategy for the expected recovery in determining ECLs, loans or receivable amounts could be repaid over time in a number of ways, including, but not limited to:

- adjustment in dividends declared upstream;
- guaranteed financial support or direct support from the ultimate beneficial owner of the entities under common control

Under a 12-month ECL scenario, the impairment loss should be limited to the effect of discounting the amount due on the loan or receivable balance at the effective interest rate (present value). Since the effective interest rate is 0% (given that most receivable balances are repayable on demand), and all strategies indicate that the Group and the Company would fully recover the outstanding receivable balances, discounting would have no impact on ECLs.

Simplified approach

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss, which is based on days past due for the debtors. In determining the provision matrix, no segregation has been made among the debtors due to their homogeneity.

The calculation reflects the probability-weighted outcome that is available at the reporting date about past events, current conditions and future economic conditions. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the corresponding historical credit losses and levels of actual losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Generally, trade receivables are written-off if past due for more than one year except for customers with special credit arrangements.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (Continued)

The information about the ECLs on the Group's trade and other receivables is disclosed in note 12.

The Group's trade and other receivables exposure to credit risk is set out below:

<b>31 December 2022</b>	Total USD	Current USD	>30 days USD	>90 days USD	> 180 days USD
<i>Expected credit loss rate</i>		<b>4%</b>	<b>3%</b>	<b>6%</b>	<b>40%</b>
Carrying amount					
Trade and other receivables	<b>115,857,830</b>	<b>25,699,635</b>	<b>13,216,542</b>	<b>16,151,096</b>	<b>60,790,557</b>
Expected credit loss	<b>27,004,633</b>	<b>952,363</b>	<b>457,216</b>	<b>1,011,565</b>	<b>24,583,489</b>
<b>31 December 2021</b>	Total USD	Current USD	>30 days USD	>90 days USD	> 180 days USD
<i>Expected credit loss rate</i>		0%	0%	10%	26%
Carrying amount					
Trade and other receivables	124,528,343	10,797,753	17,799,548	9,979,247	85,951,795
Expected credit loss	23,197,042	-	-	980,628	22,216,414

The Group is exposed to credit risk given that it sells on credit to various customers from various countries. Credit sales are made only after an evaluation of the financial position of the respective customers. Details regarding such credit risk are given in note 12 of these financial statements.

The information about the ECLs on the Group's loans receivable is disclosed in note 14.

The Group's loans receivable exposure to credit risk is set out below:

<b>31 December 2022</b>	Total USD	Current USD	>30 days USD	>90 days USD	> 180 days USD
<i>Expected credit loss rate</i>		<b>9%</b>	<b>12%</b>	<b>100%</b>	<b>100%</b>
Carrying amount					
Loans receivable	<b>16,550,549</b>	<b>10,576,619</b>	<b>2,619,216</b>	<b>1,534,494</b>	<b>1,820,220</b>
Expected credit loss	<b>4,576,093</b>	<b>919,500</b>	<b>301,879</b>	<b>1,534,494</b>	<b>1,820,220</b>
<b>31 December 2021</b>	Total USD	Current USD	>30 days USD	>90 days USD	> 180 days USD
<i>Expected credit loss rate</i>		6%	6%	0%	0%
Carrying amount					
Loans receivable	5,586,469	5,465,118	121,351	-	-
Expected credit loss	348,842	341,318	7,524	-	-

The loan to clients amounting to **USD 16,550,549** mainly comprises of short-term micro-loans provided to clients for the mobile banking business, with a maturity period not more than 30 days.

The Group is exposed to credit risk from its provision of short-term micro-loans to various customers as from 16 October 2021. Loans are provided only after an evaluation of the financial position of the respective customer. Details regarding such credit risk are provided under note 14 of these financial statements.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as they fall due. The Group manages the liquidity risk or future cash flows on the basis of sales estimates. The Group may also draw funding from the shareholders and financial institutions if required.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## Group

At 31 December 2022	Less than 1 year USD	Between 1 and 2 years USD	Between 2 and 5 years USD	More than 5 years USD	On demand	Total USD
Trade and other payables	410,463,331	25,601,728	16,229,874	1,111	162,531,924	614,827,968
Listed bonds	30,975,000	30,975,000	497,437,500	-	-	559,387,500
Bank borrowings	52,598,715	57,217,634	243,206,957	13,707,843	141,996	366,873,145
Lease liability	99,586,578	59,238,551	250,454,503	286,906,939	-	696,186,571
Bank overdraft	27,728,595	-	-	-	-	27,728,595
Deposits payable	-	-	-	5,728,963	-	5,728,963
Deposits from customers	1,330,778	-	-	-	-	1,330,778
Embedded derivatives liabilities (Note (i))	-	36,951,071	-	-	-	36,951,071
Dividend payable	21,695,814	-	-	-	-	21,695,814
	<u>644,378,811</u>	<u>209,983,984</u>	<u>1,007,328,834</u>	<u>306,344,856</u>	<u>162,673,920</u>	<u>2,330,710,405</u>
	=====	=====	=====	=====	=====	=====
At 31 December 2021	Less than 1 year USD	Between 1 and 2 years USD	Between 2 and 5 years USD	More than 5 years USD	On demand USD	Total USD
Trade and other payables	249,497,958	31,940,561	28,083,701	9,241,171	1,029,656	319,793,047
Bank borrowings	184,595,588	60,857,976	154,793,053	27,206,444	34,567	427,487,628
Lease liability	8,393,468	13,697,585	19,463,969	16,981,802	-	58,536,824
Bank overdraft	22,554,266	-	-	-	-	22,554,266
Deposits payable	-	-	-	6,073,969	-	6,073,969
Deposits from customers	695,993	-	-	-	-	695,993
Dividend payable	21,690,698	-	-	-	-	21,690,698
	<u>487,427,971</u>	<u>106,496,122</u>	<u>202,340,723</u>	<u>59,503,386</u>	<u>1,064,223</u>	<u>856,832,425</u>
	=====	=====	=====	=====	=====	=====

## Company

At 31 December 2022	Less than 1 year USD	Between 1 and 2 years USD	Between 2 and 5 years USD	More than 5 years USD	Total USD
Trade and other payables	20,035,532	-	-	-	20,035,532
Listed bonds	30,975,000	30,975,000	497,437,500	-	559,387,500
Loans from related parties	19,197,972	-	158,271,168	-	177,469,140
Dividend payable	21,686,273	-	-	-	21,686,273
	<u>91,894,777</u>	<u>30,975,000</u>	<u>655,708,668</u>	<u>-</u>	<u>778,578,445</u>
	=====	=====	=====	=====	=====
At 31 December 2021					
Trade and other payables	16,418,475	-	-	-	16,418,475
Loans from related parties	84,815,405	-	160,253,118	-	245,068,523
Bank overdraft	82	-	-	-	82
Dividend payable	21,686,273	-	-	-	21,686,273
	<u>122,920,235</u>	<u>-</u>	<u>160,253,118</u>	<u>-</u>	<u>283,173,353</u>
	=====	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Liquidity risk (continued)

## Note (i)

The timing of the cash outflows associated with the NCI put option liability depends on the exercise of the option by the NCI. Under the terms of the NCI option, it may be exercised by the NCI at certain points during the period from 1 January 2024 to 31 December 2025.

## (d) Fair values

Except where stated elsewhere, the fair value of cash and short-term deposit, current trade and other receivables, trade and other payables, bank overdrafts and other current financial liabilities approximate their carrying amount due to the short-term maturities of these instruments. The fair values of mutual funds, which are traded in active markets, have been arrived at using the quoted bid prices at the reporting date. The fair values of equity securities have been determined using the most recent equity transactions in the shares of the investee. The following table presents the Group's assets as at 31 December 2022 and 31 December 2021:

Group	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>At 31 December 2022</b>				
Financial assets at FVTPL:				
- Mutual funds	908,248	-	-	908,248
- Equity securities	-	1,436,743	42,445	1,479,188
- Venture capital funds	-	7,524,717	-	7,524,717
	908,248	8,961,460	42,445	9,912,153
Financial assets at FVOCI:				
- Equity securities	-	18,590,788	-	18,590,788
	-	18,590,788	-	18,590,788
Embedded derivatives assets:				
- Call Options in Notes	-	-	700,000	700,000
- NCI Call Options	-	-	5,722,975	5,722,975
	-	-	6,422,975	6,422,975
<b>Total assets</b>	<b>908,248</b>	<b>27,552,248</b>	<b>6,465,420</b>	<b>34,925,916</b>
Embedded derivatives:				
- NCI put option	-	-	36,951,071	36,951,071
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>36,951,071</b>	<b>36,951,071</b>
<b>At 31 December 2021</b>				
Financial assets at fair value through profit or loss:				
- Mutual funds	963,840	-	-	963,840
- Equity securities	-	-	45,043	45,043
- Venture capital funds	-	-	4,858,500	4,858,500
<b>Total assets</b>	<b>963,840</b>	<b>-</b>	<b>4,903,543</b>	<b>5,867,383</b>

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Fair values (Continued)

	Group	
	Level 3	Level 3
	2022	2021
At 01 January	4,903,543	113,120
Purchase of financial assets at FVTPL	-	5,000,000
Disposal of financial assets at FVTPL	-	(61,975)
Transfer to level 2	(4,858,500)	-
Net fair value gain on financial assets at FVTPL	(2,598)	(147,602)
	-----	-----
At 31 December	42,445	4,903,543
	=====	=====

	Group	
	Level 2	Level 2
	2022	2021
At 1 January	-	-
Transfer from level 3	4,858,500	-
Purchase of financial assets at FVTPL	1,436,743	-
Net fair value gain on financial assets at FVTPL	2,666,217	-
	-----	-----
At 31 December	8,961,460	-
	=====	=====

Investments in venture capital funds have moved from Level 3 to Level 2 on the basis that its fair value is now derived from the most recent equity transactions.

Company	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>At 31 December 2022</b>				
Embedded derivatives assets:				
- Call Options in Notes	-	-	700,000	700,000
	-----	-----	-----	-----
	-	-	700,000	700,000
	=====	=====	=====	=====
<b>At 31 December 2021</b>				
Financial assets at fair value through profit or loss:				
- Venture capital funds	-	-	4,858,500	4,858,500
	-----	-----	-----	-----
<b>Total assets</b>	-	-	4,858,500	4,858,500
	=====	=====	=====	=====

## (e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholder, return capital to its shareholder or issue new shares.



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Capital risk management (Continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (including current and non-current borrowings and lease liabilities) as shown on the statement of financial position less cash and cash equivalents.

Loans payable to shareholder of **USD 130,543,543** (2021: USD 126,742,085) have been excluded from total borrowings given that the Group's and Company's obligations towards its shareholder have been subordinated to its obligations in respect of the Notes and the Revolving Credit facility pursuant to the terms of subordination deeds entered into between, amongst others, the shareholder and the Company. Total capital is calculated as equity as shown on the statement of financial position, plus net debt.

As at 31 December 2022 and 2021 the gearing ratios were as follows:

		<b>Group</b>		<b>Company</b>
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>USD</b>	USD	<b>USD</b>	USD
Total borrowings	<b>1,021,534,112</b>	270,990,319	<b>443,685,544</b>	84,815,405
Less: cash and cash equivalents (Note 15)	<b>(198,861,628)</b>	(111,951,988)	<b>(116,673,950)</b>	(36,466,010)
Net debt	<b>822,672,484</b>	159,038,331	<b>327,011,594</b>	48,349,395
Total equity	<b>263,308,896</b>	250,995,342	<b>126,904,338</b>	54,066,010
Total capital	<b>1,085,981,380</b>	410,033,673	<b>453,915,932</b>	102,415,405
Gearing ratio	<b>76%</b>	39%	<b>72%</b>	47%

The gearing ratio has increased from 39% in 2021 to 76% in 2022 because:

- (i) The Company has issued USD 420,000,000 Senior Notes during the year.
- (ii) The lease liability has increased following the acquisition of MIC Tanzania Public Limited Company and its subsidiaries.
- (iii) Recognition of the NCI put option liability of USD 45,272,961 (Note 40c)

## 4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonably likely to occur under the circumstances.

## Critical accounting estimates and judgement

The Group makes estimates and judgement concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Significant judgements*

- Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences only to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Recoverability of deferred tax assets has been assessed for each subsidiary based on the forecast taxable profit expected to be generated over the next 5 years.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical accounting estimates and judgement

*Significant judgements (Continued)*

- Deferred tax assets (Continued)

At 31 December 2022 and 2021, the status of unused tax losses of the Group was as follows:

	2022		
	Recognised USD	Unrecognised USD	Total USD
Tax losses	59,409,657	35,278,449	94,688,106
	2021		
	Recognised USD	Unrecognised USD	Total USD
Tax losses	59,993,497	8,352,696	68,346,193

Deferred tax assets of **USD 14,809,213** (2021: USD 16,198,244) and **USD 4,569,971** have been recognised on the full tax losses carried forward of Togocom Group and Group MIC Tanzania Public Limited Company at 31 December 2022.

The assumption that is considered to be the main driver in the cash flow projection is the gross profit margin. Management have considered and assessed the impact of a 10% change in the forecast gross profit margin and has concluded that even a decrease of 10% in the gross profit margin would not have an impact on the deferred tax assets recognised in respect of tax losses.

No deferred tax assets have been recognised on the remaining tax losses carried forward of **USD 35,278,449** (2021: USD 8,352,696) arising from other subsidiaries. The Group has concluded that there will be no sufficient future taxable profits against which the taxable losses can be utilized.

*Critical accounting estimates*

- Impairment of trade and other receivables

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

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in note 3 (b).

The Group had an expected credit loss as at 31 December 2022 of **USD 27,004,633** (2021: USD 23,197,042).

Management has assessed the impact of an increase of 0.5% in loss rate on the Group expected credit loss and concluded that this will not materially increase the expected credit loss as illustrated below:

	2022 USD	2021 USD
Increase in expected credit loss following an increase in loss rate of 0.5%	579,289	622,642

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*Critical accounting estimates (Continued)*

- Impairment of loans receivable

The Group applies the same policy in assessing the expected credit loss and impairment of loans receivable, as it uses for trade and other receivables.

The Group had a total amount of the provision for doubtful loan receivables as at 31 December 2022 of USD **4,576,093** (2021: USD 348,842).

Management has assessed the impact of an increase of 0.5% in loss rate on the Group's expected credit loss and concluded that this will not materially increase the expected credit loss as illustrated below:

	2022 USD	2021 USD
Increase in expected credit loss following an increase in loss rate of 0.5%	<b>82,753</b>	27,932

The loan to clients amounting to **USD 16,550,549** mainly comprises of short-term micro-loans provided to clients for the mobile banking business, with a maturity period not more than 30 days (Note 14).

- Fair value of Non-controlling interest (NCI) call and put options

The NCI call option asset represents the right of the Group to repurchase the non-controlling interest in a subsidiary of the Group, at a price which is based on the last twelve-month EBITDA of the subsidiary at the time of exercise.

The NCI call option represents a derivative instrument, the value of which changes in response to the value of the underlying shares. The NCI call is initially measured at fair value and subsequently measured at fair value at every balance sheet date, with fair valuation movements being recognised in the profit or loss.

The NCI put option liability represents the right of the non-controlling interest in one of the subsidiaries to request the repurchase of their non-controlling interest at a price which is based on the last twelve-month EBITDA of the subsidiary at the time of exercise.

The NCI put option has been accounted for at the present value of the future liability which would occur on the date of settlement. The liability is initially recognised with a corresponding movement in other reserves in equity and thereafter unwound to maturity using the initial discount rate. The liability is also subsequently remeasured at fair value at every balance sheet date, with fair valuation movements being recognised in the profit or loss.

The Group has adopted a market approach in its valuation of the subsidiary and thus its valuation of the NCI put and call options. The market approach utilises three key inputs:

1. The earnings before interest, tax depreciation, and amortisation (EBITDA) for the last twelve months to the valuation date and as projected for the next twelve-months after the valuation date;
2. The EBITDA multiple used to derive the equity value of the subsidiary and obtained by comparison to the valuation multiples of similar, but listed, entities as at the valuation date; and
3. A 3-year equity volatility ratio derived from the movements in equity values of similar, but listed, entities over the 3-year period prior to the valuation date. This input impacts only the value of the call options.

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*Critical accounting estimates (continued)*

- Fair value of Non-controlling interest (NCI) call and put options (continued)

The below sensitivity analysis table reflects the isolated impact of movements in the three key valuation factors, on the value of the options:

Input	Base case	Sensitivity movement	Impact on value of put liability	Impact on value of call asset
LTM EBITDA and projected next 12 months EBITDA	Between \$132 million and \$134 million	5% increase	Increase of \$2.2 million	Increase of \$0.3 million
		5% decrease	Decrease of \$2.1 million	Decrease of \$0.3 million
EBITDA multiple	Between 4.0x and 5.0x	Increase of 0.23x	Increase of \$2.4 million	Increase of \$0.3 million
		Decrease of 0.23x	Decrease of \$2.0 million	Decrease of \$0.3 million
Volatility	Volatility of 32.5%	Decrease to 20%	Decrease of \$0.7 million	n.a
		Increase to 40%	Increase of \$2.0 million	n.a

The change in fair value of the NCI call and put options has been recorded in the statement of profit or loss as follows:

	2022 USD	2021 USD
<b>Finance Income :</b>		
Gain on fair value of call option derivative asset (Note 40(b))	5,722,975	–
Gain on fair value of NCI put option liability (Note 40(c))	8,922,995	–
	-----	-----
	14,645,970	–
	=====	=====

- Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis by calculating the recoverable amount of each cash-generating unit (CGU) to which goodwill has been assigned. The recoverable amounts of the CGUs as at 31 December 2022, were determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in the industry reports specific to the market in which the CGU operates.

Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions to which the value-in-use calculations are most sensitive are:

- (i) Discount rates

Management utilises an iterative pre-tax weighted average cost of capital calculated based on the estimated cost of debt for each individual CGU and its cost of equity derived from that of market peers. The discount rates represent the specific risk rating associated with each CGU based on the credit risk and equity risk associated with the operation and the market in which it operates.

## AXIAN TELECOM

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)***Critical accounting estimates (continued)*

- Impairment of goodwill (continued)

## (ii) Gross margins

Gross margins are based on past performance and management's expectations for the future.

## (iii) Terminal growth rates

Terminal growth rates are determined on the basis of past performance and management's expectation of industry growth.

Refer to note 33 for the key assumptions used in the value-in-use calculation for material goodwill balances and sensitivity analysis.

- Impairment of investments in subsidiaries and joint ventures

The Company performs an annual review of the value of its investments in subsidiaries and joint ventures for indicators of impairment. The review is performed by comparing the equity value of the Company's percentage holding in the subsidiaries and joint ventures to the carrying amount thereof at the end of the financial year. The equity value of the subsidiaries and joint ventures are calculated using discounted cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in the industry reports specific to the industry in which the joint ventures or associate operate. The value of net debt is then deducted from the result of the discounted cash flow projections.

The key assumptions to which the value-in-use calculations are most sensitive are:

- discount rates,
- gross margins, and
- terminal growth rates

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****4 ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)***Critical accounting estimates (continued)*

- Impairment of investments in subsidiaries and joint ventures (continued)

The below table reflects the key assumptions used in the calculations for material subsidiaries and joint ventures for the year ended 31 December 2022, for which an impairment indication has been noted:

	Axian Financial Services Ltd Group (Subsidiary)	Telecom Comores Holdings Ltd (Joint venture)	Maya Africa Holding Ltd (Joint venture)	Telecom Reunion Mayotte (Joint venture)	Telecom Malagasy SA (Subsidiary)
Discount rates	23.5%	24.0%	18.3%	19.2%	21.9%
Gross margins	Between 33.3% and 46.4%	Between 58.9% and 65.9%	Between 53.9% and 63.9%	Between 62.9% and 66.2%	Between 61.4% and 72%
Terminal growth rates	2.4%	3.1%	2.3%	1.0%	2.3%

Management have considered and assessed reasonably possible changes for key assumptions for the Group and the Company and concluded that none would give rise to an impairment. The changes that would cause the carrying amount to exceed the equity value resulting in an impairment are set out below:

	Telecom Comores Holdings Ltd (Joint Venture)	Maya Africa Holding Ltd (Joint venture)	Telecom Reunion Mayotte (Joint venture)
Percentage (%) rise in discount rate (pp)	20.5%	287.9%	8.7%
Gross margin (excluding depreciation and amortisation)	Decrease on average by 10.5% over 5 years	Decrease on average by 8.2% over 5 years	Decrease on average by 6.8% over 5 years
Decrease in terminal growth rate	Decrease to less than 0%	Decrease to less than 0%	Decrease to less than 0%

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 5 OPERATING COSTS

	2022 USD	Restated Group 2021 USD	2022 USD	Company 2021 USD
Cost of equipment: Devices and other related costs	12,987,443	5,478,687	-	-
Provision/(reversal of provision) for inventories of devices	409,930	(118,839)	-	-
Prepaid cards and accessories	4,189,100	3,520,909	-	-
<b>Cost of devices and equipments</b>	<b>17,586,473</b>	<b>8,880,757</b>	-	-
Interconnection fees	25,960,062	17,808,710	-	-
Roaming (paid to service providers or clearing houses)	1,089,113	516,495	-	-
<b>Cost of interconnection and roaming</b>	<b>27,049,175</b>	<b>18,325,205</b>	-	-
Telecom operator fee, regulatory	28,069,563	14,666,826	-	-
Frequency fees	10,603,804	7,917,768	-	-
Excise duty	11,457,613	9,835,403	-	-
<b>Government and regulatory costs</b>	<b>50,130,980</b>	<b>32,419,997</b>	-	-
<b>Advertising and distribution costs</b>	<b>11,917,037</b>	<b>3,821,861</b>	-	-
<b>Commissions to sales agents</b>	<b>120,607,162</b>	<b>38,283,712</b>	-	-
Impairment of loans to clients (Note 14)	4,602,610	350,935	-	-
(Reversal of)/loss allowance on trade receivables (Note 12)	(2,967,063)	260,436	-	-
Impairment of other financial assets (Note 12)	272,320	68,547	-	-
<b>Net impairment losses on financial assets</b>	<b>1,907,867</b>	<b>679,918</b>	-	-
Transmission fees	9,701,562	5,125,380	-	-
Content and VAS charges	2,701,108	-	-	-
Satellite and optical fibre bandwidth charges	1,456,979	1,966,415	-	-
Site energy	21,358,545	13,273,627	-	-
Repairs and maintenance (Technical site)	10,711,418	12,842,903	-	-
Professional fees: Technical	5,799,204	687,962	-	-
Rental expenses for short term and low value leases - Technical sites	1,255,136	376,119	-	-
Maintenance of materials, software and network	15,878,142	8,997,735	-	-
<b>Technology operation costs</b>	<b>68,862,094</b>	<b>43,270,141</b>	-	-

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 5 OPERATING COSTS (CONTINUED)

	Group		Company	
	2022	Restated 2021	2022	2021
	USD	USD	USD	USD
Payroll and social charges	79,244,756	50,314,154	10,666,260	6,916,839
Travel Expenses	4,157,500	2,026,140	9,309	-
Training	147,194	298	3,524	-
Provision for retirement benefit obligations (Note 35)	195,096	-	354	656
Other staff costs	180,920	-	-	-
<b>Staff costs</b>	<b>83,925,466</b>	<b>52,340,592</b>	<b>10,679,447</b>	<b>6,917,495</b>
Office supply	1,793,386	468,386	-	-
General IT expenses	10,165,494	4,021,456	3,402	20,454
Bank charges	4,682,268	3,741,919	31,977	13,750
Communication & postal charges	1,334,465	1,201,006	375	131
Vehicles costs	3,565,137	511,266	-	-
Rental (refunds)/charges (Non-technical)	(662,994)	2,313,900	235,341	210,010
Subcontracting charges	2,111,149	1,676,125	-	-
Water and electricity	1,265,157	1,431,342	-	-
Insurance charges	2,466,922	1,738,767	-	-
Repairs and maintenance: Non-technical	691,799	142,881	-	-
General costs: Security and cleaning	7,049,358	6,587,400	-	-
Taxes (other than income tax)	6,675,723	7,330,901	-	-
Loss on disposal of property, plant and equipment	462,753	20,728	-	-
Provision for litigation (Note 23(ii))	4,352,932	4,468,149	-	-
Donation	3,040,210	-	-	-
Licence fees	247,733	11,063	2,475	2,250
Penalties	4,977,464	2,626,486	-	-
Reversal of the debt waiver obtained	-	2,008,860	-	-
Rechargeable expenses	3,039,220	2,022,286	2,031,754	1,663,396
Other charges	4,134,299	1,716,320	70,270	288,841
<b>Other operating expenses</b>	<b>61,392,475</b>	<b>44,039,241</b>	<b>2,375,594</b>	<b>2,198,832</b>
Bad debts written off	3,522,597	516,607	-	-
Amount receivable written off	-	17,444,488	-	-
<b>Derecognition of financial assets</b>	<b>3,522,597</b>	<b>17,961,095</b>	<b>-</b>	<b>-</b>



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 5 OPERATING COSTS (CONTINUED)

	2022 USD	Restated Group 2021 USD	2022 USD	Company 2021 USD
Professional fees: non-technical	17,428,943	17,256,954	10,089,949	7,285,165
Audit fees	811,946	265,919	108,560	9,430
Directors fees	371,763	224,751	77,250	45,250
Administrative charges	231,252	43,237	4,800	4,069
Technical assistance	91,227	540,700	677,434	320,909
Global treasury fees	1,741,425	1,683,268	840,000	840,000
General & management fees	960,533	614,178	840,000	840,000
<b>Professional fees</b>	<b>21,637,089</b>	<b>20,629,007</b>	<b>12,637,993</b>	<b>9,344,823</b>
Depreciation of property, plant & equipment (Note 8)	117,014,286	95,987,382	-	-
Amortisation of intangible assets (Note 9)	23,441,117	8,005,896	-	-
Depreciation of right-of-use assets (Note 25(i))	38,031,898	8,306,213	-	-
<b>Depreciation and amortisation</b>	<b>178,487,301</b>	<b>112,299,491</b>	<b>-</b>	<b>-</b>
(Reversal of impairment)/impairment of property, plant and equipment (Note 8)	-	291,764	-	-
(Reversal of impairment)/Impairment of intangible assets (Note 9)	-	121,055	-	-
Reversal of impairment on advances to suppliers on fixed assets	(991,580)	-	-	-
Reversal of impairment of inventory	(2,025,920)	(4,513,299)	-	-
<b>Reversal of impairment of non-financial assets</b>	<b>(3,017,500)</b>	<b>(4,100,480)</b>	<b>-</b>	<b>-</b>
<b>Net fair value (gain)/loss on financial assets at fair value through profit or loss (Note 31(ii))</b>	<b>(2,666,217)</b>	<b>141,500</b>	<b>(141,500)</b>	<b>141,500</b>
<b>Total operating costs</b>	<b>641,341,999</b>	<b>388,992,037</b>	<b>25,551,534</b>	<b>18,602,650</b>

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 6 FINANCE COSTS – NET

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Finance income</b>				
Exchange gain	24,355,912	14,993,929	16,235,318	7,063,257
Interest income	2,152,578	2,707,474	23,703,096	2,003,688
Interest income on bank account and restricted cash	5,588,313	-	411,877	-
Gain on fair value of NCI put option liability	8,922,995	-	-	-
Gain on fair value of NCI call option derivative asset	5,722,975	-	-	-
Reversal of provision for short term risk on financing activities (Note 23 (iv))	-	3,148	-	-
Other finance income	1,100,784	7,202,754	-	-
	<u>47,843,557</u>	<u>24,907,305</u>	<u>40,350,291</u>	<u>9,066,945</u>
<b>Finance costs</b>				
Exchange loss	(45,286,324)	(24,689,286)	(20,494,443)	(6,981,506)
Interest expense on bank loan	(14,051,803)	(17,499,647)	-	-
Interest on loans payable to shareholders and minority interest (Note 24(e))	(7,013,320)	(3,375,989)	(5,960,247)	(2,913,470)
Interest on bonds	(28,200,868)	-	(28,200,868)	-
Interest expense on late payment of trade payables	(420,078)	-	-	-
Interest on loans payable to entities under common control (Note 24 (e))	(3,441)	(11,453)	-	-
Interest on amount payable to entities under common control	(12,437)	(52,264)	-	-
Interest on bank overdraft	(1,172,484)	(634,043)	-	-
Interest on other borrowings	-	(630,047)	-	-
Interest income/(expense) on provision for dismantling costs (Note 23(i))	302,152	(2,715,149)	-	-
Finance costs on IRU	(1,342,237)	-	-	-
Finance costs on lease liability (Note 25 (ii))	(41,089,046)	(3,526,646)	-	-
Interest expense on unwinding of discounted deferred revenue	-	(973,403)	-	-
Net loss on fair value of embedded derivatives in the Notes (Note 40)	(2,600,000)	-	(2,600,000)	-
Interest expense on unwinding of put option liability	(601,105)	-	-	-
Other finance costs	(3,989,380)	(3,474,444)	-	-
	<u>(145,480,371)</u>	<u>(57,582,371)</u>	<u>(57,255,558)</u>	<u>(9,894,976)</u>
<b>Finance costs – Net</b>	<u>(97,636,814)</u>	<u>(32,675,066)</u>	<u>(16,905,267)</u>	<u>(828,031)</u>

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 7 INCOME TAX

## (a) Income tax expense

As at 31 December 2022, 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 Category 2 Global Business Company has been converted to a Global Business Licence Company on 01 July 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 foreign jurisdiction where it generates income.

The Malagasy, Togo, Uganda and Tanzania subsidiaries are subject to income tax on their income at 20%, 27% and 30% respectively (for Uganda and Tanzania) (2021: 20%, 27% and 30%). Therefore, the income tax rate for the Group is in the range of 15% - 30% (2021: 15% - 30%). Local law in Madagascar further provides that all loss-making entities should be liable to a minimum tax of 5% of revenue.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Income tax expense</b>				
Actual income tax (Note 7(d))	<b>37,351,020</b>	32,510,534	<b>3,586,161</b>	3,682,036
Withholding tax	<b>1,898,543</b>	1,593,335	<b>1,589,298</b>	403,670
Deferred tax charge (Note 7 (b))	<b>(9,325,030)</b>	(7,223,013)	<b>(146)</b>	-
	<b>29,924,533</b>	26,880,856	<b>5,175,313</b>	4,085,706

## (b) Deferred tax

The change in deferred tax is set out below:

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 01 January	<b>36,487,015</b>	31,883,221	-	-
Acquisition through business combinations (Note 26)	<b>(25,031,678)</b>	-	-	-
Credit to profit or loss	<b>9,325,030</b>	7,223,013	<b>146</b>	-
Charge to other comprehensive income	<b>(2,223,629)</b>	(2,619,219)	<b>33</b>	-
At 31 December	<b>18,556,738</b>	36,487,015	<b>179</b>	-

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 7 INCOME TAX (CONTINUED)

## (b) Deferred tax (Continued)

The movement in deferred tax is as follows:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
Deferred tax assets (i)	<b>35,165,682</b>	36,514,957	<b>179</b>	-
Deferred tax liability (ii)	<b>(16,608,944)</b>	(27,942)	-	-
	<b>18,556,738</b>	36,487,015	<b>179</b>	-

(i) Deferred tax assets

The movement in deferred tax assets is set out below:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>36,514,957</b>	31,913,442	-	-
Credit to profit or loss	<b>902,750</b>	7,223,013	<b>146</b>	-
Charge to other comprehensive income	<b>(2,252,025)</b>	(2,621,498)	<b>33</b>	-
At 31 December	<b>35,165,682</b>	36,514,957	<b>179</b>	-

The deferred tax assets expected to be recovered within the next 12 months is USD 11,706,877 (2021: USD 11,710,880) and after 12 months is USD 23,458,805 (2021: USD 24,804,077).

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 7 INCOME TAX (CONTINUED)

## (b) Deferred tax (continued)

(i) Deferred tax assets (continued)

The deferred tax assets for the Group are due to the following temporary differences:

	For the year ended		Movement for year 2022		Movement for year 2021	
	2022 USD	2021 USD	Credit to profit or loss USD	Charge to OCI USD	Credit to profit or loss USD	Charge to OCI USD
Provision for impairment	7,306,800	6,853,047	887,242	(433,489)	(295,877)	(568,814)
Provision for litigations	1,814,871	1,160,655	721,858	(67,642)	115,489	(90,127)
Provision for retirement benefit obligations	627,998	616,373	45,797	(34,172)	(221,551)	(58,600)
Provision for depreciation on property, plant and equipment and intangible assets	(7,440,493)	4,600,866	(11,784,072)	(257,287)	3,824,318	(225,376)
Provision on staff costs	2,160,592	1,510,609	738,024	(88,041)	500,502	(103,582)
Other provisions	4,381,831	738,601	3,676,713	(33,483)	138,129	(54,822)
IFRS 16 adjustment	2,394,426	28,104	2,354,699	11,623	87,225	1,125
Tax losses carried forward	19,379,184	16,198,244	4,127,784	(946,844)	(525,639)	(1,341,561)
Provision for slow moving inventories	4,540,473	4,808,458	134,705	(402,690)	3,600,417	(179,741)
	35,165,682	36,514,957	902,750	(2,252,025)	7,223,013	(2,621,498)

At the end of the reporting period, the Group has unused tax losses of **USD 94,688,106** (2021: USD 68,346,193). As of 31 December 2022, a deferred tax asset has been recognised on the Group's tax losses carried forward of **USD 59,409,657** (2021: USD 59,993,497). The Group has concluded that the tax losses carried forward will be recoverable using the estimated future taxable profits based on the approved business plans and cash flow projections for Togocom and MIC Tanzania Public Limited Company and its subsidiaries. The subsidiaries are expected to generate taxable profits from 2023 onwards.

The Company does not have any tax losses carried forward for the years ended 31 December 2022 and 31 December 2021.

**AXIAN TELECOM****NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****7 INCOME TAX (CONTINUED)****(b) Deferred tax (continued)****(ii) Deferred tax liability**

The movement in deferred tax liability is set out below:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>27,942</b>	30,221	-	-
Acquisition through business combinations (Note 26)	<b>25,031,678</b>	-	-	-
Credit to profit or loss	<b>(8,422,280)</b>	-	-	-
Credit to other comprehensive income	<b>(28,396)</b>	(2,279)	-	-
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At 31 December	<b>16,608,944</b>	27,942	-	-
	=====	=====	=====	=====



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 7 INCOME TAX (CONTINUED)

## (c) Tax reconciliation

The table below explains the differences between the expected tax expense on continuing operations, at the Mauritius statutory rate of 15% and the Group's total tax expense for each year. The reconciliation of taxation has been performed using the statutory tax rate of the Company of 15% (2021: 15%). The impact of different corporate tax rates applied to the various jurisdictions in which the Group operates has been incorporated in the "Effect of using different tax rates in other countries" line on the next page.

A reconciliation between the actual income tax and the applicable statutory tax is as follows:

	Group		Company	
	2022	2021	2022	2021
	USD	USD	USD	USD
Profit before income tax	<b>113,995,620</b>	114,296,477	<b>78,013,829</b>	108,779,153
Tax calculated at domestic tax rates applicable to profits in the respective countries (2022: 15%, 2021: 15%)	<b>17,099,343</b>	17,144,472	<b>11,702,074</b>	16,316,873
<i>Tax effects of :</i>				
Non-allowable expenses*	<b>25,103,845</b>	9,425,021	<b>3,373,577</b>	1,956,611
Exempt income**	<b>(6,643,150)</b>	(10,615,079)	<b>(17,910,287)</b>	(15,921,033)
Non-taxable income	<b>(16,835,332)</b>			
Expenses attributable to exempt income	<b>9,381,423</b>	3,742,336	<b>6,550,979</b>	1,733,255
Dividend of joint venture not recognised in the statement of profit or loss	<b>699,624</b>	2,656,774	-	-
Tax credit	<b>(1,092,959)</b>	(407,252)	<b>(130,182)</b>	(403,670)
Deferred income tax assets unrecognised	<b>2,572,368</b>	838,221	<b>(146)</b>	-
Utilisation of previously unrecognised tax losses	<b>(3,621)</b>	(32,712)	-	-
Withholding tax	<b>1,898,543</b>	1,593,335	<b>1,589,298</b>	403,670
Share of profit of joint ventures	<b>(2,154,713)</b>	(3,366,318)	-	-
Effect of using different tax rates in other countries	<b>21,352,422</b>	6,431,740	-	-
Over-provision in previous year	<b>(23,485,934)</b>	(615,591)	-	-
Under-provision in previous year	<b>1,895,370</b>	-	-	-
Minimum tax	<b>137,304</b>	85,909	-	-
Income tax expense	<b>29,924,533</b>	26,880,856	<b>5,175,313</b>	4,085,706

\*Non-allowable expenses include mainly penalties, unrealised exchange loss on retranslation of loans and bank accounts, professional fees, net loss on fair value of embedded derivatives and other provisions made during the year.

\*\*Exempt income includes mainly revenue from sale of bandwidth, unrealised exchange gain on retranslation of loan and bank accounts and dividend income.



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 7 INCOME TAX (CONTINUED)

## (d) Tax payable

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 01 January	9,709,590	7,392,793	3,682,036	465,063
Acquisition through business combination (Note 26)	6,338,613	682,282	-	-
Charge during the year (Note 7(a))	37,351,020	32,510,534	3,586,161	3,682,036
Tax paid	(53,248,957)	(30,403,947)	(6,746,314)	(465,063)
Withholding tax suffered	(2,021,280)	-	-	-
Translation difference	(338,766)	(472,072)	-	-
	-----	-----	-----	-----
At 31 December	(2,209,780)	9,709,590	521,883	3,682,036
	=====	=====	=====	=====
Analysed as follows :				
Income tax receivable	(9,841,120)	(445,763)	-	-
Income tax payable	7,631,340	10,155,353	521,883	3,682,036
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	(2,209,780)	9,709,590	521,883	3,682,036
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 8 PROPERTY, PLANT AND EQUIPMENT

## Group

	Materials USD	Land and building USD	Technical equipment USD	Others USD	Assets in progress USD	Total USD
<b>Cost :</b>						
At 01 January 2021	87,390,853	196,730,788	1,300,744,896	22,764,330	44,114,210	1,651,745,077
Acquisition through business combinations (Note 26)	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)	-
Disposal and scrap	(2,022,207)	(313,354)	(230,653)	(1,939,676)	-	(4,505,890)
Provision for dismantling cost	-	7,090,031	-	-	-	7,090,031
Reclassification adjustments*	(3,414,250)	7,758,737	(41,983,472)	-	37,638,985	-
Translation difference	(5,281,369)	(9,264,690)	(82,333,786)	(610,524)	(2,632,122)	(100,122,491)
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At 31 December 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 26)	4,442,521	5,726,220	95,777,519	-	15,321,492	121,267,752
Additions	523,871	20,144,488	5,013,138	1,197,132	187,898,927	214,777,556
Transfers	4,637,394	19,705,258	121,756,128	623,624	(146,722,404)	-
Transfer to right of use assets (Note 25(i))	(388,530)	-	-	(4,227,268)	-	(4,615,798)
Disposals and scrap	(3,450,062)	(1,221,686)	(53,370,951)	(5,495,564)	-	(63,538,263)
Provision for dismantling cost	-	7,598,663	345,389	-	-	7,944,052
Reclassification adjustments*	(23,172,770)	15,992,269	6,051,523	-	1,128,978	-
Transfer to inventories	-	-	-	-	(1,811,025)	(1,811,025)
Translation difference	(4,696,658)	(30,222,818)	(99,587,426)	(1,437,450)	(3,963,329)	(139,907,681)
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<b>At 31 December 2022</b>	<b>56,786,401</b>	<b>287,890,826</b>	<b>1,339,546,673</b>	<b>13,823,479</b>	<b>104,133,214</b>	<b>1,802,180,593</b>
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## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## Group

	Materials	Land and building USD	Technical equipment USD	Others USD	Assets in progress USD	Total USD
<b>Depreciation and Impairment :</b>						
At 01 January 2021	(70,885,451)	(71,416,970)	(996,473,295)	(17,593,485)	-	(1,156,369,201)
Acquisition through business combinations (Note 26)	(152,107)	(6,217)	(137,642)	-	-	(295,966)
Charge for the year (Note 5)	(6,431,677)	(20,509,536)	(66,210,912)	(2,835,257)	-	(95,987,382)
Disposal and scrap	1,917,502	272,328	176,095	1,859,594	-	4,225,519
Impairment	237,285	(736,966)	207,917	-	-	(291,764)
Reclassification adjustment*	(1,116,398)	(4,869,026)	5,985,424	-	-	-
Translation difference	4,377,751	3,994,157	67,598,296	473,646	-	76,443,850
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At 31 December 2021	(72,053,095)	(93,272,230)	(988,854,117)	(18,095,502)	-	(1,172,274,944)
Charge for the year (Note 5)	(4,025,965)	(22,988,828)	(87,379,199)	(2,620,294)	-	(117,014,286)
Disposal and scrap	3,437,826	1,195,402	53,364,336	4,663,967	-	62,661,531
Reclassification adjustment	23,548,004	(23,889,486)	341,482	-	-	-
Transfer to right of use assets (Note 25(i))	188,288	-	-	1,282,248	-	1,470,536
Translation difference	4,166,379	10,189,627	76,726,434	1,936,519	-	93,018,959
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<b>At 31 December 2022</b>	<b>(44,738,563)</b>	<b>(128,765,515)</b>	<b>(945,801,064)</b>	<b>(12,833,062)</b>	<b>-</b>	<b>(1,132,138,204)</b>
	=====	=====	=====	=====	=====	=====
<b>Net book value:</b>						
<b>At 31 December 2022</b>	<b>12,047,838</b>	<b>159,125,311</b>	<b>393,745,609</b>	<b>990,417</b>	<b>104,133,214</b>	<b>670,042,389</b>
	=====	=====	=====	=====	=====	=====
At 31 December 2021	6,837,540	156,896,202	274,707,236	5,067,503	52,280,575	495,789,056
	=====	=====	=====	=====	=====	=====

\*Towerco of Madagascar and Togocom Group and its subsidiaries have made changes in the presentation of the property, plant and equipment on reviewing the nature of each asset in years ended December 2022 and 2021 respectively. Thus, a reclassification adjustment has been made.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Pledge assets

The Group has pledged part of the value of its technical assets as collateral for bank borrowings in its Madagascar, Uganda and Togo jurisdictions. Please refer to note 20 for a description of the pledges.

The cash flow on acquisitions of property, plant and equipment during the year is as follows:

	<b>2022</b>	<b>Group</b>
	<b>USD</b>	<b>2021</b>
		<b>USD</b>
Acquisitions during the year	<b>214,777,556</b>	112,746,672
Acquisitions under other borrowings	-	(1,785,656)
Advances to suppliers for purchase of property, plant and equipment	<b>52,320</b>	-
Movement in unpaid amount on acquisition of property, of property, plant and equipment	<b>10,520,065</b>	19,855,183
	<b>225,349,941</b>	130,816,199
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 9 INTANGIBLE ASSETS

Group					International bandwidth		Customer related assets			
	Software USD	Licence USD	Assets in progress USD	IRU USD	Capacity USD	Networking USD	USD	Brand USD	Others USD	Total USD
<b>Cost :</b>										
At 01 January 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 (Note 26)	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)
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At 31 December 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 26)	-	11,987,708	-	15,417,917	-	-	49,040,544	16,048,894	-	92,495,063
Additions*	220,062	42,197,534	16,475,448	278,249	-	821,148	-	-	261,843	60,254,284
Installation cost capitalised	-	3,217,919	(7,824,238)	-	-	-	-	-	4,606,319	-
Transfers	1,196,960	-	(1,196,960)	-	-	-	-	-	-	-
Transfer from prepayment	-	-	236,140	-	-	-	-	-	-	236,140
Disposals and scrap	(29,010)	(509,347)	-	-	-	-	-	-	(292,928)	(831,285)
Translation difference	(1,708,827)	(10,856,639)	(634,260)	576,752	(822,100)	(33,128)	-	-	(1,242,286)	(14,720,488)
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>At 31 December 2022</b>	<b>28,819,123</b>	<b>221,921,101</b>	<b>20,185,053</b>	<b>18,251,522</b>	<b>13,417,653</b>	<b>1,303,820</b>	<b>49,040,544</b>	<b>16,048,894</b>	<b>10,693,666</b>	<b>379,681,376</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

\*Included in Additions for the year, is an amount of USD 43,507,569 that relates to intangibles acquired on a cash basis.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 9 INTANGIBLE ASSETS (CONTINUED)

	Software USD	Licence USD	Assets in progress USD	IRU USD	International bandwidth capacity USD	Networking USD	Customer related assets USD	Brand USD	Others USD	Total USD
<b>Amortisation :</b>										
At 01 January 2021	(122,718,109)	(29,820,690)	-	(757,964)	(40,759)	-	-	-	(5,264,130)	(158,601,652)
Acquisition through business combinations (Note 26)	(234,109)	(31,496)	-	-	-	(249)	-	-	(548)	(266,402)
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)
Transfers*	94,112,327	(94,112,327)	-	-	-	-	-	-	-	-
Disposals and scrap	-	-	-	-	-	-	-	-	23,070	23,070
Translation difference	5,648,846	5,818,344	-	39,229	37,893	(161)	-	-	148,750	11,692,901
At 31 December 2021	(25,235,201)	(121,928,641)	-	(845,330)	(894,886)	(13,099)	-	-	(6,361,877)	(155,279,034)
Charge for the year	<b>(1,345,270)</b>	<b>(6,686,232)</b>	-	<b>(1,659,464)</b>	<b>(869,834)</b>	<b>(82,292)</b>	<b>(9,457,252)</b>	<b>(1,370,519)</b>	<b>(1,970,254)</b>	<b>(23,441,117)</b>
Disposals and scap	<b>29,010</b>	<b>509,347</b>	-	-	-	-	-	-	<b>292,928</b>	<b>831,285</b>
Translation difference	<b>1,468,634</b>	<b>7,404,102</b>	-	<b>81,754</b>	<b>37,500</b>	<b>1,290</b>	-	-	<b>894,558</b>	<b>9,887,838</b>
<b>At 31 December 2022</b>	<b>(25,082,827)</b>	<b>(120,701,424)</b>	-	<b>(2,423,040)</b>	<b>(1,727,220)</b>	<b>(94,101)</b>	<b>(9,457,252)</b>	<b>(1,370,519)</b>	<b>(7,144,645)</b>	<b>(168,001,028)</b>
<b>Net book value :</b>										
At 31 December 2022	<b>3,736,296</b>	<b>101,219,677</b>	<b>20,185,053</b>	<b>15,828,482</b>	<b>11,690,433</b>	<b>1,209,719</b>	<b>39,583,292</b>	<b>14,678,375</b>	<b>3,549,021</b>	<b>211,680,348</b>
At 31 December 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 licences and IT support. Assets in progress relate to assets (mainly licences and software) purchased but not yet brought into use.

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

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 10 INVESTMENTS IN SUBSIDIARIES

Details pertaining to the investments in subsidiaries at 31 December 2022 and 31 December 2021 are as follows:

Name of subsidiary	Country of incorporation	Proportion of ordinary shares held directly by the parent		Proportion of ordinary shares held indirectly by the parent		Principal activities
		2022 %	2021 %	2022 %	2021 %	
Telecom Malagasy SA	Madagascar	81.0	81.0	-	-	Telecommunications
Towerco of Africa Ltd	Republic of Mauritius	100	100	-	-	Holding company
Ubuntu Towers Uganda Limited	Uganda	-	-	90.0	90.0	Construction and operation of telecommunication infrastructures
Towerco of Madagascar SA	Madagascar	-	-	99.7	99.7	Construction and operation of telecommunication infrastructures
Global Crossing	Republic of Mauritius	100	100	-	-	Holding company
Agou Holding SAS	Togolese Republic	80.0	80.0	-	-	Holding company
Togocom	Togolese Republic	-	-	40.8	40.8	Telecommunications
Togo Telecom	Togolese Republic	-	-	40.8	40.8	Telecommunications
Togo Cellulaire	Togolese Republic	-	-	40.8	40.8	Telecommunications
Silver Links Ltd	Republic of Mauritius	100	100	-	-	Construction and operation of telecommunication infrastructures
Emediaplace Ltd	Republic of Mauritius	-	-	100	100	Telecommunications
Stellar-IX Data Centers Ltd	Republic of Mauritius	100	-	-	100	Holding company
MadaPlace	Madagascar	-	-	100	100	Telecommunications
TODRC Holding Ltd (formerly known as Guava Telecom Holdings Ltd)	Republic of Mauritius	-	100	100	-	Holding company
Honora Holdings Ltd	Republic of Mauritius	90.0	90.0	-	-	Holding company
Prime Africa Real Estate Ltd (formerly known as Tigo IPO SPV Ltd)	Republic of Mauritius	100	100	-	-	Holding company
Stellar IX	Madagascar	-	-	100	100	Construction and operation of telecommunication infrastructures
Axian Support Services Ltd	Republic of Mauritius	100	100	-	-	Holding company & management services

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 10 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details pertaining to the investments in subsidiaries at 31 December 2022 and 31 December 2021 are as follows (continued):

Name of subsidiary	Country of incorporation	Proportion of ordinary shares held directly by the parent		Proportion of ordinary shares held indirectly by the parent		Principal activities
		2022 %	2021 %	2022 %	2021 %	
Connecteo SARL	Madagascar	-	-	100	100	Marketing and communication services
Connecteo SUARL	Senegal	-	-	100	100	Marketing and communication services
Connecteo SARLU	Togo	-	-	100	100	Marketing and communication services
Axian Financial Services Ltd	Republic of Mauritius	100	100	-	-	Holding company
NEXTA	Madagascar	-	-	100	100	Business support
MVOLA	Madagascar	-	-	80.0	80.0	Mobile banking services
Finteko Burkina Faso	Burkina Faso	-	-	100	100	Mobile banking services
Finteko Niger	Niger	-	-	100	100	Mobile banking services
Finteko Guinee SA	Guinea	-	-	100	100	Mobile banking services
Finteko Guine Bissau	Guine Bissau	-	-	100	100	Mobile banking services
Finteko Mali	Mali	-	-	100	100	Mobile banking services
Finteko Cote D'Ivoire SA	Cote D'Ivoire	-	-	100	100	Mobile banking services
Finteko France SAS	France	-	-	100	100	Business Support
Finteko Benin	Benin	-	-	100	100	Mobile banking services
Indian Ocean Risk Solutions	Madagascar	-	-	99.0	99.0	Insurance broker
Axian Telecom Côte D'Ivoire	Cote D'Ivoire	100	100	-	-	Management services
Discovery Place Ltd	Republic of Mauritius	100	100	-	-	Holding company
Meta Market Ltd	Republic of Mauritius	100	100	-	-	Holding company



**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****10 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Details pertaining to the investments in subsidiaries at 31 December 2022 and 31 December 2021 are as follows (continued):

Name of subsidiary	Country of incorporation	Proportion of ordinary shares held directly by the parent		Proportion of ordinary shares held indirectly by the parent		Principal activities
		2022 %	2021 %	2022 %	2021 %	
						Management services and procurement
Axian Telecom Middle East Management and Technical Services Ltd	UAE	100	-	-	-	
MIC Tanzania Public Limited Company	Tanzania	-	-	88.7	-	Telecommunications
Zanzibar Telecom Public Public Limited Company	Tanzania	-	-	88.7	-	Telecommunications
Zantel Mobile Financial Services Solutions Limited	Tanzania	-	-	88.7	-	Mobile banking services
Millicom Tanzania Mobile Solutions Limited	Tanzania	-	-	88.7	-	Mobile banking services
Tanzania MFS Telesis Tanzania Limited	Tanzania	-	-	88.7	-	Mobile banking services
	Tanzania	-	-	88.7	-	Telecommunications

The details of the investments in subsidiaries are as follows:

	2022 USD	2021 USD
At 01 January	137,247,269	61,985,988
Acquisition during the year	10,001	92,902,221
Share buy back during the year	-	(17,640,930)
Disposal of shares	(1)	(10)
At 31 December	137,257,269	137,247,269

As at 31 December 2022, the directors have assessed the recoverable amounts of the investments in subsidiaries and they are of the opinion that investments in subsidiaries have not suffered any impairment.

**2022**

On 20 January 2022, the Company acquired the 1 ordinary share of par value EUR 1 for a consideration of EUR 1 in Stellar-IX Data Centers Ltd representing 100% of the share capital of the subsidiary.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****10 INVESTMENTS IN SUBSIDIARIES (CONTINUED)****2022 (continued)**

On 16 April 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. The Acquisition was completed on 05 April 2022, and the impact thereof is described in more detail in Note 26. MIC Tanzania was acquired through Honora Holdings Ltd and this acquisition therefore does not result in an increase in the cost of investments in subsidiary for the Company.

On incorporation of Axian Telecom Middle East Management and Technical Services Ltd on 11 October 2022, the Company was allotted 10,000 Class A shares of USD 1 each representing 100% of the share capital of the subsidiary.

As per the directors' resolution dated 14 December 2022, the Company disposed of the 1 ordinary share of par value USD 1 each held in the capital of TODRC Holding Ltd (formerly known as Guava Telecom Holding Ltd), in favour of Towerco of Africa Ltd, for a total consideration of USD 1.

Management has performed an assessment in relation to control in accordance with IFRS 10 consolidated financial statements. Whilst ascertaining control of the Group over each of the companies named above, the following elements have been identified as the determining factors:

- The Group is exposed and have rights, to variable returns from its involvement with the subsidiary in terms of dividend and strategic benefits from its involvements with the subsidiaries.
- The Group has the power to direct (and to prevent other to direct) the relevant activities of the investees, which include research and development, determining the funding structure, managing financial assets & investment decisions, decision on purchase and sales of goods, services, assets and other contractual rights.
- In addition, the Group has the right to appoint or remove decision makers including key management personnel such as managing director, chief financial officers, chief technical officers amongst others.
- The Group also has voting rights and the right to elect the majority of Directors on the Board.

As a conclusion, the Group has control over its acquired subsidiaries (including Mic Tanzania in 2022) by way of power to govern the financial and operating policies of these entities so as to obtain benefits from its activities.

**2021**

As per the directors' resolution dated 07 September 2021, the directors of the Company approved the acquisition of 99 additional ordinary shares in the capital of Honora Holdings Ltd for a consideration of USD 99 with effect from 09 June 2021. On 16 June 2021, the Company disposed 10 out of the 100 ordinary shares held in Honora Holdings Ltd for a total consideration of USD 10.

On 26 August 2021, it was resolved to acquire 100 % of the share capital of Axian Financial Services Ltd for a consideration of USD 92,900,000.

Further to the letter of offer dated 17 August 2021 received from Global Crossing, it was resolved by the directors on 21 September 2021 to approve the buy-back of 15,000,000 shares for a consideration of EUR 15,000,000.

Furthermore, the directors approved on 21 September 2021 the setting up of a wholly-owned subsidiary, Axian Telecom Côte D'Ivoire.

As per the directors' resolution dated 04 November 2020, it was proposed for the Company to acquire the 100 ordinary shares of par value EUR 1 each in Axian Support Services Ltd. The acquisition of the shares was effective on 01 March 2021.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****10 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

On incorporation of Discovery Place Ltd on 21 December 2021, the Company was allotted 100 ordinary shares representing 100% of the share capital of the subsidiary.

On incorporation of Meta Market Ltd on 21 December 2021, the Company was allotted 100 ordinary shares representing 100% of the share capital of the subsidiary.

**11 INTERESTS IN JOINT VENTURES AND ASSOCIATES**

The Group and the Company held shares in the following joint ventures and associates as at 31 December 2022 and 31 December 2021:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>68,846,258</b>	72,717,052	<b>7,118,741</b>	29,506,686
Capital reduction	-	-	-	-
Buy back of shares by joint ventures	<b>(1,993,678)</b>	(22,387,945)	<b>(547,710)</b>	(22,387,945)
Share of profit in joint ventures and associates	<b>14,364,751</b>	22,442,120	-	-
Share of translation reserves	<b>(1,494,415)</b>	(1,908,364)	-	-
Share of other reserves	-	269,695	-	-
Acquisition through business combinations (Note 26)	-	17,986,429	-	-
Dividend received	<b>(15,157,492)</b>	(17,853,053)	-	-
Disposal	-	-	-	-
Translation difference	<b>(3,043,204)</b>	(2,419,676)	-	-
At 31 December	<b>61,522,220</b>	68,846,258	<b>6,571,031</b>	7,118,741

Based on the cash flow projections of the joint ventures, the directors are of the opinion that the investments in joint ventures have not suffered any impairment. Refer to note 4 for more details on the assessment of the indicators of impairment of investments in joint ventures.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)**

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

Name of company	Country of Incorporation /place of activity	Class of shares held	31 Dec 2022	% holding 31 Dec 2021	Direct/ Indirect	Relationship	Activities
Telecom Comores Holding Ltd	Mauritius	Ordinary	15.0%	15.0%	Direct	Joint venture	Investment holding
Telecom Comores Holding Ltd	Mauritius	Ordinary	43.3%	43.3%	Direct & Indirect	Joint venture	Investment holding
Maya Africa Holding Ltd	Mauritius	Ordinary	40.0%	40.0%	Direct	Joint venture	Investment holding
Telecom Reunion Mayotte Societe D'Exploration et de Promotion	France	Ordinary	50.0%	50.0%	Indirect	Joint venture	Telecommunications
Iliad Axian	Reunion	Ordinary	50.0%	50.0%	Indirect Direct &	Joint venture	Real estate
BNI Madagascar Indian Ocean Financial Holdings Limited	Madagascar	Ordinary	31.2%	31.2%	Indirect	Associate	Banking
	Mauritius	Ordinary	41.6%	41.6%	Indirect	Associate	Investment holding

During the year ended 31 December 2022, following the directors' resolution dated 21 November 2022, it was resolved to approve the buy-back of 3,515,070 ordinary shares of EUR 1, held by the Group in Telecom Comores Holding Ltd.

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.

**Summarised statement of financial position of the joint ventures and associates**

The tables below provide summarised financial information for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

**Summarised statement of financial position of the joint ventures and associates (continued)**

The financial statements of the joint ventures and associates are prepared under International Financial Reporting Standards (IFRS), except for Societe D'Exploration et de Promotion Iliad Axian which is prepared under French GAAP on the grounds that it is not material to the Group.

**(a) Telecom Comores Holdings Ltd****Summarised statement of financial position**

	2022 USD	2021 USD
Current assets	6,768,186	6,856,414
Current liabilities	(20,525,994)	(20,959,468)
	-----	-----
Current liabilities – net	(13,757,808)	(14,103,054)
	-----	-----
Non-current assets	39,325,343	42,440,959
Non-current liabilities	(10,414,535)	(8,097,319)
	-----	-----
Non-current assets – net	28,910,808	34,343,640
	-----	-----
Assets – net	15,153,000	20,240,586
	=====	=====

*The above amounts of assets and liabilities include the following:*

Cash and cash equivalents	4,581,501	3,855,824
Current financial liabilities excluding trade payables and provisions:		
Current	4,092,781	2,018,360
Non-current	6,948,761	6,891,028
Bank overdraft	160	170

**Summarised statement of comprehensive income**

Revenue	22,042,515	23,970,711
(Loss)/profit for the year	(160,553)	1,476,040
Other comprehensive income/(loss) net of tax	733	21,062
Total comprehensive (loss)/income for the year	(159,820)	1,497,102

*The above profit for the year includes the following:*

Depreciation and amortisation of non-current assets	5,465,737	6,031,160
Finance income	71,055	97,671
Finance costs	916,008	736,577
Income tax expense	123,614	161,557

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

## Summarised statement of financial position of the joint ventures and associates (continued)

(a) *Telecom Comores Holdings Ltd*

Reconciliation of the carrying amount of the investment in joint venture:

	2022 USD	2021 USD
At 01 January	20,240,586	20,329,935
(Loss)/profit for the year	(160,553)	1,476,040
Other comprehensive income	733	21,062
Shares buy-back	(3,696,431)	-
Translation difference	(1,231,334)	(1,586,451)
At 31 December	15,153,001	20,240,586
Direct and indirect percentage holding held by the Group in the joint venture	43.28%	43.28%
Carrying amount	6,558,218	8,760,126

(b) *Maya Africa Holding Ltd*

## Summarised statement of financial position

	2022 USD	2021 USD
Current assets	74,365,820	80,828,265
Current liabilities	(123,880,217)	(131,652,261)
Current liabilities – net	(49,514,397)	(50,823,996)
Non-current assets	218,141,356	223,892,156
Non-current liabilities	(173,152,716)	(165,566,213)
Non-current assets – net	44,988,640	58,325,943
(Liabilities)/assets - net	(4,525,757)	7,501,947

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	18,825,049	12,277,742
Current financial liabilities excluding trade payables and provisions:		
Current	25,603,697	28,818,391
Non-current	168,758,047	161,625,862
Bank overdraft	3,224,950	3,767,907

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

## Summarised statement of financial position of the joint ventures and associates (continued)

(b) *Maya Africa Holding Ltd (Continued)*

## Summarised statement of comprehensive income

	2022 USD	2021 USD
Revenue	164,006,947	179,952,362
Loss for the year	(2,956,765)	(35,561,206)
Other comprehensive income net of tax	2,766	-
Total comprehensive income for the year	(2,953,999)	(35,561,206)

*The above profit for the year includes the following:*

Depreciation and amortisation of non-current assets	31,283,017	41,738,417
Finance income	661,813	260,299
Finance costs	15,688,330	22,031,149
Income tax expense	2,432,727	13,962,447

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture:

	2022 USD	2021 USD
At 01 January	7,501,949	101,351,960
Loss for the year	(2,956,765)	(35,561,206)
Effect of capital reduction	-	472,711
Buy-back of shares	-	(55,969,863)
Dividend	(8,454,826)	-
Translation difference	(616,116)	(2,791,653)
At 31 December	(4,525,758)	7,501,949
Direct percentage holding held by the Group in the joint venture	40%	40%
Carrying amount	1	3,000,780

(c) *Telecom Reunion Mayotte*

## Summarised statement of financial position

	2022 USD	2021 USD
Current assets	49,769,157	68,318,477
Current liabilities	(48,813,723)	(57,269,110)
Current assets – net	955,434	11,049,367
Non-current assets	154,619,002	151,475,679
Non-current liabilities	(80,503,367)	(86,911,401)
Non-current assets – net	74,115,635	64,564,278
Assets – net	75,071,069	75,613,645

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

## Summarised statement of financial position of the joint ventures and associates (continued)

## (c) Telecom Reunion Mayotte (Continued)

	2022 USD	2021 USD
<i>The above amounts of assets and liabilities include the following:</i>		
Cash and cash equivalents	25,980,549	41,644,385
Current financial liabilities (excluding trade payables and provisions)		
Current	11,984,610	26,991,668
Non-current	74,086,780	86,432,769
<b>Summarised statement of comprehensive income</b>		
Revenue	83,181,188	90,242,192
Profit for the year	19,564,930	68,362,078
Other comprehensive income net of tax	-	539,390
Total comprehensive income for the year	19,564,930	68,901,468
<i>The above profit for the year includes the following:</i>		
Depreciation and amortisation of non-current assets	8,501,096	6,922,369
Finance costs	933,817	3,250,504
Income tax expense	6,025,641	8,787,218
Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture:		
At 01 January	75,613,645	46,973,765
Dividend paid	(15,802,396)	(35,423,648)
Profit for the year	19,564,930	68,362,078
Other comprehensive income	-	539,390
Translation difference	(4,304,042)	(4,837,940)
	-----	-----
At 31 December	75,072,137	75,613,645
	=====	=====
Direct percentage holding held by the Group in the joint venture	50.00%	50.00%
Carrying amount	37,536,069	37,806,822
	=====	=====



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

## Summarised statement of financial position of the joint ventures and associates (continued)

## (d) Société D'Exploration et de Promotion Iliad Axian

## Summarised statement of financial position

	2022	2021
	USD	USD
Current assets	530,373	2,762,583
Current liabilities	(7,582,654)	(8,314,230)
Current liabilities – net	(7,052,281)	(5,551,647)
Non-current assets	7,177,201	5,548,055
Non-current liabilities	-	-
Non-current assets – net	7,177,201	5,548,055
Assets/(liabilities) - net	124,920	(3,592)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	182,876	246,481
Current financial liabilities excluding trade payables and provisions:		
Non-current	6,274,877	6,163,274

## Summarised statement of comprehensive income

Revenue	1,713,718	-
Profit/(loss) for the year	126,249	(46,111)
Total comprehensive income for the year	126,249	(46,111)

The above profit for the year includes the following:

Finance costs	62,344	-
Income tax expense	5,889	520,436

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture:

At 01 January	-	44,028
Profit/(loss) for the year	126,249	(46,111)
Translation difference	2,056	2,083
At 31 December	128,305	-
Direct percentage holding held by the Group in the joint venture	50.00%	50.00%
Carrying amount	-	-

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

**Summarised statement of financial position of the joint ventures and associates (continued)**

Societe D'Exploration et de Promotion Lliad Axian has a cumulative unrecognised losses of USD 1,584 as at 31 December 2021. However, since it is the first time that the company is profit making, management has decided not to recognise the share of profit for the year ended 31 December 2022.

**(e) BNI Madagascar****Summarised statement of financial position**

	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>
Current assets	<b>992,356,590</b>	943,694,828
Current liabilities	<b>(810,771,581)</b>	(784,208,672)
Current liabilities – net	<b>181,585,009</b>	159,486,156
Non-current assets	<b>18,378,206</b>	20,536,073
Non-current liabilities	<b>(144,718,598)</b>	(118,301,947)
Non-current assets – net	<b>(126,340,392)</b>	(97,765,874)
Assets – net	<b>55,244,617</b>	61,720,282

*The above amounts of assets and liabilities include the following:*

Cash and cash equivalents	<b>277,720,902</b>	344,597,603
Current financial liabilities excluding trade payables and provisions:		
Current	<b>723,920,234</b>	721,481,089
Non-current	<b>144,718,598</b>	118,301,947

**Summarised statement of comprehensive income**

Revenue	<b>14,347,820</b>	15,151,974
Profit for the year	<b>14,227,779</b>	11,436,815
Total comprehensive income for the year	<b>14,227,779</b>	11,436,815

*The above profit for the year includes the following:*

Depreciation and amortisation of non-current assets	<b>3,331,409</b>	4,321,725
Finance income	<b>62,320,049</b>	58,617,165
Finance costs	<b>25,732,428</b>	22,404,840
Income tax expense	<b>5,583,236</b>	4,077,544

On acquisition of BNI Madagascar by the Group during the year ended 31 December 2021, the profit and other comprehensive income net of tax was as follows:

Profit for the period and total comprehensive income, net of tax	<b>7,712,202</b>
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## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

## Summarised statement of financial position of the joint ventures and associates (continued)

e) *BNI Madagascar (Continued)*

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	2022 USD	2021 USD
At 01 January	61,720,282	-
Acquisition through business combination	-	58,009,123
Profit for the year	14,227,779	3,724,613
Dividend	(13,775,724)	-
Translation difference	(6,927,712)	(13,454)
	-----	-----
At 31 December	55,244,625	61,720,282
	=====	=====
Direct percentage holding held by the Group in the associate	31.20%	31.20%
Carrying amount	17,236,323	19,256,728

(f) *Indian Ocean Financial Holdings Limited*

## Summarised statement of financial position

	2022 USD	2021 USD
Current assets	353,188	413,789
Current liabilities	(48,179)	(30,744)
	-----	-----
Current liabilities – net	305,009	383,045
	-----	-----
Non-current assets	20,300,411	21,521,434
Non-current liabilities	-	-
	-----	-----
Non-current assets – net	20,300,411	21,521,434
	-----	-----
Assets - net	20,605,420	21,904,479
Less: Investment in BNI Madagascar*	(20,300,411)	(21,521,434)
Less: Dividend received from BNI Madagascar	(13,637,911)	-
Add: Dividend paid by Indian Ocean Financial Holdings Limited	13,793,833	-
	-----	-----
Adjusted net assets	460,931	383,045
	=====	=====

\*The investment held by Indian Ocean Financial Holdings Limited in BNI Madagascar has been excluded as it has already been considered on equity accounting of BNI Madagascar by the Company, Axian Financial Services Ltd. The effective ownership interest has been used on equity accounting of BNI Madagascar.

## AXIAN TELECOM

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022 (CONTINUED)

## 11 INTERESTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

## Summarised statement of financial position of the joint ventures and associates (continued)

(f) *Indian Ocean Financial Holdings Limited (continued)**The above amounts of assets and liabilities include the following:*

Cash and cash equivalents	<b>351,334</b>	199,284
---------------------------	----------------	---------

## Summarised statement of comprehensive income

Revenue	<b>809,118</b>	929,474
Profit for the year	<b>79,855</b>	2,009,411
Total comprehensive income for the year	<b>79,855</b>	2,009,411

*The above profit for the year includes the following:*

Finance income	<b>639</b>	1,699
Income tax expense	<b>751,165</b>	730,355

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

On acquisition of Indian Ocean Financial Holdings Limited by the Group during the year ended 31 December 2021, the profit was as follows:

Profit for the year		1,004,706
		-----
At 01 January	<b>383,045</b>	-
Acquisition through business combination	-	(271,406)
Profit for the year	<b>79,855</b>	1,004,706
Dividend paid	-	(347,489)
Translation difference	<b>(1,969)</b>	(2,766)
	-----	-----
At 31 December	<b>460,931</b>	383,045
	=====	=====
Direct percentage holding held by the Group in the associate	<b>41.57%</b>	41.57%
Carrying amount	<b>191,609</b>	159,232
	-----	-----

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 12 TRADE AND OTHER RECEIVABLES

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Non-current</b>				
Long term loan receivable	-	248,146	-	-
Trade receivables	1,731,015	554,374	-	-
Other receivables	1,695,411	23,417,297	-	-
Receivable from authorities	18,103,932	-	-	-
Prepayments and advances	13,607,687	6,362,197	-	-
	35,138,045	30,582,014	-	-
<b>Current</b>				
Trade receivables - gross	92,878,012	68,428,826	1,483,180	-
Expected credit losses - trade receivables	(25,668,433)	(21,883,454)	-	-
Trade receivables - net	67,209,579	46,545,372	1,483,180	-
Other receivables*	19,553,392	32,127,846	-	156,298
Amount receivable from subsidiaries (Note 24 (d))	-	-	33,119,860	23,385,848
Amount receivable from other related parties (Note 24 (c))	8,422,240	25,113,578	360,084	680,871
Receivable from authorities	34,238,294	29,605,979	-	-
Prepayments and advances	31,318,091	8,934,020	45,646	301,217
Contract assets and costs	764,589	-	-	-
Expected credit losses - other receivables	(1,336,200)	(1,313,588)	-	-
	160,169,985	141,013,207	35,008,770	24,524,234
Total trade and other receivables	195,308,030	171,595,221	35,008,770	24,524,234

Trade and other receivables are not secured, nor are they interest-bearing. Allowances for expected credit losses for trade and other receivables have been assessed either on an individual basis (in cases where the entity has few customers), or on a collective basis under the 'expected credit loss' model (in cases where the entity has a large number of homogenous customers).

Write off policy

It is the policy of the Group to write off trade and other receivables on case-to-case basis if the Group deems that these receivables will not be collectible on the assessment of underlying facts and circumstances. These underlying facts include historical experience of the receivables, instances where the customer has been declared insolvent or bankrupt, and instances when debt settlement negotiations have been unsuccessful in achieving debt collections for long-outstanding unpaid amounts from customers.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements on the Group's expected credit losses of trade and other receivables are as follows:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>23,197,042</b>	24,233,768	-	-
Acquisition through business combination	<b>8,219,133</b>	140,669	-	-
Charge for the year	<b>5,475,510</b>	3,665,460	-	-
Amount recovered	<b>(8,170,253)</b>	(3,336,477)	-	-
Translation difference	<b>(1,716,799)</b>	(1,506,378)	-	-
	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
At 31 December	<b>27,004,633</b>	23,197,042	-	-
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Expected credit losses on trade and other receivables are based on Lifetime ECL.

The Group and the Company have performed an impairment assessment for other receivables, receivable from authorities, amount receivables from entities under common control and long-term loan receivable and the expected credit loss is immaterial.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

	<b>2022</b>	<b>Group</b>
	<b>USD</b>	<b>2021</b>
		<b>USD</b>
Derecognition of financial assets (Note 5)	<b>3,522,597</b>	17,961,095
	<b>=====</b>	<b>=====</b>

The above amounts written off are subject to enforcement activities.

\*The 'Other receivables' pertain mostly to grants receivable from government institutions in several jurisdictions, interest receivable on financial assets and receivables from staff.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 13 INVENTORIES

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Raw materials	3,062,256	2,906,243	-	-
Trading inventories	12,830,040	7,019,701	-	-
Spare parts	23,586,595	26,362,036	-	-
	-----	-----	-----	-----
Value of inventories at initial cost	39,478,891	36,287,980	-	-
Less: provision for slow moving inventories	(16,250,993)	(19,243,460)	-	-
	-----	-----	-----	-----
	23,227,898	17,044,520	-	-
	=====	=====	=====	=====

Inventories mainly comprise of technical spare parts and fast-moving items like handsets, scratchcards and SIM cards, accessories held for sale, and consumable items. Physical Inventory counts are conducted on a periodic basis and the technical team evaluates the condition of the stock and advises accordingly in case of obsolescence. Inventories are measured at the lower of cost and net realisable value.

The cost of inventory is determined using the weighted average method. Cost of inventory comprises of direct purchase costs, non-recoverable import duties and taxes, and transportation costs. The net realisable value of spare parts is determined on the basis of obsolescence; assessing whether the spare parts on hand can be utilised within our existing network or otherwise sold, or whether they should be provided for and scrapped.

Translation difference is included in the provision for slow moving inventories recognised in the balance sheet. A reversal of impairment of inventory of USD 2,025,920 has been credited in profit or loss for the current year (2021: USD 4,513,299).

## 14 LOANS RECEIVABLE

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<u>Loans to clients</u>				
Gross balance	16,550,549	5,586,469	-	-
Expected credit losses	(4,576,093)	(348,842)	-	-
	-----	-----	-----	-----
Net balance	11,974,456	5,237,627	-	-
	-----	-----	-----	-----
Loans receivable from other related parties (Note 24(a))	5,380,890	625,026	5,085,000	-
Loans receivable from subsidiaries (Note 24(b))	-	-	411,930,852	43,777,372
	-----	-----	-----	-----
TOTAL	17,355,346	5,862,653	417,015,852	43,777,372
	=====	=====	=====	=====
Non-current	167,508	-	333,254,563	37,237,482
Current	17,187,838	5,862,653	83,761,289	6,539,890
	-----	-----	-----	-----
	17,355,346	5,862,653	417,015,852	43,777,372
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 14 LOANS RECEIVABLE (CONTINUED)

Movement on the Group's expected credit losses of loans receivable is as follows:

	2022 USD	Group 2021 USD
At 01 January	348,842	-
Additional provision (Note 5)	5,044,286	350,935
Reversal of provision (Note 5)	(441,676)	-
Translation difference	(375,359)	(2,093)
	-----	-----
At 31 December	4,576,093	348,842
	=====	=====

For Group's loans receivable from other related parties, the impact of ECL is minimal since there is no history of default and no event of default is expected to occur in the forthcoming future.

For Company's loan receivable from subsidiaries and other related parties, the impact of ECL is minimal since there is no history of default and based on the cash flow forecasts, the subsidiaries have sufficient cash reserves to repay the Company in the forthcoming future.

## 15 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Cash at bank	226,590,223	134,506,254	116,673,950	36,466,092
Bank overdraft	(27,728,595)	(22,554,266)	-	(82)
	-----	-----	-----	-----
	198,861,628	111,951,988	116,673,950	36,466,010
	=====	=====	=====	=====

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 their cash at bank with highly reputable financial institutions.

## 16 RESTRICTED CASH

Restricted cash comprises mainly cash in certain bank accounts which can only be used for payments to a specific supplier.

	2022 USD	2021 USD
Debt service reserve account	1,976,071	1,748,952
Deposits for mobile-money activities	262,474,369	75,859,416
Deposits in respect of litigations	234,514	269,043
Other deposits	1,882,817	-
Fixed deposit	10,776,808	4,322,500
	-----	-----
	277,344,579	82,199,911
	=====	=====



**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****16 RESTRICTED CASH (CONTINUED)**

The restricted cash comprise of the following:

- Debt reserve accounts are held by the bank as collateral for loans taken by Togocom.
- Deposits for mobile-money activities are held mainly in Banques Societe Generale Madagasikara, BNI Madagascar, MCB Madagascar and Orabank corresponding to the total electronic monies "UME" allowed for circulation in respect of the activities of MVOLA and Group Togocom respectively. For Group MIC Tanzania Public Limited Company, MFS deposits bank accounts are held by the Trust, The Registered Trustees of Millicom Tanzania Mobile Solutions, as they belong to the subscribers, agents and other customers of mobile money financial services.
- Other deposits relate to deposits held by the Mauritius Commercial Bank (Madagascar) SA on behalf of Telecom Malagasy SA on 25 November 2022 in relation to the payment to a key supplier. The deposit is expected to be gradually released in 2023 with an end date of 29 December 2023.
- Togocom Group is allowed to invest part of the float of mobile money as fixed deposit.

**17 SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>
At 01 January	<b>1,372,564</b>	117,389,774
Capital reduction	-	(56,017,210)
Share buy-back	-	(60,000,000)
	-----	-----
At 31 December	<b>1,372,564</b>	1,372,564
	=====	=====
Authorised, issued and paid :		
1,372,564 ordinary shares of USD 1 (Par value) each	<b>1,372,564</b>	1,372,564
	=====	=====

*Shares buy-back:*

Further to the written resolution of Directors dated and approved on 15 March 2021, it was resolved that in accordance with Section 69 and 70 of the Mauritian Companies Act 2001, the Company agrees to purchase 60,000,000 of its own shares of par value of USD 1 each from its sole shareholder (Mr. Hassanein Shahreza Hiridjee) for an aggregate consideration of USD 60,000,000.

*Capital reduction:*

Further to the written resolution of Directors dated and approved on 15 March 2021, it was resolved that in accordance with section 62 (6)(b)(i) of the Mauritian Companies Act 2001, the share capital of the Company be reduced by USD 56,017,210.

*Rights and restrictions attached to ordinary shares:**Voting rights*

Each ordinary share shall entitle its holder to receive notice of, to attend and vote at any meeting of the Company.

*Rights relating to dividends*

Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

*Rights relating to repayment of capital*

Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the Company.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****18 RESERVES****(a) Legal reserves**

Under the " Code général des impôts " in Madagascar, the subsidiaries are required to transfer 5% of their profit for the year to a legal reserve. This reserve should not exceed 10% of their stated capital and is subject to approval in the annual meeting of shareholders.

**(b) Translation reserves**

The translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign operations stated in a currency different from the Group's presentation currency.

The Group's and the Company's presentation currency is United States Dollar (US\$).

**(c) Other reserves**

Other reserves relate to a reserve set aside to acquire property, plant and equipment, in line with the "Code général des impôts" in Madagascar. This reserve is subject to approval at the annual meeting of shareholders.

The NCI put option liability is initially recognised as a non current liability with a corresponding amount of USD 45,272,961 in other reserves in equity (Note 40(c)). It is initially recognised under equity attributable to owners of the Company as the risks and rewards of ownership of the NCI interest remain with the minority shareholder until such time as the option is exercised and settled.

**(d) Reorganisation reserves**

The Company acquired Silver Links Ltd (formerly known as Telma International Carrier Services Ltd) and Towerco of Africa Ltd and its subsidiaries on 15 January 2020 and 01 October 2018 respectively. This acquisition was classified as a business combination between entities under common control as all entities involved were owned by the same ultimate shareholder before and after the acquisition. Accordingly, any difference between the purchase price of the investments and the net assets acquired has been recognised within the reorganisation reserves.

The Company acquired Axian Financial Services Ltd and its subsidiaries and Axian Support Services Ltd and its subsidiaries on 26 August 2021 and 01 March 2021 respectively. These acquisitions were classified as a business combination between entities under common control as all entities involved were owned by the same ultimate shareholder before and after the acquisition. Accordingly, any difference between the purchase price of the investments and the net assets acquired has been recognised within the reorganisation reserves.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS

The list of the Group's subsidiary companies as at 31 December 2022 and 2021 were as follows:

Name of Company	Country of incorporation	Principal activity	Non controlling interest	
			2022	2021
<b><i>Direct subsidiaries</i></b>			%	%
Telecom Malagasy SA	Madagascar	Telecommunications	19.2	19.2
Agou Holding	Togolese Republic	Holding company	20.0	20.0
Honora Holdings Ltd	Republic of Mauritius	Holding company	10.0	10.00
<b><i>Indirect Subsidiaries</i></b>				
TOGOCOM	Togolese Republic	Telecommunications	59.2	59.2
TOGO TELECOM	Togolese Republic	Telecommunications	59.2	59.2
Togo Cellulaire	Togolese Republic	Telecommunications	59.2	59.2
Ubuntu Towers Uganda Limited	Uganda	Construction and operation of telecommunication infrastructures	10.0	10.0
Towerco of Madagascar SA	Madagascar	Telecommunications	0.3	0.3
MVOLA	Madagascar	Mobile banking services	20.0	20.0
Indian Ocean Risk Solutions	Madagascar	Insurance broker	1.0	1.0
MIC Tanzania Public Limited Company	Tanzania	Telecommunications	11.4	-
Zanzibar Telecom Public Limited Company	Tanzania	Telecommunications	11.4	-
Zantel Mobile Financial Services Solutions Limited	Tanzania	Telecommunications	11.4	-
Millicom Tanzania Mobile Solutions Limited	Tanzania	Mobile banking services	11.4	-
Tanzania MFS	Tanzania	Mobile banking services	11.4	-
Telesis Tanzania Limited	Tanzania	Telecommunications	11.4	-

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS

The Group recognises non-controlling interests (NCI) in an acquired entity at the NCI's proportionate share of the acquired net identifiable assets.

Set out below is the summarised statement of financial position, statement of profit or loss and other comprehensive income and cash flows of the subsidiaries that have non-controlling interests. The amounts disclosed are before inter-company eliminations.

## (a) Telecom Malagasy SA

## Summarised statement of financial position

	Group	
	2022	2021
	USD	USD
Current assets	127,221,455	164,275,524
Current liabilities	(278,309,020)	(258,826,491)
	-----	-----
Current liabilities – net	(151,087,565)	(94,550,967)
	-----	-----
Non-current assets	556,276,710	358,323,708
Non-current liabilities	(356,674,244)	(202,511,348)
	-----	-----
Non-current assets – net	199,602,466	155,812,360
	-----	-----
Assets – net	48,514,901	61,261,393
	=====	=====
Non-controlling interests	9,314,863	11,762,187
	=====	=====

## Summarised statement of profit or loss and other comprehensive income

Revenue	237,402,306	197,437,269
Total comprehensive income for the year	(11,719,002)	(89,652)
	-----	-----
Total comprehensive income for the year attributable to non-controlling interests	(2,250,048)	(17,213)
	-----	-----
(Loss)/profit to non-controlling interest	(928,330)	298,337
	-----	-----
Dividends paid to non-controlling interest	197,278	98,463
	-----	-----

## Summarised cash flows

Net cash from operating activities	125,274,115	88,653,304
Net cash used in investing activities	(58,580,317)	(52,475,018)
Net cash used in financing activities	(65,869,685)	(54,329,356)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	824,113	(18,151,070)
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS

**(b) Agou Holding**

The summarised financial information of Agou Holding include the financial results and financial position of the Togocom Group.

	<b>2022</b>	<b>Group</b>
	<b>USD</b>	<b>2021</b>
		<b>USD</b>
<b>Summarised statement of financial position</b>		
Current assets	<b>135,997,642</b>	137,287,876
Current liabilities	<b>(251,681,541)</b>	(263,625,335)
	-----	-----
Current assets – net	<b>(115,683,899)</b>	(126,337,459)
	-----	-----
Non-current assets	<b>385,606,157</b>	375,741,267
Non-current liabilities	<b>(146,734,932)</b>	(151,751,589)
	-----	-----
Non-current assets – net	<b>238,871,225</b>	223,989,678
	-----	-----
Assets – net	<b>123,187,326</b>	97,652,219
	=====	=====
Non-controlling interest	<b>91,554,528</b>	76,564,726
	=====	=====
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue	<b>239,663,232</b>	261,314,813
Total comprehensive income for the year	<b>36,906,628</b>	39,916,983
	-----	-----
Total comprehensive income for the year attributable to non-controlling interests	<b>26,361,324</b>	25,949,118
	-----	-----
Profit to non-controlling interest	<b>27,387,829</b>	30,306,493
	-----	-----
Dividends paid to non-controlling interest	<b>11,371,522</b>	4,154,216
	-----	-----
<b>Summarised cash flows</b>		
Net cash from operating activities	<b>80,676,656</b>	105,497,567
Net cash used in investing activities	<b>(33,764,805)</b>	(43,385,489)
Net cash used in financing activities	<b>(78,473,427)</b>	(45,292,538)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	<b>(31,561,576)</b>	16,819,540
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS (CONTINUED)

**(c) Honora Holdings Ltd****Summarised statement of financial position**

	<b>2022</b>	<b>Group</b>
	<b>USD</b>	<b>2021</b>
		<b>USD</b>
Current assets	<b>32,541,670</b>	39,023
Current liabilities	<b>(554,065)</b>	(341,629)
	-----	-----
Current assets – net	<b>31,987,605</b>	(302,606)
	-----	-----
Non-current assets	<b>69,189,263</b>	-
Non-current liabilities	<b>(107,916,794)</b>	-
	-----	-----
Non-current assets – net	<b>(38,727,531)</b>	-
	-----	-----
Assets – net	<b>(6,739,926)</b>	(302,606)
	=====	=====
Non-controlling interest	<b>(673,718)</b>	(29,986)
	=====	=====

**Summarised statement of profit or loss and other comprehensive income**

Revenue	-	-
Total comprehensive income for the year	<b>(6,437,319)</b>	(299,957)
	-----	-----
Total comprehensive income for the year attributable to non-controlling interests	<b>(643,732)</b>	(29,996)
	-----	-----
Loss to non-controlling interest	<b>(643,732)</b>	(29,996)
	-----	-----

**Summarised cash flows**

Net cash (used in)/from operating activities	<b>(8,609)</b>	37,560
	-----	-----
Net (decrease)/increase in cash and cash equivalents	<b>(8,609)</b>	37,560
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS (CONTINUED)

**(d) Axian Financial Services Ltd and its subsidiaries****Summarised statement of financial position**

	<b>2022</b>	<b>Group</b>
	<b>USD</b>	<b>2021</b>
		<b>USD</b>
Current assets	<b>107,513,701</b>	85,365,344
Current liabilities	<b>(98,270,795)</b>	(78,741,536)
	-----	-----
Current assets – net	<b>9,242,906</b>	6,623,808
	-----	-----
Non-current assets	<b>21,310,563</b>	19,912,576
Non-current liabilities	<b>(1,629,342)</b>	(109,326)
	-----	-----
Non-current assets – net	<b>19,681,221</b>	19,803,250
	-----	-----
Assets – net	<b>28,924,127</b>	26,427,058
	=====	=====
Non-controlling interest	<b>4,233,212</b>	3,002,443
	=====	=====

**Summarised statement of profit or loss and other comprehensive income**

Revenue	<b>58,785,091</b>	16,828,285
Total comprehensive income for the year	<b>2,683,034</b>	3,127,662
	-----	-----
Total comprehensive income for the year attributable to non-controlling interests	<b>1,416,548</b>	294,979
	-----	-----
Profit to non-controlling interest	<b>1,864,503</b>	329,046
	-----	-----
Dividends paid to non-controlling interest	<b>185,778</b>	-
	-----	-----

**Summarised cash flows**

Net cash from operating activities	<b>4,246,898</b>	20,394,868
Net cash from/(used in) investing activities	<b>7,908,238</b>	(7,814)
Net cash used in financing activities	<b>(3,203,815)</b>	(2,462)
	-----	-----
Net increase in cash and cash equivalents	<b>8,951,321</b>	20,384,592
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS (CONTINUED)

**(e) Towerco of Africa Ltd and its subsidiaries****Summarised statement of financial position**

	<b>2022</b>	<b>Group</b>
	<b>USD</b>	<b>2021</b>
		<b>USD</b>
Current assets	<b>33,849,504</b>	62,323,290
Current liabilities	<b>(99,839,365)</b>	(106,975,649)
	-----	-----
Current assets – net	<b>(65,989,861)</b>	(44,652,359)
	-----	-----
Non-current assets	<b>195,096,755</b>	174,623,261
Non-current liabilities	<b>(104,124,855)</b>	(104,420,662)
	-----	-----
Non-current assets – net	<b>90,971,900</b>	70,202,599
	-----	-----
Assets – net	<b>24,982,039</b>	25,550,240
	=====	=====
Non-controlling interest	<b>(605,274)</b>	(146,756)
	-----	-----

**Summarised statement of profit or loss and other comprehensive income**

Revenue	<b>86,184,065</b>	73,675,637
Total comprehensive income for the year	<b>(519,326)</b>	7,543,820
	-----	-----
Total comprehensive income for the year attributable to non-controlling interests	<b>(458,517)</b>	(133,776)
	-----	-----
Loss attributable to the non-controlling	<b>(469,665)</b>	(131,874)
	-----	-----
Dividends paid to non-controlling interest	-	-
	-----	-----

**Summarised cash flows**

Net cash from operating activities	<b>69,356,351</b>	39,321,626
Net cash used in investing activities	<b>(96,825,930)</b>	(50,439,969)
Net cash from financing activities	<b>22,396,905</b>	12,189,140
	-----	-----
Net (decrease)/increase in cash and cash equivalents	<b>(5,072,674)</b>	1,070,797
	=====	=====



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 NON-CONTROLLING INTERESTS (CONTINUED)

**(f) MIC Tanzania Public Limited Company and its subsidiaries**

<b>Summarised statement of financial position</b>	<b>Group 2022 USD</b>
Current assets	247,011,894
Current liabilities	(622,548,099)
	-----
Current assets – net	(375,536,205)
	-----
Non-current assets	569,163,955
Non-current liabilities	(473,740,007)
	-----
Non-current assets – net	95,423,948
	-----
Assets – net	(280,112,257)
	=====
Non-controlling interest	(3,856,357)
	=====
 <b>Summarised statement of profit or loss and other comprehensive income</b>	
Revenue	286,245,122
Total comprehensive income for the year	(3,726,932)
	-----
Total comprehensive income for the year attributable to non-controlling interest	(423,007)
	-----
Loss to non-controlling interest	(1,023,364)
	-----
Dividends paid to non-controlling interest	-
	-----
 <b>Summarised cash flows</b>	
Net cash from operating activities	103,522,155
Net cash used in investing activities	(87,864,954)
Net cash used in financing activities	(8,493,536)
	-----
Net increase in cash and cash equivalents	7,163,665
	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 20 BORROWINGS

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Non-current:</b>				
Bank loans (a)	112,285,116	129,140,310	-	-
Other borrowings	-	2,148,056	-	-
Listed bonds (b)	411,774,204	-	411,774,204	-
Loans payable to related parties (Note 24(e))	150,684,170	136,189,314	130,685,539	126,884,081
	<b>674,743,490</b>	<b>267,477,680</b>	<b>542,459,743</b>	<b>126,884,081</b>
<b>Current :</b>				
Bank loans (a)	37,913,908	77,531,041	-	-
Other borrowings	-	1,087,552	-	-
Listed bonds (b)	12,713,368	-	12,713,368	-
Loans payable to related parties (Note 24(e))	4,915,000	382,263	19,055,976	84,673,409
	<b>55,542,276</b>	<b>79,000,856</b>	<b>31,769,344</b>	<b>84,673,409</b>
Total borrowings	<b>730,285,766</b>	<b>346,478,536</b>	<b>574,229,087</b>	<b>211,557,490</b>

## (a) Bank loans

The bank loans at the Group level are made up of the following. Subsidiaries may each have several facilities, resulting in a range of interest rates and maturity dates.

Country	Company	Interest Rate	Maturity	2022 USD	2021 USD
Madagascar	Telecom Malagasy S.A.	6.6% to 9.0% per annum	Between 5 to 8 years	38,745,710	39,655,682
Madagascar	Towerco of Madagascar SA	7.0% to 9.0% per annum	Between 4 to 8 years	21,806,166	18,253,653
Togo	Agou Holding	8.25% per annum	7 years	-	50,419,304
Togo	Togo Cellulaire	7.15% per annum	Between 5 to 6 years	37,126,450	51,942,388
Togo	TOGO TELECOM	6.75% to 8.50% per annum	Between 8 to 10 years	32,832,093	43,437,583
Uganda	Ubuntu Towers Uganda Limited	Refer to Note below **	7 years	19,688,605	2,962,741
Loans payable within one year				<b>150,199,024</b> <b>(37,913,908)</b>	<b>206,671,351</b> <b>(77,531,041)</b>
Loans payable after one year				<b>112,285,116</b>	<b>129,140,310</b>

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 20 BORROWINGS (CONTINUED)

## (a) Bank loans (continued)

\*\* Loan UGX 67.5 bn 3-month average 182 days Treasury Bill rates + margin of 4.25%

\*\* USD 1 bn 3-month SOFR + margin of 5%

The bank loans of the Group companies are repayable monthly, quarterly, semi-annually, or annually at fixed or variable interest rates varying between 6.6% and 13.0%.

**Madagascar****1. Telecom Malagasy S.A.**

The following table summarizes the terms of the loans which Telecom Malagasy S.A. has contracted with the banks:

Bank names	Contract years*	Currency	Initial principal amounts
Bank of Africa ('BOA')	Between 2017 and 2019	MGA	32,000,000,000
Banque Malgache de L'Océan Indien ('BMOI')	2020	MGA	20,000,000,000
BFV Société Générale ('BFV')	Between 2018 to 2021	MGA	55,000,000,000
BFV Société Générale ('BFV')	2021	USD	12,000,000
BNI Madagascar ('BNI')	Between 2015 to 2019	MGA	84,700,000,000

\*Contract years refer to the year when the contract was signed and the facilities became available to draw down.

The loans bear interest at rates between 6.6% to 9.0% per annum, on a fixed or variable basis, with maturity periods varying between 5 to 8 years. Interest and loan principal are repayable monthly or quarterly. The purpose of these loans is mainly to finance network expansion and for general corporate purposes. The loans are pledged against the technical supplies and equipment of Telecom Malagasy S.A. up to the value of their outstanding amount. During the year ended 31 December 2022, Telecom Malagasy S.A. drew down additional loans amounting to MGA 47.4 billion (approximately USD 11.5 million) and made aggregate repayments amounting to MGA 44.6 billion (approximately USD 7.4 million).

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****20 BORROWINGS (CONTINUED)****(a) Bank loans (continued)****2. Towerco of Madagascar SA**

The following table summarizes the loans which Towerco of Madagascar SA has contracted with the banks:

<b>Bank names</b>	<b>Contract years*</b>	<b>Currency</b>	<b>Initial principal amounts</b>
Bank of Africa ("BOA")	2020	MGA	25,000,000,000
BFV Société Générale ('BFV')	Between 2015 to 2021	MGA	36,540,070,000
Banque Malgache de L'Océan Indien ('BMOI')	Between 2015 to 2022	MGA	40,925,000,000
BNI Madagascar ('BNI')	Between 2016 to 2022	MGA	30,246,315,657

\*Contract years refer to the year when the contract was signed and the facilities became available to draw down.

The loans bear interest at rates between 7.0% to 9.0% per annum on a fixed or variable basis, with maturity period varying between 4 to 8 years. Interest and loan principal is repayable monthly. The purpose of these loans is mainly to finance network expansion and for general corporate purposes. The loans are pledged against the equipment of Towerco of Madagascar SA up to the value of their outstanding amount. During the year ended 31 December 2022, Towerco of Madagascar SA drew down additional loans amounting to MGA 31.3 billion (approximately USD 7.6 million) and made aggregate repayments amounting to MGA 9.7 billion (approximately USD 2.3 million).

**Togo:****1. Agou Holding**

The loan held by Agou Holding as of 31 December 2021, bearing a carrying amount of FCFA 28.5 billion (approximately USD 50.4 million) was settled in the year ended 31 December 2022.

**2. Togo Cellulaire**

The following table summarizes the loans which Togo Cellulaire S.A. has contracted with the banks:

<b>Bank Names</b>	<b>Contract years*</b>	<b>Currency</b>	<b>Initial principal amounts</b>
Bank of Africa ("BOA")	2019	FCFA	16,150,000,000
Banque Togolaise pour le Commerce et l'Industrie ('BTCL')	2019	FCFA	13,000,000,000
Orabank ('ORB')	2021	FCFA	14,188,906,413

\*Contract years refer to the year when the contract was signed and the facilities became available to draw down.

The loans bear an interest at a rate of 7.15% per annum on a fixed basis, with maturity period varying between 5 to 6 years. Interest and loan principal are repayable on a monthly or quarterly basis. The purpose of these loans was mainly to finance the purchase of Togo Cellulaire's 4G licence, to refinance existing debt, and for general corporate purposes. The loans are pledged against a letter of guarantee from the Togolese State, or they are pledged against the escrow and current accounts of Togo Cellulaire S.A. or via a promissory note with progressive constitution of monthly provision by the Bank of Africa or the Orabank respectively. Togo Cellulaire S.A. has not drawn down additional loans in the year ended 31 December 2022 and made aggregate repayments amounting to FCFA 7.3 billion (approximately USD 14.9 million) in the same period.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****20 BORROWINGS (CONTINUED)****(a) Bank loans (continued)****Togo: (continued)****3. TOGO TELECOM**

The following table summarizes the loans which Togo Telecom S.A. has contracted with the banks:

<b>Bank names</b>	<b>Contract years*</b>	<b>Currency</b>	<b>Initial principal amounts</b>
Société de Gestion et d'Intermédiation ('SGI')	2015	FCFA	35,000,000,000
Union Togolaise de Banque ('UTB')	2018	FCFA	10,043,949,471

\*Contract years refer to the year when the contract was signed and the facilities became available to draw down.

The loans bear interest at rates between 6.75% to 8.50% per annum on a fixed basis, with maturity periods varying between 8 to 10 years. Interest and loan principal are repayable semi-annually. The purpose of these loans was mainly to refinance various existing debt. The loans are pledged against a combination of a letter of guarantee from the Togolese State, a pledge against bank accounts of Togo Telecom S.A., and one of Togo Telecom S.A.'s building is provided as security. Togo Telecom S.A. has not drawn down any additional loan amounts during the year ended 31 December 2022 and made aggregate repayments amounting to FCFA 10.9 billion (approximately USD 5.1 million) in the same period.

**Uganda:****Ubuntu Towers Uganda Limited**

The following table summarises the loans which Ubuntu Towers Uganda Limited has contracted with the banks:

<b>Bank names</b>	<b>Contract years*</b>	<b>Currency</b>	<b>Initial principal amounts</b>
Stanbic Bank Uganda Limited	2022	UGX	67,500,000,000
Stanbic Bank Uganda Limited	2022	USD	1,000,000

\*Contract years refer to the year when the contract was signed and the facilities became available to draw down.

The loans bear interest at a rate of (i) 3-month average 182 days Treasury Bill and a margin of 4.25% per annum and (ii) 3-month SOFR and a margin of 5%. The interest rates are 7.0% or 7% -13% on a variable basis and have a maturity period of 7 years. Interest and principal is repayable on a quarterly basis. The purpose of these loans is mainly for the construction of cell towers and financing of other capital expenditures. The loans are pledged against Ubuntu Towers Uganda Limited's assets, up to the value of their outstanding amount. During the year ended 31 December 2022, UTUL drew down additional loans amounting to UGX 71.2 billion (approximately USD 19.3 million) and made aggregate repayments amounting to UGX 10.4 billion (approximately USD 2.8 million), which represent the full settlement of a loan from Uganda Development Bank which was outstanding as at 31 December 2021.

**(b) Listed bonds**

On 16 February 2022, the Company, as Issuer, completed the offering of USD 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 arrears on 16 February and 16 August of each year, commencing on 16 August 2022. Interest on the Notes accrues at a rate of 7.375% per annum. The Notes will mature on 16 February 2027. The Notes are subject to customary restrictive covenants which limits the ability of the Issuer and the guarantors to take on additional debt.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 20 BORROWINGS (CONTINUED)

## (b) Listed bonds (Continued)

The listed bonds classified as non-current liability is net of the capital raising fee. The interest payable on the bonds has been classified as current liability.

The following subsidiaries of Axian Telecom has stood as guarantor on a joint and several basis:

1. Telecom Malagasy SA
2. Towerco of Africa Ltd
3. Towerco of Madagascar SA
4. Axian Financial Services Ltd
5. Axian Support Services Ltd
6. Silver Links Ltd (Formerly known as 'Telma International Carrier Services Ltd')
7. Discovery Place Ltd
8. Stellar-IX Data Centres Ltd
9. Meta Market Ltd
10. Honora Holdings Ltd
11. MIC Tanzania Public Limited Company

## 21 TRADE AND OTHER PAYABLES

## Non-current:

	2022	Group	2022	Company
	USD	2021	USD	2021
	USD	USD	USD	USD
Deferred revenue*	18,478,298	16,512,511	-	-
Other payables	41,784,379	63,454,837	-	-
Amount payable to entities under common control (Note 24 (h))	1,111	-	-	-
Trade payables	47,223	5,810,594	-	-
Payable to authorities	814,637	-	-	-
	-----	-----	-----	-----
	61,125,648	85,777,942	-	-
	=====	=====	=====	=====

## Current:

	2022	Group	2022	Company
	USD	2021	USD	2021
	USD	USD	USD	USD
Deferred revenue*	33,537,855	26,928,114	-	-
Trade payables	183,166,245	133,640,880	-	-
Other payables	118,890,397	12,772,777	240,631	18,778
Payable to authorities	84,053,393	64,669,970	-	-
Amount payable to shareholder (Note 24 (g))	-	92,778	-	-
Amount payable to entities under common control (Note 24 (h))	4,392,908	20,059,854	1,013,256	7,277,800
Amount payable to subsidiaries (Note 24(i))	-	-	18,786,473	9,121,897
MFS deposit	266,545,706	83,961,325	-	-
	-----	-----	-----	-----
	690,586,504	342,125,698	20,040,360	16,418,475
	=====	=====	=====	=====
	-----	-----	-----	-----
Total trade and other payables	751,712,152	427,903,640	20,040,360	16,418,475
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 21 TRADE AND OTHER PAYABLES (CONTINUED)

The terms and conditions of the non-current trade and other payables are as follows:

- Other payables include contracts with key suppliers and the amount due bears interest between 11% and 16% with a payment term of 3 years.
- For terms and conditions in respect of amount payable to entities under common control, refer to Note 24(h).
- Trade payables include purchases with key suppliers which are financed by letters of credit, bearing interest of 5.50% and payment term of 2 years. There are also purchases made on credit which are non-interest bearing and payment term of 2 years.

Deferred revenue*	2022	Group
	2021	
	USD	USD
<b>Non-current</b>		
Deferred revenue	18,478,298	16,512,511
	-----	-----
<b>Current</b>		
Deferred revenue	33,537,855	26,928,114
	-----	-----
<b>Total</b>	<b>52,016,153</b>	<b>43,440,625</b>
	=====	=====

The deferred revenue relates to advance payments received on the sale of bandwidth, capacity, prepaid airtime and fixed residential and business services. It is non-interest bearing and the payment terms and contract duration vary from contract to contract. The deferred revenue is split between current and non-current.

**(i) Revenue recognised in relation to deferred revenue**

The following table shows how much of the revenue recognised in the current reporting year relates to carried forward deferred revenue:

	2022	2021
	USD	USD
<i>Revenue recognised in relation to deferred revenue during the year:</i>		
Mobile services only	15,619,137	15,542,213
Fixed services (Residential and business)	1,345,956	237,865
Operator infrastructure services	5,484,015	3,351,455
	-----	-----
	<b>22,449,108</b>	<b>19,131,533</b>
	=====	=====

**(ii) Unsatisfied long-term contracts**

The following table shows unsatisfied performance obligations resulting from sale of bandwidth, capacity, prepaid airtime and fixed residential and business services:

	2022	2021
	USD	USD
Aggregate amount of the transaction price allocated to sale of bandwidth, airtime and fixed services that are partially unsatisfied as at 31 December	52,016,153	43,440,625
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 21 TRADE AND OTHER PAYABLES (CONTINUED)

## (ii) Unsatisfied long-term contracts (continued)

Management expects that 64.47% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 amounting to USD 33,537,855 (2021: 61.99% amounting to USD 26,928,114) will be recognised as revenue during the next reporting period. The remaining amount will be recognised as follows:

	2022 USD	2021 USD
2023	-	4,331,598
2024	5,317,133	3,832,234
2025	5,370,267	3,867,341
2026	3,745,124	3,392,443
2027	1,050,177	380,492
2028	819,221	298,294
2029	508,425	298,294
2030	412,992	111,815
2031	328,221	-
2032	926,738	-
	-----	-----
	<b>18,478,298</b>	<b>16,512,511</b>
	=====	=====

Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined. Therefore, the above amounts do not include the amounts of such variable consideration that has been constrained.

## (iii) Reconciliation of opening balance to closing balance

	2022 USD	2021 USD
At 01 January	<b>43,440,625</b>	45,649,031
Acquisition through business combination	<b>19,167,566</b>	-
Amount included in deferred revenue that was recognised as revenue during the year *	<b>(644,855,323)</b>	(136,716,119)
Cash received in advance of performance and not recognised as revenue during the year	<b>638,490,059</b>	135,663,168
Interest expense on unwinding of discounted deferred revenue	<b>1,342,852</b>	973,403
Discounting adjustment to reflect present value	<b>(1,723,086)</b>	-
Translation difference	<b>(3,846,540)</b>	(2,128,858)
	-----	-----
At 31 December	<b>52,016,153</b>	43,440,625
	=====	=====

\* It also includes carried forward deferred revenue that has been recognised as revenue in the current reporting year.



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 22 GOVERNMENT GRANTS

This item is analysed as follows:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>26,397,173</b>	33,242,190	-	-
Acquisition through business combination (Note 26)	<b>1,132,297</b>	-	-	-
Grants received	<b>3,330,309</b>	7,180,215	-	-
Recycled to profit or loss (Note 30)	<b>(10,229,546)</b>	(13,269,340)	-	-
Translation difference	<b>(2,431,547)</b>	(755,890)	-	-
	-----	-----	-----	-----
At 31 December	<b>18,198,686</b>	26,397,175	-	-
	=====	=====	=====	=====

The grants receivable as at 31 December 2022 relate to:

- A grant of MGA 792,406,539 for the installation and implementation of a digital telecommunication system in Tsarakofafa jointly financed by the Malagasy State and the World Bank in accordance with contract No. AGEX B 3/016 -04 PDSP II dated 24 March 2004;
- Grants on equipment in line with the agreements for the privatisation of Telecom Malagasy SA for MGA 25,925,333,000. The Government of Madagascar undertook to provide the company, prior to June 2007, with grants for equipment for an amount of USD 15 million, to support the company in the realisation of its business plan. Accordingly, an amount equivalent to USD 7 million was approved in the 2008 budget to distribute the aforementioned grants;
- Grants for equipment received under the Partnership Agreement entered into the Ministry of Communications and New Technologies with Telecom Malagasy SA for the "Projet de developpement des Regions, Districts et Communes" for MGA 18,481,061,370.
- A grant of MGA 60,525,870,828 was received from the "Ministere des Postes, des Telecommunications et des Nouvelles Technologies" for the development of telecommunications services in rural areas.
- A grant for equipment received following the amendment to the partnership agreement with the "Ministère chargé des Télécommunications et des Nouvelles Technologies" for the development of the telecommunications sector in the regions for a total amount of MGA 142,308,009,638.
- The World Bank has awarded grants to Towerco of Madagascar SA for the development of telecommunication in rural areas under PICOM Zone 1A and PICOM 3 in Madagascar. These grants have been amortised over the useful life of the assets acquired by these grants, which vary between 10 and 20 years.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 23 PROVISIONS

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Provision for dismantling costs (i)	29,194,785	23,710,204	-	-
Provision for litigations (ii)	15,501,870	10,292,942	-	-
Provision for short term risks on operating activities (iii)	3,639,939	3,890,539	-	-
	48,336,594	37,893,685	-	-
Non-current	45,853,429	36,584,910	-	-
Current	2,483,165	1,308,775	-	-
	48,336,594	37,893,685	-	-

## (i) Provision for dismantling costs

The provision for dismantling costs relates to the cost of dismantling technical equipment and the cost of restoration of the sites on which these equipments are located.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 01 January	23,710,204	14,388,425	-	-
Acquisition through business combination	2,284,286	-	-	-
Additional provision	6,457,573	7,090,031	-	-
Interest expense (Note 6)	(302,152)	2,715,149	-	-
Translation difference	(2,955,126)	(483,401)	-	-
At 31 December	29,194,785	23,710,204	-	-

## (ii) Provision for litigations

The provision for litigations relate to legal fees and costs of settlement that are expected to be incurred in respect of outstanding legal cases against the Group.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 01 January	10,292,942	6,260,777	-	-
Acquisition through business combination	8,790,881	-	-	-
Additional provision	4,854,783	4,518,735	-	-
Reversal of provision	(501,851)	(50,586)	-	-
Reclassification from other payables	28,554	-	-	-
Payments during the year	(6,982,017)	-	-	-
Translation difference	(981,422)	(435,984)	-	-
At 31 December	15,501,870	10,292,942	-	-

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 23 PROVISIONS (CONTINUED)

## (iii) Provision for short-term risks on operating activities

The provision for short-term risks on operating activities relates to probable loss arising in the normal course of conducting its daily operations.

	<b>2021</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>3,890,539</b>	4,904,292	-	-
Additional provision	<b>2,089,885</b>	654,761	-	-
Reversal of provision	<b>(2,115,667)</b>	(1,324,983)	-	-
Translation difference	<b>(224,818)</b>	(343,531)	-	-
	-----	-----	-----	-----
At 31 December	<b>3,639,939</b>	3,890,539	-	-
	=====	=====	=====	=====

## (iv) Provision for short-term risks on financing activities

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	-	3,271	-	-
Reversal of provision	-	(3,148)	-	-
Translation difference	-	(123)	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS

During the year under review, the following transactions were carried out with related parties. The nature, volume of transaction and the balances were as follows:

**(a) Loans receivable from other related parties**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<i>1. H Properties – entity under common control</i>				
At 01 January	-	4,335,817	-	-
Interest income	-	177,043	-	-
Principal amount impaired	-	(3,540,854)	-	-
Interest amount impaired	-	(809,061)	-	-
Translation difference	-	(162,945)	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, bears interest at a rate of 5% per annum and is repayable within 5 years.

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<i>2. Juniper Properties – entity under common control</i>				
At 01 January	-	1,566,515	-	-
Amount set off with payables	-	(1,566,515)	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, bears interest at a rate of 5% per annum and is repayable within 5 years.

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<i>3. Axian Support Services Madagascar – entity under common control</i>				
At 01 January	<b>170,000</b>	-	-	-
Acquisition through business combinations	-	170,000	-	-
Repayment during the year	<b>(170,000)</b>	-	-	-
	-----	-----	-----	-----
At 31 December	-	170,000	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, interest-free and repayable on demand.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (a) Loans receivable from other related parties (continued)

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<i>4. Axian Group Ltd – entity under common control</i>				
At 01 January	-	-	-	-
Acquisition through business combinations	-	52,158,341	-	-
Transfer from current trade and other receivables	<b>14,991,523</b>	-	-	-
Advance during the year	-	55,000	-	-
Repayment during the year	-	(7,626,707)	-	-
Loan receivable written off	<b>(5,867,712)</b>	-	-	-
Balance netted off	<b>(8,407,424)</b>	(44,586,634)	-	-
Translation difference	<b>(716,387)</b>	-	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, interest-free and repayable on demand. During the year ended 31 December 2021, the debt owed by Axian Group Ltd to AXIAN SUPPORT SERVICES LTD was re-assigned to Axian Telecom, such that Axian Group Ltd no longer owed AXIAN SUPPORT SERVICES LTD but rather owed Axian Telecom. The debt was netted off against the consideration amount payable by Axian Telecom on acquisition of shares in Axian Financial Services Ltd from Axian Group Ltd. During the year ended 31 December 2022, an amount of USD 8,407,424 was netted off against the payables of Axian Financial Services Ltd.

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<i>5. Edmonton International Ltd – entity under common control</i>				
At 01 January	-	-	-	-
Acquisition through business combinations	-	13,320,642	-	-
Advance during the year	-	1,333,713	-	-
Repayment during the year	-	(3,403,841)	-	-
Principal amount impaired	-	(11,250,514)	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, interest-free and repayable on demand.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (a) Loans receivable from other related parties (continued)

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<i>6. Protouch Technology Ltd – entity under common control</i>				
At 01 January	-	-	-	-
Acquisition through business combinations	-	906,182	-	-
Repayment during the year	-	(597,560)	-	-
Amount set off with payables	-	(308,622)	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, interest-free and repayable on demand.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<i>7. Nea Madagascar (Previously, 'Electricité de Madagascar') – other related party</i>				
At 01 January	340,326	-	-	-
Transfer from non-current trade and other receivables	248,146	-	-	-
Acquisition through business combinations	-	404,140	-	-
Repayment during the year	(248,994)	(113,257)	-	-
Translation difference	(43,588)	49,443	-	-
	-----	-----	-----	-----
At 31 December	295,890	340,326	-	-
	=====	=====	=====	=====

The loan receivable from other related party is unsecured, interest-free and repayable on demand. A portion of the loan amounting to MGA 747,318,000 bears interest at a rate of 8.5% per annum and is repayable after more than one year. The interest receivable has been disclosed separately within 'Amount receivable from other related parties' with an interest income of USD 17,318 during the year ended 31 December 2022.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<i>8. First Immo – entity under common control</i>				
At 01 January	114,700	-	-	-
Acquisition through business combinations	-	114,700	-	-
Repayment during the year	(114,700)	-	-	-
	-----	-----	-----	-----
At 31 December	-	114,700	-	-
	=====	=====	=====	=====

The loan receivable from entity under common control is unsecured, interest-free and repayable on demand.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (a) Loans receivable from other related parties (continued)

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<i>9. Next Telco Ltd – Non-controlling interest of Honora Holdings Ltd</i>				
At 01 January	-	-	-	-
Advance during the year	<b>10,170,000</b>	-	<b>10,170,000</b>	-
Repayment during the year	<b>(5,085,000)</b>	-	<b>(5,085,000)</b>	-
	-----	-----	-----	-----
At 31 December	<b>5,085,000</b>	-	<b>5,085,000</b>	-
	=====	=====	=====	=====

The loan receivable from minority interest is composed of two facilities, facility A (USD 5,085,000) and facility B (USD 5,085,000), which are unsecured. Facility A has been paid in full five business days after the effective start date while facility B is repayable in full on the first business day, falling on the earlier of (i) the day falling 5 business days after the date on which Next Telco Ltd has obtained the authorisation to acquire the option tranche, (ii) if relevant authorisations have not been received, 3 month period after the date on which facility B has been made available and (iii) 18 months after the date on which facility B has been made available.

No interest is payable on the outstanding principal balance until its repayment date. Interest shall only be accrued on any outstanding principal after the agreed repayment dates at the rate of 8% per annum whereby interest will be paid annually.

<b>Total (Note 14)</b>	<b>5,380,890</b>	625,026	<b>5,085,000</b>	-
	=====	=====	=====	=====
Non-current	<b>167,508</b>	-	-	-
Current	<b>5,213,382</b>	625,026	<b>5,085,000</b>	-
	-----	-----	-----	-----
	<b>5,380,890</b>	625,026	<b>5,085,000</b>	-
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>(b) Loans receivable from subsidiaries (Note 14)</b>				
<i>1. Agou Holding</i>				
At 01 January	-	-	37,237,482	-
Transfer from amount receivable from subsidiaries	-	-	-	38,340,334
Advance during the year	-	-	39,458,168	-
Interest income	-	-	4,024,283	1,835,460
Withholding tax	-	-	-	-
Unrealised exchange loss	-	-	(2,768,981)	(2,938,312)
At 31 December	-	-	77,950,952	37,237,482

The first loan is unsecured, bears interest at a rate of 5% per annum and is repayable not before November 2024. The second loan is unsecured, bears interest at a rate of 9.075% per annum and is repayable annually until 30 September 2026.

*2. Towerco of Africa*

At 01 January	-	-	6,539,890	-
Advance during the year	-	-	9,067,262	6,371,662
Interest income	-	-	868,143	168,228
At 31 December	-	-	16,475,295	6,539,890

The loan is unsecured, bears interest at a rate of 5% - 7% per annum and repayable on demand.

*3. Millicom International Cellular Tanzania Public Limited Company*

At 01 January	-	-	-	-
Advance during the year	-	-	208,000,000	-
Repayment during the year	-	-	(7,000,000)	-
			(5,858,666)	
Withholding tax	-	-	(1,314,716)	-
Interest income	-	-	13,147,160	-
At 31 December	-	-	206,973,778	-

The first loan is unsecured, bears interest at a rate of 8% per annum and is repayable by 15 February 2027. The second loan is unsecured, bears interest at a rate of 8% per annum and is repayable by 31 January 2023.

*4. Honora Holdings Ltd*

At 01 January	-	-	-	-
Advance during the year	-	-	91,530,000	-
Interest income	-	-	5,595,116	-
At 31 December	-	-	97,125,116	-



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (b) Loans receivable from subsidiaries (Note 14) (continued)

## 4. Honora Holdings Ltd (continued)

The loans are unsecured, bear interest at a rate of 8% per annum and is repayable by 15 February 2027.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<i>5. Axian Financial Services Ltd</i>				
At 01 January	-	-	-	-
Advance during the year	-	-	338,533	-
Loan reassignment	-	-	14,275,136	-
Repayment during the year	-	-	(3,000,000)	-
Interest income	-	-	12,303	-
Unrealised exchange loss	-	-	(8,605)	-
	-----	-----	-----	-----
At 31 December	-	-	11,617,367	-
	=====	=====	=====	=====

The loan is unsecured, bears interest at the rate of 5% per annum and repayable on demand. During the year ended 31 December 2022, Axian Telecom has assigned a loan receivable of USD 14,275,136 to Axian Financial Services Ltd such that Axian Group Ltd will no longer owe any amount to Axian Telecom, but rather the debt is owned by Axian Group Ltd to Axian Financial Services Ltd and hence Axian Telecom has a loan receivable from Axian Financial Services Ltd.

## 6. Meta Market Ltd

At 01 January	-	-	-	-
Advance during the year	-	-	1,461,721	-
Interest income	-	-	12,541	-
Unrealised exchange gain	-	-	9,566	-
	-----	-----	-----	-----
At 31 December	-	-	1,483,828	-
	=====	=====	=====	=====

The loan is unsecured, bears interest at the rate of 5% per annum and repayable on demand.

## 7. Axian Telecom Middle East Management and Technical Services Ltd

At 01 January	-	-	-	-
Advance during the year	-	-	302,499	-
Interest income	-	-	2,017	-
	-----	-----	-----	-----
At 31 December	-	-	304,516	-
	=====	=====	=====	=====

The loan is unsecured, bears interest at the rate of 5% per annum and repayable on demand.

<b>Total (Note 14)</b>	-	-	411,930,852	43,777,372
	=====	=====	=====	=====
Non-current	-	-	333,254,563	37,237,482
Current	-	-	78,676,289	6,539,890
	-----	-----	-----	-----
	-	-	411,930,852	43,777,372
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (c) Amount receivable from other related parties (Note 12)

Group

Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	2022 Transactions during the year USD	Outstanding balance USD	2021 Transactions during the year USD
Axian Support Services Madagascar	Entity under common control	General Management and administration fees and sale of services	611,069	749,551	583,987	594,396
Nea Madagascar (Formerly, "Electricite de Madagascar")	Other related party	Sales of services and interest income	112,962	359,324	321,252	408,110
First Immo	Entity under common control	Trademark fees and sales of services	78,727	289,809	1,862,263	248,561
Jovena Madagascar	Other related party	Sales of services	182,438	259,345	42,105	14,922
Societe de Gestion et Exploitation de Madagascar	Entity under common control	Sales of services	25,610	36,950	45,095	282,083
Telco OI	Joint venture	Sales of services	103,478	587,007	106,518	949,909
We Light Madagascar	Other related party	Sales of services	101,011	131,313	92,916	256,412
Telecom Comores SA	Joint venture	Trademark and royalty fees, sale of bandwidth and other services rendered	6,696,070	2,966,423	6,926,296	2,283,913
Axian Green Energy Solutions Ltd	Other related party	Expenses paid on behalf	-	-	6,290	-
Axian Venture Investments Ltd	Entity under common control	Expenses paid on behalf	-	-	7,300	-
Axian Group Ltd	Entity under common control	Amount advanced	-	-	14,991,523	-
Axian Energy	Other related party	Acquisition of shares	587	80	502	-
BNI Madagascar	Associate	Sales of services	154,631	478,590	23,289	264,710
CGHV	Other related party	Sales of services	-	143	72	121
Fondation Axian	Other related party	Sales of services	10,439	8,363	9,966	14,483
Green Energy Solutions	Other related party	Expenses paid on behalf	19,407	14,984	6,394	-

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (c) Amount receivable from other related parties (Note 12) (continued)

Group (continued)

Name of related entity	Relationship	Nature of transactions	Outstanding	2022	Outstanding	2021
			balance	Transactions	balance	Transactions
			USD	during the year	USD	during the year
Malagasy Oil Company SA	Other related party	Sales of services	-	-	112	189
We Light Ltd	Other related party	Sales of services	-	-	7,721	15,663
Saga Africa Holdings Ltd SA	Joint venture	Sales of services	159,175	1,680,387	79,977	233,168
Maya Africa Holdings Ltd	Joint venture	Sales of services	92,994	469,889	-	-
Telecom Comores Holding Ltd	Joint venture	Expenses paid on behalf	51,186	-	-	-
Fondation H	Other related party	Sales of services	4,965	7,551	-	-
MOCO	Other related party	Sales of services	65	968	-	-
CGHV VOLOBE	Other related party	Sales of services	47	-	-	-
We Light Mali	Other related party	Sales of services	1,304	8,552	-	-
FREE TELECOM	Other related party	Sales of services	15,910	7,859	-	-
West Indian Ocean Cable Company	Other related party	Sales of services	165	-	-	-
			-----	-----	-----	-----
			8,422,240	8,057,088	25,113,578	5,566,640
			=====	=====	=====	=====

The amount receivable from other related parties is unsecured, interest free and repayable on demand.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (c) Amount receivable from other related entities (Note 12) (continued)

Company				2022		2021
Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	Transactions during the year USD	Outstanding balance USD	Transactions during the year USD
Maya Africa Holdings Ltd	Associates	Management fees	92,993	469,889	-	-
Telecom Comores Holdings Ltd	Associates	Payment of expenses on behalf	51,186	-	-	-
Axian Green Energy Solutions Ltd	Company under common control	Payment of expenses on behalf	-	-	6,290	-
Telecom Comores SA	Company under common control	Trademark and licence fees due	215,905	215,905	667,281	232,992
Axian Ventures Investment Ltd	Company under common control	Payment of expenses on behalf	-	-	7,300	-
			-----	-----	-----	-----
			360,084	685,794	680,871	232,992
			=====	=====	=====	=====

The amount receivable from other related entities is unsecured, interest free and repayable on demand.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (d) Amount receivable from subsidiaries (Note 12)

Company			2022		2021	
Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	Transactions during the year USD	Outstanding balance USD	Transactions during the year USD
MVOLA	Subsidiary	Trademark and royalties fees	1,927,159	2,028,589	1,477,115	1,554,858
MVOLA	Subsidiary	Technical assistance fees	3,108,163	13,564,490	(75,254)	11,226,459
Towerco of Madagascar SA	Subsidiary	Technical assistance fees	2,043,003	3,293,003	5,000,000	2,500,000
Togocom	Subsidiary	Technical assistance fees	6,945,189	(4,626,384)	9,650,224	6,850,224
Telecom Malagasy SA	Subsidiary	Trademark and royalties fees	9,133,597	7,442,417	6,239,964	6,613,298
Agou Holding	Subsidiary	Payment of expenses on behalf	22,147	-	23,478	-
Honora Holding Ltd	Subsidiary	Intercompany amount receivable	461,346	-	336,342	-
Prime Africa Real Estate Ltd (formerly known as Tigo IPO SPV Ltd)	Subsidiary	Payment of expenses on behalf	26,342	-	11,342	-
TODRC Holding Ltd (formerly known as Guava Telecom Holdings Ltd)	Subsidiary	Payment of expenses on behalf	26,342	-	11,342	-
Discovery Place Ltd	Subsidiary	Payment of expenses on behalf	11,495	-	5,420	-
Meta Market Ltd	Subsidiary	Payment of expenses on behalf	5,011,495	-	5,420	-
Stellar IX SA	Subsidiary	Technical assistance fees	657,958	657,958	700,455	700,455
Axian Telecom Côte D'Ivoire	Subsidiary	Payment of expenses on behalf	753,882	-	-	-

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (e) Amount receivable from subsidiaries (Note 12) (continued)

## Company (Continued)

Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	2022 Transactions during the year USD	Outstanding balance USD	2021 Transactions during the year USD
Millicom International Cellular Tanzania Public Limited Company	Subsidiary	Payment of expenses on behalf	304,540	-	-	-
Axian Telecom Middle East Management and Technical Services Ltd	Subsidiary	Procurement fees	2,618,000	2,618,000	-	-
Ubuntu Towers Uganda Limited	Subsidiary	Technical assistance fees	69,201	69,201	-	-
Towerco of Africa Ltd	Subsidiary	Intercompany amount receivable	1	-	-	-
			----- 33,119,860 =====	----- 25,047,274 =====	----- 23,385,848 =====	----- 29,445,294 =====

The amount receivable from subsidiaries is unsecured, interest free and repayable on demand, except the amount receivable from Axian Telecom Côte D'Ivoire and Honora Holdings Ltd which bear interest of 5% per annum. The amount receivable from Agou Holding, bearing the interest of 5%, has been reclassified to loans receivable during the year ended 31 December 2021.

## AXIAN TELECOM

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (e) Loans payable to related parties

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<i>1. Hassanein Hiridjee - shareholder</i>				
At 01 January	126,742,085	39,927,781	126,742,085	39,927,781
Amount due to shareholder transferred to loan (Note 24(g))	-	86,960,745	-	86,960,745
Interest expense	5,960,247	2,913,470	5,960,247	2,913,470
Translation difference	(2,158,789)	(3,059,911)	(2,158,789)	(3,059,911)
At 31 December	130,543,543	126,742,085	130,543,543	126,742,085

The loan from the shareholder was unsecured, bears interest at the rate of 5% per annum and was repayable on demand. The Group's and the Company's obligations towards its shareholder have been subordinated to its obligations in respect of the Notes and the Revolving Credit facility pursuant to the terms of subordination deeds entered into between, amongst others, the Shareholder and the Company. The loan shall be repayable immediately following demand by the Shareholder, provided that no such demand shall be made until on or after the date falling 6 months after the Senior Discharge date, the date on which the Company has discharged all present and future obligations and liabilities at any time due, owing or incurred by the Company under (i) the indenture dated 16 February 2022 pursuant to which the Company issued USD 420,000,000 7.375% Senior Notes due 2027 and (ii) the USD 42,000,000 revolving credit facility agreement dated 16 February 2022. Given that the senior Notes would be repaid by 2027, the loan from shareholder would be settled after 2027.

*2. Axian Support Services Ltd - subsidiary*

At 01 January	-	1,924,473	44,600,455	1,697,594
Repayment during the year	-	(226,879)	(44,600,455)	-
Net off with loan receivable	-	(1,697,594)	-	(1,697,594)
Debt assignment	-	-	-	44,600,455
At 31 December	-	-	-	44,600,455

The loan payable to entity under common control is unsecured, interest-free and repayable on demand. On 01 March 2021, Axian Support Services Ltd has become a subsidiary of Axian Telecom.

As per the directors' resolution dated 26 August 2021, the debt amount of USD 44,600,455 due by Axian Group Ltd to Axian Support Services Ltd was reassigned to the Company. The loan was repaid during the year ended 31 December 2022.

*3. Axian Group Ltd - entity under common control*

At 01 January	382,263	17,389,633	-	17,191,123
Acquisition through business combination	-	59,077	-	-
Addition during the year	-	135,779	-	-
Repayment during the year	(377,180)	(17,185,242)	-	(17,185,242)
Interest expense	3,441	11,453	-	-
Translation difference	(8,524)	(28,437)	-	(5,881)
At 31 December	-	382,263	-	-

The loan from entity under common control is unsecured and is repayable on demand. The interest rate varies between 0% to 5% per annum.

## AXIAN TELECOM

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

**(e) Loans payable to related parties  
(continued)**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>

*4. Illiad - Entity with joint control*

At 01 January/31 December	<b>141,996</b>	141,996	<b>141,996</b>	141,996
---------------------------	----------------	---------	----------------	---------

Relate to interest payable on loan. The amount is unsecured, interest-free and repayable on demand.

*5. Silver Links Ltd (formerly Telma International Carrier Services Ltd) - subsidiary*

At 01 January	-	-	<b>40,072,954</b>	-
Repayment during the year	-	-	<b>(39,267,396)</b>	-
Debt assignment	-	-	-	41,745,755
Translation difference	-	-	<b>(805,558)</b>	(1,672,801)
	-----	-----	-----	-----
	-	-	-	40,072,954
	=====	=====	=====	=====

The loan from the subsidiary is unsecured, interest-free and repayable on demand. As per the directors' resolution dated 26 August 2021, the debt of EUR 35,331,502 (equivalent to USD 41,745,755) due by Axian Group Ltd to Silver Links Ltd (formerly known as Telma International Carrier Services Ltd) was reassigned to the Company. The loan was repaid during the year.

*6. ECP Africa Fund IV LLC – Minority interest*

At 01 January	<b>1,758,689</b>	-	-	-
Transfer from amount payable to entities under common control	-	1,685,352	-	-
Interest expense	<b>81,534</b>	87,416	-	-
Translation difference	<b>(100,109)</b>	(14,079)	-	-
	-----	-----	-----	-----
	<b>1,740,114</b>	1,758,689	-	-
	=====	=====	=====	=====

The loan is unsecured, bears interest at a rate of 5% per annum and is repayable not before November 2024.

*7. ECP Africa Fund IV A LLC – Minority interest*

At 01 January	<b>7,546,544</b>	-	-	-
Transfer from amount payable to entities under common control	-	7,231,856	-	-
Interest expense	<b>349,861</b>	375,103	-	-
Translation difference	<b>(429,566)</b>	(60,415)	-	-
	-----	-----	-----	-----
	<b>7,466,839</b>	7,546,544	-	-
	=====	=====	=====	=====

The loan is unsecured, bears interest at a rate of 5% per annum and is repayable not before November 2024.



## AXIAN TELECOM

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

**(e) Loans payable to related parties  
(continued)**

	<b>2022 USD</b>	<b>Group 2021 USD</b>	<b>2022 USD</b>	<b>Company 2021 USD</b>
<i>8. Global Crossing Ltd - subsidiary</i>				
At 01 January	-	-	-	-
Loan reassignment	-	-	<b>14,275,136</b>	-
Translation difference	-	-	<b>(134,160)</b>	-
	-----	-----	-----	-----
	-	-	<b>14,140,976</b>	-
	=====	=====	=====	=====

The loan is unsecured, interest-free and is repayable on demand. During the year ended 31 December 2022, the debt owed by Axian Group Ltd to Global Crossing was re-assigned to Axian Telecom such that Axian Group Ltd no longer owed Global Crossing but rather owed Axian Telecom and hence resulting in Axian Telecom having a loan payable to Global Crossing.

*9. Next Telco Ltd – Non controlling interest of  
Honora Holdings Ltd*

At 01 January	-	-	-	-
Addition during the year	<b>15,085,000</b>	-	<b>4,915,000</b>	-
Interest expense	<b>621,678</b>	-	-	-
	-----	-----	-----	-----
	<b>15,706,678</b>	-	<b>4,915,000</b>	-
	=====	=====	=====	=====

The loan amounting to USD 10,791,678 is unsecured and bears interest at a rate of 8% per annum. All interest compounded shall be paid not less than one business day prior to the maturity date and all remaining balance to be repaid fully on the maturity date (15 February 2027). The loan amounting to USD 4,915,000 is unsecured, interest-free and is repayable when Next Telco Ltd shall exercise the option, falling due within 18 months from April 2022.

*10. Edmonton International Ltd - entity under  
common control*

At 01 January	-	1,326,425	-	1,326,425
Repayment during the year	-	(1,326,425)	-	(1,326,425)
	-----	-----	-----	-----
	-	-	-	-
	=====	=====	=====	=====

The loan from the entity under common control was unsecured, bore interest at the rate of 5% per annum and was repayable on demand.

<b>Total</b>	<b>155,599,170</b>	136,571,577	<b>149,741,515</b>	211,557,490
	=====	=====	=====	=====
Current (Note 20)	<b>4,915,000</b>	382,263	<b>19,055,976</b>	84,673,409
Non-current (Note 20)	<b>150,684,170</b>	136,189,314	<b>130,685,539</b>	126,884,081
	-----	-----	-----	-----
	<b>155,599,170</b>	136,571,577	<b>149,741,515</b>	211,557,490
	=====	=====	=====	=====

## AXIAN TELECOM

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

**(f) Bank loan – BNI Madagascar**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
Bank loan	<b>16,526,801</b>	19,442,941	-	-
	-----	-----	-----	-----
	<b>16,526,801</b>	19,442,941	-	-
	=====	=====	=====	=====

On 26 August 2021, the Group has acquired Axian Financial Services Ltd and its subsidiaries. The Group has thus a direct interest of 10% and an indirect interest of 21.2% in BNI Madagascar. The terms of the loan are disclosed in note 20(a).

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<b>(g) Amount payable to shareholder (Note 21)</b>				
At 01 January	<b>92,778</b>	26,963,294	-	26,963,294
Additions	-	92,778	-	-
Shares buy back (Note 17)	-	60,000,000	-	60,000,000
Repayment	<b>(92,778)</b>	-	-	-
Expenses paid on behalf	-	(2,549)	-	(2,549)
Transfer to loan payable to related parties (Note 24(e))	-	(86,960,745)	-	(86,960,745)
	-----	-----	-----	-----
At 31 December	-	92,778	-	-
	=====	=====	=====	=====

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

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (g) Amount payable to entities under common control (Note 21)

Group			2022	2021		
Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	Transactions during the year USD	Outstanding balance USD	Transactions during the year USD
Axian Support Services Madagascar	Entity under common control	Purchase of goods and services	527,210	1,322,098	994,786	1,728,761
Nea Madagascar (Formerly, "Electricite de Madagascar")	Other related party	Purchase of goods and services	632,929	340,268	236,590	4,645,564
First Immo	Entity under common control	Purchase of goods and services	488,008	3,427,360	10,423,638	1,711,784
Jovena Madagascar	Other related party	Purchase of goods and services	280,672	811,072	213,290	2,740,744
Societe de Gestion et Exploitation de Madagascar	Entity under common control	Purchase of goods and services	527,688	123,958	100,468	257,032
Telco OI	Joint venture	Purchase of goods	5,354	12,296	2,067	21,767
Telecom Comores SA	Joint venture	Purchase of services	63,311	58,574	43,708	76,596
		Treasury fees, amount advanced and payment of expenses on behalf of the Company.	1,734,395	2,239,876	6,565,065	1,346,268
Axian Group Ltd	Entity under common control	Sponsoring	-	2,904	-	-
Fondation Axian	Other related party	Payment of expenses on behalf of the Company	134,452	-	209,345	321,087
Saga Africa Holdings Ltd SA	Joint venture	Interest expenses	-	12,441	1,270,897	46,171
Edmonton International Ltd	Other related party					
			-----	-----	-----	-----
			4,394,019	8,350,847	20,059,854	12,895,774
			=====	=====	=====	=====
Non-current			1,111		-	
Current			4,392,908		20,059,854	
			-----		-----	
			4,394,019		20,059,854	
			-----		-----	

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## h) Amount payable to entities under common control (Note 21)

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

Company				2022		2021
Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	Transactions during the year USD	Outstanding balance USD	Transactions during the year USD
Saga Africa Holdings Limited SA	Company under common control	Rechargeable expenses	134,453	335,954	209,346	316,387
Axian Support Services Madagascar	Company under common control	Rechargeable expenses	248,803	1,393,023	572,665	1,063,057
PULSE	Company under common control	Technical assistance expenses	-	-	81,999	320,907
Axian Group Ltd	Company under common control	Treasury fees	630,000	840,000	6,413,790	840,000
			-----	-----	-----	-----
			1,013,256	2,568,977	7,277,800	2,540,351
			=====	=====	=====	=====

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

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (i) Amount payable to subsidiaries (Note 21)

Company			2022	2021		
Name of related entity	Relationship	Nature of transactions	Outstanding balance USD	Transactions during the year USD	Outstanding balance USD	Transactions during the year USD
Telecom Malagasy SA TODRC Holding Ltd (formerly known as Guava Telecom Holdings Ltd)	Subsidiary	Intercompany amount payable	4,597,320	-	3,164,450	-
Honora Holdings Ltd	Subsidiary	Intercompany amount payable	1	-	1	-
Prime Africa Real Estate Ltd (formerly known asTigo IPO SPV Ltd)	Subsidiary	Intercompany amount payable	301,837	-	100	-
PULSE	Subsidiary	Technical assistance expenses	1	-	1	-
Axian Support Services Ltd	Subsidiary	Intercompany amount payable	198,056	677,435	-	-
Axian Support Services Ltd	Subsidiary	Intercompany amount payable	12,158,436	-	5,885,343	-
Axian Telecom Côte D'Ivoire	Subsidiary	General management expenses	840,000	840,000	70,000	840,000
Discovery Place Ltd	Subsidiary	Intercompany amount payable	1,802	-	1,802	-
Meta Market Ltd	Subsidiary	Intercompany amount payable	100	-	100	-
Towerco of Africa Ltd	Subsidiary	Intercompany amount payable	100	-	100	-
Silver Links Ltd	Subsidiary	Intercompany amount payable	1,187	-	-	-
			1	-	-	-

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****24 RELATED PARTY TRANSACTIONS (CONTINUED)****(i) Amount payable to subsidiaries (Note 21) (continued)**

<b>Company (Continued)</b>			<b>2022</b>		<b>2021</b>	
Name of related entity	Relationship	Nature of transactions	Outstanding balance	Transactions during the year	Outstanding balance	Transactions during the year
Millicom International Cellular Tanzania Public Limited Company	Subsidiary	Rechargeable expenses	<b>245,802</b>	<b>245,802</b>	-	-
Stellar IX	Subsidiary	IT support expenses	<b>431,830</b>	<b>431,830</b>	-	-
Axian Telecom Middle East Management and Technical Services Ltd	Subsidiary	Intercompany amount payable	<b>10,000</b>	-	-	-
			-----	-----	-----	-----
			<b>18,786,473</b>	<b>2,195,067</b>	9,121,897	840,000
			=====	=====	=====	=====

The amount payable to subsidiaries is unsecured, interest free and repayable on demand.

(j) Dividends payable to shareholder and receivable from related parties are set out in notes 37 and 42 respectively.

**Key management compensation**

The remuneration and other advantages for key management personnel is shown below:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
<b>Short term benefits</b>	<b>4,944,769</b>	4,955,071	<b>1,781,237</b>	1,699,367
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS (CONTINUED)

## (k) Fees to management entity

		Group		Company
	2022 USD	2021 USD	2022 USD	2021 USD
<u>Ocorian Corporate Services (Mauritius) Limited (Previous administrator up until 30 November 2021)</u>				
Fees paid during the year	-	14,606	-	3,800
	=====	=====	=====	=====
Fees incurred during the year	-	36,963	-	3,800
	=====	=====	=====	=====
Fees accrued as at year end	2,875	2,875	875	875
	=====	=====	=====	=====
<u>DTOS Ltd (New administrator as from 01 December 2021)</u>				
Fees paid during the year	57,022	-	4,800	-
	=====	=====	=====	=====
Fees incurred during the year	58,317	4,154	5,175	400
	=====	=====	=====	=====
Fees accrued as at year end	9,738	4,104	775	400
	=====	=====	=====	=====
<u>MAURITIUS INTERNATIONAL TRUST COMPANY LIMITED (Administrator of emediaplace Ltd)</u>				
Fees paid during the year	3,556	8,644	-	-
	=====	=====	=====	=====
Fees incurred during the year	3,556	6,930	-	-
	=====	=====	=====	=====
Fees accrued as at year end	-	-	-	-
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 25 LEASE LIABILITY

(i) Amounts recognised in the statement of financial position

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
<i>Right-of-use assets</i>				
At 01 January	44,007,136	36,632,210	-	-
Acquisition through business combinations (Note 26)	363,617,784	680,458	-	-
Additions during the year	27,754,222	16,992,062	-	-
Termination/Modification of leases during the year	(3,347,314)	-	-	-
Remeasurements	2,170,505	-	-	-
Transfer from property, plant and equipment (Note 8)	3,145,262	-	-	-
Depreciation charge for the year (Note 5)	(38,031,898)	(8,306,213)	-	-
Translation difference	(7,143,080)	(1,991,381)	-	-
At 31 December	392,172,617	44,007,136	-	-

Right-of-use assets are made up of the following:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Fixtures and fittings	855,310	186,712	-	-
Land and buildings	10,079,496	4,540,438	-	-
Technical equipment	14,708,807	25,866,442	-	-
Site leases	350,854,118	6,917,075	-	-
Network sites	4,547,678	1,649,857	-	-
Offices and services centres	4,127,814	95,711	-	-
Motor vehicles	6,999,394	4,750,901	-	-
At 31 December	392,172,617	44,007,136	-	-

*Lease liability*

At 01 January	51,253,868	37,999,618	-	-
Acquisition through business combinations (Note 26)	363,617,784	760,564	-	-
Additions during the year	27,754,223	16,992,062	-	-
Termination/Modification of leases during the year	(4,398,983)	-	-	-
Remeasurements	2,170,505	-	-	-
Transfer from borrowings	3,225,922	-	-	-
Interest expense (Note 6)	41,089,046	3,526,646	-	-
Principal paid on lease liabilities	(26,493,552)	(3,480,062)	-	-
Interest paid on lease liabilities	(28,891,851)	(3,526,646)	-	-
Translation difference	(7,535,073)	(1,018,314)	-	-
At 31 December	421,791,889	51,253,868	-	-



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 25 LEASE LIABILITY (CONTINUED)

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Current	41,295,551	5,943,398	-	-
Non current	380,496,338	45,310,470	-	-
	-----	-----	-----	-----
	421,791,889	51,253,868	-	-
	=====	=====	=====	=====

(ii) Amounts recognised in the statement of profit or loss and other comprehensive income

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Depreciation of right-of-use assets	38,031,898	8,306,213	-	-
Interest expense	41,089,046	3,526,646	-	-
	-----	-----	-----	-----
<b>Total rental charges</b>	<b>79,120,944</b>	<b>11,832,859</b>	<b>-</b>	<b>-</b>
	=====	=====	=====	=====

## 26 ACQUISITIONS THROUGH BUSINESS COMBINATIONS

**2022**

The Group and the Company acquired the following entities during the year ended 31 December 2022:

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 consideration amount is still subject to final agreement. As at the date of signing these financial statement the 12-month measurement period allowed as per IFRS 3 - Business combinations, has elapsed and thus any amendment to the consideration will be reflected in profit or loss.

The assets and liabilities of MIC Tanzania and its subsidiaries at the date of acquisition are reflected in the table below at their fair values at the date of acquisition, determined as required by IFRS 3 – Business combinations.

## AXIAN TELECOM

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2022 (CONTINUED)

## 26 ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

	Fair values MIC Tanzania Public Limited Company and its subsidiaries USD
<b>ASSETS</b>	
Property, plant and equipment (Note 8)	121,267,752
Right of use assets (Note 25(i))	363,617,784
Intangible assets (Note 9)	92,495,063
Financial assets at fair value through OCI (Note 43)	15,510,333
Deposits receivable (Note 36)	850,115
Inventories	1,721,230
Trade and other receivables	48,987,597
Income tax receivable	1,421,587
Restricted cash	137,486,426
Cash and cash equivalents	23,604,840
	-----
<b>Total assets</b>	<b>806,962,727</b>
	-----
<b>LIABILITIES</b>	
Borrowings	335,149,397
Provisions	11,075,167
Lease liability (Note 25(i))	363,617,784
Deferred tax liability (Note 7(b))	25,031,678
Trade and other payables	292,086,260
Government Grant (Note 22)	1,132,297
Income tax liability	7,760,200
	-----
<b>Total liabilities</b>	<b>1,035,852,783</b>
	-----
Cost of investment	101,398,263
Add: Non-controlling interest share of net liabilities at date of acquisition	(3,433,350)
Add: Net liabilities at date of acquisition	228,890,056
Less: Net loans payable to sellers transferred to purchasers*	(145,357,664)
Less: Net trade payable to sellers transferred to purchasers*	(32,209,000)
	-----
<b>Goodwill</b>	<b>149,288,305</b>
	=====

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

	MIC Tanzania Public Limited Company and its subsidiaries USD
Revenue - post acquisition	286,245,122
Net loss – post acquisition	(9,016,421)

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 26 ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

If the acquisition had occurred on 1 January 2022, consolidated revenue and profit for the year ended 31 December 2022 would have been USD 914,922,665 and USD 106,758,864 respectively. These amounts have been calculated using the subsidiary's results.

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

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

*Cash outflow/(inflow) from acquisition of subsidiaries*

Purchase consideration	101,398,263
Cash and cash equivalents acquired	(23,604,840)
	-----

<b>Cash outflow from acquisition, net of cash acquired</b>	<b>77,793,423</b>
	=====

The goodwill associated with the acquisition of MIC Tanzania is mainly attributable to restructuring opportunities which allow for a more efficient operating model and the opportunity to grow market share through network modernization and an increased service portfolio; mainly through offering newer technologies and increasing network speed, coverage and reliability.

**2021**

(i) The Group and the Company acquired the following entities during the years ended 31 December 2021:

- On 26 August 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 04 November 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 01 March 2021. This is a business combination under common control.
- Following the directors' resolution of Towerco of Africa Ltd dated 06 May 2021, it was resolved to approve the investment agreement dated 06 May 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.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 26 ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

**2021 (continued)**

The assets and liabilities of Axian Financial Services Ltd and its subsidiaries, Axian Support Services Ltd and its subsidiaries and Ubuntu Towers Uganda Ltd at the date of acquisition are as follows:

	2021 Book values USD Axian Financial Services Ltd and its subsidiaries	2021 Book values USD Axian Support Services Ltd and its subsidiaries	2021 Fair values USD Ubuntu Towers Uganda Ltd	2021 USD Total
<b>ASSETS</b>				
Property, plant and equipment (Note 8)	248,475	354,472	211,688	814,635
Intangible assets (Note 9)	205,237	94,071	183,015	482,323
Investment in associate (Note 11)	17,986,429	-	-	17,986,429
Right of use assets (Note 25)	-	-	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 (Note 7(d))	118	48,128	-	48,246
<b>Total assets</b>	<b>96,551,201</b>	<b>166,928,959</b>	<b>1,269,209</b>	<b>264,749,369</b>
<b>LIABILITIES</b>				
Other borrowings	125,580	157,876	-	283,456
Lease liability (Note 25)	-	-	760,564	760,564
Trade and other payables	72,552,556	41,712,458	638,444	114,903,458
Loan payable to shareholder (Note 24(e))	59,077	-	-	59,077
Bank overdraft	-	9	-	9
Income tax liability (Note 7(d))	510,108	220,420	-	730,528
Dividend payable	4,478	-	-	4,478
<b>Total liabilities</b>	<b>73,251,799</b>	<b>42,090,763</b>	<b>1,399,008</b>	<b>116,741,570</b>
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)
<b>Goodwill/(Gain on bargain purchase)</b>	<b>72,308,066</b>	<b>(124,838,076)</b>	<b>179,668</b>	<b>(52,350,342)</b>
Allocated to:				
Goodwill	-	-	179,668	179,668
Reorganisation reserve	72,308,066	(124,838,076)	-	(52,530,010)
	<b>72,308,066</b>	<b>(124,838,076)</b>	<b>179,668</b>	<b>(52,350,342)</b>

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 26 ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

2021 (continued)

	2021 Book values USD Axian Financial Services Ltd and its subsidiaries	2021 Book values USD Axian Support Services Ltd and its subsidiaries	2021 Fair values USD Ubuntu Towers Uganda Ltd	2021 Total USD
<i>Cash outflow 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 (Note 28)	29,437,091	(9,484,570)	30,485	19,983,006
	=====	=====	=====	=====

**Axian Financial Services Ltd and its subsidiaries**

The acquired business contributed revenues of USD 16,317,323 and net profit of USD 3,319,669 to the group for the period from 26 August 2021 to 31 December 2021. If the acquisition had occurred on 01 January 2021, consolidated revenue and profit for the year ended 31 December 2021 would have been USD 525,908,951 and USD 108,387,338 respectively.

**Axian Support Services Ltd and its subsidiaries**

The acquired business contributed revenues of USD 3,776,232 and net profit of USD 23,494,562 to the group for the period from 01 March 2021 to 31 December 2021. If the acquisition had occurred on 01 January 2021, consolidated revenue and profit for the year ended 31 December 2021 would have been USD 488,729,223 and USD 111,320,437 respectively.

**Ubuntu Towers Uganda Ltd**

The acquired business contributed revenues of USD 941,201 and net loss of USD 1,318,737 to the group for the period from 06 May 2021 to 31 December 2021. If the acquisition had occurred on 01 January 2021, consolidated revenue and loss for the year ended 31 December 2021 would have been USD 488,816,805 and USD 85,979,695 respectively.

## 27 PARENT AND ULTIMATE PARENT

The directors consider Mr Hassanein Shahreza Hiridjee as the ultimate controlling party.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities:</b>				
Profit before income tax	113,995,620	114,296,477	78,013,829	108,779,153
Adjustments :				
Depreciation of right-of-use assets (Note 5)	38,031,898	8,306,213	-	-
Depreciation of property, plant and equipment (Note 5)	117,014,286	95,987,382	-	-
Amortisation of intangible assets (Note 5)	23,441,117	8,005,896	-	-
Loss on disposal of property, plant and equipment (Note 5)	462,753	20,728	-	-
Gain on disposal of intangible assets (Note 30)	(184,973)	(104,871)	-	-
Share of profit in associates and joint ventures (Note 11)	(14,364,751)	(22,442,120)	-	-
Provision on litigations (Note 23 (ii))	4,352,932	4,468,149	-	-
Reversal of provision for dismantling costs (Note 30)	(1,486,479)	-	-	-
Reversal of provision for short term risks on operating activities (Note 30)	(25,782)	(670,222)	-	-
Reversal of provision for short term risks on financing activities (Note 23(iv))	-	(3,148)	-	-
Finance cost on lease liability (Note 6)	41,089,046	3,526,646	-	-
Interest (income)/expense on provision for dismantling costs (Note 6)	(302,152)	2,715,149	-	-
Interest on loans payable to shareholders and minority interest (Note 6)	7,013,320	3,375,989	5,960,247	2,913,470
Interest on bonds (Note 6)	28,200,868	-	28,200,868	-
Interest expense on bank loan (Note 6)	14,051,803	17,499,647	-	-
Interest on bank overdraft (Note 6)	1,172,484	634,043	-	-
Interest on other borrowings (Note 6)	-	630,047	-	-
Interest on late payment of trade payables (Note 6)	420,078	-	-	-
Interest on loans payable to entities under common control (Note 6)	3,441	11,453	-	-
Interest on amount payable to entities under common control (Note 6)	12,437	52,264	-	-
Interest expense on unwinding of put option liability (Note 6)	601,105	-	-	-
Interest expense on unwinding of discounted deferred revenue (Note 6)	-	973,403	-	-
Net loss on fair value of derivatives (Note 6)	2,600,000	-	2,600,000	-
Finance costs on IRU (Note 6)	1,342,237	-	-	-
Other finance costs (Note 6)	3,989,380	3,474,444	-	-
Interest income on loans and amount receivable (Note 6)	(2,152,578)	(2,707,474)	(23,703,096)	(2,003,688)
Interest income on bank account and restricted cash (Note 6)	(5,588,313)	-	(411,877)	-
Gain on fair value of NCI call option derivative asset (Note 6)	(5,722,975)	-	-	-
Gain on fair value of NCI put option liability (Note 6)	(8,922,995)	-	-	-
Other finance income (Note 6)	(1,100,784)	(7,202,754)	-	-
Dividend income (Notes 30 & 42)	(581,692)	(337,397)	(94,410,276)	(98,059,164)

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Cash flows from operating activities: (continued)</b>				
Impairment of other financial assets (Note 5)	272,320	-	-	-
Loan receivable written off (Note 38)	6,309,388	14,791,368	-	-
Interest receivable written off (Note 38)	-	809,061	-	-
Bad debts written off (Note 5)	3,522,597	-	-	-
Waiver of claims obtained (Note 30)	-	(13,496)	-	-
Amount receivable written off (Note 5)	-	17,444,488	-	-
Trade payables waived (Note 30)	-	(573,506)	-	-
Amount payable waived (Note 30)	(399,376)	(15,330,652)	-	-
(Reversal of impairment)/impairment of property, plant and equipment (Note 5)	-	291,764	-	-
(Reversal of impairment)/impairment of intangible assets (Note 5)	-	121,055	-	-
Impairment of loans receivable (Note 5)	4,602,610	350,935	-	-
(Reversal of)/loss allowance on trade receivables (Note 5)	(2,967,063)	260,436	-	-
Reversal of impairment of inventory (Note 5)	(2,025,920)	(4,513,299)	-	-
Reversal of impairment on advances to suppliers of fixed assets (Note 5)	(991,580)	-	-	-
Net (gain)/loss on financial assets at fair value through profit or loss (Note 5)	(2,666,217)	141,500	(141,500)	141,500
Release of government grants (Note 30)	(10,229,546)	(13,269,340)	-	-
Reversal of provision for retirement benefit obligations (Note 30)	-	(795,384)	-	-
Provision for retirement benefit obligations (Note 5)	195,096	-	354	656
Net amortisation of deferred gain on sale of tower infrastructure (Note 38)	(772,037)	-	-	-
Gain on lease modification and termination of contract (Note 38)	(1,051,670)	-	-	-
Unrealised foreign exchange loss	-	-	9,498,915	-
Unrealised foreign exchange gain	-	-	(2,411,098)	-
	351,159,933	230,224,874	3,196,366	11,771,927
<b>Changes in working capital :</b>				
(Increase)/decrease in inventories	(625,203)	491,281	-	-
Decrease/(increase) in trade and other receivables	5,827,666	249,019,747	(4,075,096)	2,181,229
Increase in loan to clients	(12,902,027)	(5,586,467)	-	-
Increase/(decrease) in trade and other payables	23,141,017	(201,940,349)	1,318,155	(1,882,821)
Decrease in provisions	(6,982,017)	-	-	-
Increase in deposits from customers	736,427	695,993	-	-
	360,355,796	272,905,079	439,425	12,070,335

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

## (i) Net debt reconciliation

## Group

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

				2022 USD	2021 USD
<b>Net debt</b>					
Cash and cash equivalents				198,861,628	111,951,988
Borrowings				(305,798,194)	(346,478,536)
Borrowings – Listed bonds				(424,487,572)	-
Lease liability				(421,791,889)	(51,253,868)
				-----	-----
Net debt				(953,216,027)	(285,780,416)
				=====	=====
	Liabilities from financing activities			Other assets	
	Borrowings –			Cash/bank	
	Listed bonds			overdraft	
	USD	USD	USD	USD	Total
					USD
<b>Net debt as at 01 January 2021</b>	(291,259,177)	-	(37,999,618)	(329,258,795)	62,007,768
Net cash flows:		-			(267,251,027)
Principal received	(48,571,494)	-	-	(48,571,494)	-
Principal paid	74,501,852	-	3,480,062	77,981,914	-
Interest paid on borrowings and lease liability	18,998,667	-	3,526,646	22,525,313	-
Other financing cash flows	-	-	-	-	64,633,007
		-			64,633,007
Acquisition through business combination (Note 26)	(342,533)		(760,564)	(1,103,097)	(19,983,006)
New leases (Note 25)	-	-	(16,992,062)	(16,992,062)	-
Other changes (i)	(117,123,960)	-	(3,526,646)	(120,650,606)	-
Foreign exchange adjustments	17,318,109	-	1,018,314	18,336,423	5,294,219
	-----	-----	-----	-----	-----
<b>Net debt as at 31 December 2021</b>	(346,478,536)	-	(51,253,868)	(397,732,404)	111,951,988
	=====	=====	=====	=====	=====



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

## (ii) Net debt reconciliation (continued)

## Group (continued)

Group (continued)

	Liabilities from financing activities				Other assets	
	Borrowings	Borrowings –	Leases	Sub total	Cash/bank	Total
	USD	Listed bonds	USD	USD	overdraft	USD
	USD	USD	USD	USD	USD	USD
<b>Net debt as at 01 January 2022</b>	<b>(346,478,536)</b>	-	<b>(51,253,868)</b>	<b>(397,732,404)</b>	<b>111,951,988</b>	<b>(285,780,416)</b>
Net cash flows:						
Principal received	(43,355,178)	(420,000,000)	-	(463,355,178)	-	(463,355,178)
Principal paid	269,076,785		26,493,552	295,570,337	-	295,570,337
Payment of bond transaction costs	-	11,525,796	-	11,525,796	-	11,525,796
Interest paid on borrowings and lease liability	15,558,878	15,487,500	28,891,851	59,938,229	-	59,938,229
Interest paid on bank overdraft	-	-	-	-	(1,172,484)	(1,172,484)
Other financing cash flows (ii)	-	-	-	-	157,103,665	157,103,665
Acquisition through business combination (Note 26)	(335,149,397)	-	(363,617,784)	(698,767,181)	(77,793,423)	(776,560,604)
New leases	-	-	(27,754,223)	(27,754,223)	-	(27,754,223)
Other changes (i)	113,551,339	(31,500,868)	(42,086,490)	39,963,981	-	39,963,981
Effect of changes in exchange rates	20,997,915	-	7,535,073	28,532,988	8,771,882	37,304,870
<b>Net debt as at 31 December 2022</b>	<b>(305,798,194)</b>	<b>(424,487,572)</b>	<b>(421,791,889)</b>	<b>(1,152,077,655)</b>	<b>198,861,628</b>	<b>(953,216,027)</b>

(i) Other changes include non-cash movements, including accrued interest expense on borrowings and lease liabilities which will be presented as operating cash flows in the statement of cash flows when paid, transfer from other borrowings to lease liabilities, the recognition of the embedded derivative, transfer from trade and other payables to borrowings, debt reassignment, gain on modification and termination of lease contracts, termination of contracts and remeasurements on leases incurred during the year ended 31 December 2022.

(i) Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid, acquisition of property, plant and equipment, loans receivable of USD 1,697,596 netted off against borrowings and amount payable to shareholders of USD 95,877,954 which has been transferred from 'trade and other payables' to 'borrowings' during the year ended 31 December 2021.

(ii) Other financing cash flows pertain to all net cash flows from operating activities, investing activities and financing activities generated during the year under review, excluding the net cash outflow from acquisition through business combination and interest paid on bank overdraft.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(ii) Non-cash transactions:

## Group

The principal non-cash transactions during the year ended 31 December 2022 are as follows:

1. Acquisition of right-of-use assets amounting to USD 27,754,222 (Note 25);

The principal non-cash transactions during the year ended 31 December 2021 are as follows:

2. Acquisition of right-of-use assets amounting to USD 16,992,062 (Note 25);

## Group and Company

3. Capital reduction of USD 56,017,210 (Note 17);

4. Shares buy-back of USD 60,000,000 from its sole shareholder (Mr. Hassanein Hiridjee) which is still payable as at 31 December 2021 and recognised as borrowings (Note 17 and 24 (d)).

## Company

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	2022 USD	2021 USD
Cash and cash equivalents	116,673,950	36,466,010
Borrowings	(149,741,515)	(211,557,490)
Listed bonds	(424,487,572)	-
Net debt	(457,555,137)	(175,091,480)

	Borrowings	Borrowings – Listed bonds USD	Other assets Cash/bank overdraft USD	Total USD
Net debt as at 01 January 2021	(60,284,919)	-	725,580	(59,559,339)
Net cash flows:				
Principal paid	17,882,747	-	-	17,882,747
Interest paid on borrowings	628,920	-	-	628,920
Other financing cash flows (ii)	-	-	36,077,450	36,077,450
Other changes (i)	(172,850,029)	-	-	(172,850,029)
Effect of changes in exchange rates	3,065,791	-	(337,020)	2,728,771
Net debt as at 31 December 2021	(211,557,490)	-	36,466,010	(175,091,480)
Net cash flows:				
Principal received	(4,915,000)	(420,000,000)	-	(424,915,000)
Principal paid	83,867,851	-	-	83,867,851
Payment of bond transaction costs	-	11,525,796	-	11,525,796
Interest paid on borrowings	-	15,487,500	-	15,487,500
Other financing cash flows (ii)	-	-	82,552,310	82,552,310
Other changes (i)	(19,429,824)	(31,500,868)	-	(50,930,692)
Effect of changes in exchange rates	2,292,948	-	(2,344,370)	(51,422)
Net debt as at 31 December 2022	(149,741,515)	(424,487,572)	116,673,950	(457,555,137)

(i) Other charges include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid, transfer from amount payable to shareholder and reassignment of debt.

(ii) Other financing cash flows pertain to all net cash flows from operating activities, investing activities and financing activities generated during the year under review.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 29 REVENUE

	2022 USD	Restated Group 2021 USD	2022 USD	Company 2021 USD
Mobile services only	511,417,651	333,243,150	-	-
Fixed services (Residential and business)	63,583,262	55,578,992	-	-
Content and VAS	9,795,876	-	-	-
Interconnection/Roaming/MVNO	33,804,841	24,604,082	-	-
Sale of customer equipment and infrastructure	8,237,928	5,867,401	-	-
Operator infrastructure services	26,856,265	25,091,877	-	-
Commissions received on electronic money activities	145,350,278	24,301,573	-	-
Hosting and rental sites	18,553,973	10,491,454	-	-
Other services	5,267,761	2,985,128	-	-
Trademark and licence fees	606,671	1,564,713	9,686,911	8,401,148
Management fees	589,245	1,696,482	469,889	472,384
Other revenue	3,451,577	10,269,834	15,844,770	21,277,138
	<b>827,515,328</b>	<b>495,694,686</b>	<b>26,001,570</b>	<b>30,150,670</b>
Revenue recognised at a point in time	153,588,205	40,038,364	-	-
Revenue recognised over time	673,927,123	455,656,322	26,001,570	30,150,670
	<b>827,515,328</b>	<b>495,694,686</b>	<b>26,001,570</b>	<b>30,150,670</b>

The revenue is presented by categories. The breakdown of revenue by product line is as follows:

- Mobile services: revenue from mobile services include revenues from incoming and outgoing calls (voice, mobile internet, mixed plans, prepaid and postpaid);
- Fixed services: fixed services aggregate the income from fixed network solution services to businesses and individuals;
- Revenue from interconnection, roaming and MVNO: revenue comprise of operator billing on interconnections, call termination, international or national roaming and any other form of wholesale traffic resale (MVNO) to other telecommunications service providers;
- Customer Equipment and Infrastructure: revenue comprise of sale of equipment such as terminals, routers, solar kits, infrastructure and sale of other telecom & IT equipment to other telecommunications professionals;
- Operator Infrastructure services: Revenue from operator infrastructure services include income from backbone connectivity rental in any contractual form with Synchronous Transport Module ("STM") or without (dark fiber) capacity offered. The services also comprise of rental of technical sites and accommodation of data processing equipment in technical rooms;

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 29 REVENUE (CONTINUED)

The revenue is presented by categories. The breakdown of revenue by product line is as follows:

- Content and Value-Added Services (VAS): Revenue derived from content and VAS include the sale of content such as graphic products, ringtones, games, news, information and entertainment services like TV content;
- Commissions received on electronic money activities: revenue comprise of commissions received in particular on mobile banking activities whereby the entities receive commissions on transaction as an agent (and not a reseller). The commissions are received on all of its cash transactions. They are calculated based on the official rates decided by management and displayed on the website of these entities. The revenues are net of value added taxes;
- Other revenue: It includes revenue from feasibility studies and work plan done for clients and sales of sundry items;
- Hosting and rental of sites: Revenue from hosting and rental sites relates to operator hosting services on the Radio Access Network ("RAN") access site, including both rental and any other ancillary services;
- Trademark and licences: Trademark fees are derived from the use of the trademark and IP rights which are registered in Mauritius. A trademark fee is received based on the agreements between the parties;
- Management fees: The Group provides assistance to customers in the management of their business and their corporate strategy. The Group is actively involved in the operational management of those companies where it provides training and administrative assistance to its personnel;
- Other services: The Company provides digital solutions services, including IT services, and other assistance and support services to companies.

## 30 OTHER INCOME

Other income - General	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Gain on disposal of intangible assets	184,973	104,871	-	-
Dividend income (Note 42)	581,692	337,397	94,410,276	98,059,164
Reversal of provision for retirement of benefit obligation	-	795,384	-	-
Reversal of provision for risks and charges	25,782	670,222	-	-
Reversal of provision for dismantling costs	1,486,479	-	-	-
Release of government grant (Note 22)	10,229,546	13,269,340	-	-
Waiver of claims obtained	-	13,496	-	-
Other income	2,672,187	2,332,335	58,784	-
	15,180,659	17,523,045	94,469,060	98,059,164

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 30 OTHER INCOME (CONTINUED)

Other income - Financial	2022	Group	2022	Company
	USD	2021	USD	2021
		USD		USD
Trade payables waived	-	573,506	-	-
Amount payable waived	399,376	15,330,652	-	-
	-----	-----	-----	-----
	399,376	15,904,158	-	-
	-----	-----	-----	-----
	15,580,035	33,427,203	94,469,060	98,059,164
	=====	=====	=====	=====

## 31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	Group	2022	Company
	USD	2021	USD	2021
		USD		USD
Funds	6,086,726	6,153,243	-	5,000,000
Equity securities	1,479,188	45,043	-	-
	-----	-----	-----	-----
	7,565,914	6,198,286	-	5,000,000
Fair value adjustments	2,346,239	(330,903)	-	(141,500)
	-----	-----	-----	-----
	9,912,153	5,867,383	-	4,858,500
	=====	=====	=====	=====

The Group also has embedded derivatives which are held at Fair Value Through Profit & Loss (FVTPL). Refer to Note 40.

## (i) Funds

The Group investments in mutual funds are listed below:

	2022	Group	2022	Company
	USD	2021	USD	2021
		USD		USD
Mutual funds	1,086,726	1,153,243	-	5,000,000
Venture capital funds	5,000,000	5,000,000	-	-
	-----	-----	-----	-----
	6,086,726	6,153,243	-	5,000,000
	=====	=====	=====	=====

The Group holds investments in mutual funds. The fair value of the investment in mutual funds is determined by reference to the quoted price on active markets as at 31 December 2022 and 2021.

The Group also holds investments in a venture capital fund, RMAXCOINV. C.V, a limited liability partnership incorporated under the laws of the Netherlands. As at 31 December 2022, the fair value of the Group's investments is based on the Group's share of the fair value of the investee company, MaxAB B.V. The fair value of MaxAB B.V, was determined by the most recent equity transaction.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

## ii) Equity securities

The Group's investment in equity instruments is provided below:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
Sonatel Group	31,771	33,716	-	-
Ecobank Transnational Inc.	10,675	11,327	-	-
Djamo Inc.*	299,999	-	-	-
Simplemarket Inc.*	100,000	-	-	-
Workpay Technologies*	150,000	-	-	-
Medicaïm SAS*	125,552	-	-	-
Cassbana*	200,000	-	-	-
Jetstream*	100,000	-	-	-
Zazuu HQ Ltd*	61,189	-	-	-
Waspito Inc.*	200,000	-	-	-
Chari Co*	200,003	-	-	-
	<b>1,479,189</b>	<b>45,043</b>	<b>-</b>	<b>-</b>

\*The Group has acquired these equity investments during the year. As at 31 December 2022, the directors have determined that their cost approximate their fair value.

The movement in the fair value is as follows:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	330,903	204,849	141,500	-
Charge/(Credit) to profit or loss (Note 5)	(2,666,217)	141,500	(141,500)	141,500
Translation difference	(10,925)	(15,446)	-	-
	<b>(2,346,239)</b>	<b>330,903</b>	<b>-</b>	<b>141,500</b>

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 32 TREASURY BONDS

	<b>2022</b> <b>USD</b>	<b>Group</b> <b>2021</b> <b>USD</b>	<b>2022</b> <b>USD</b>	<b>Company</b> <b>2021</b> <b>USD</b>
At 01 January	<b>2,392,521</b>	2,938,256	-	-
Matured	<b>(443,686)</b>	(337,406)	-	-
Translation difference	<b>(145,228)</b>	(208,329)	-	-
	-----	-----	-----	-----
At 31 December	<b>1,803,607</b>	2,392,521	-	-
	=====	=====	=====	=====
Current	-	-	-	-
Non-current	<b>1,803,607</b>	2,392,521	-	-
	-----	-----	-----	-----
	<b>1,803,607</b>	2,392,521	-	-
	=====	=====	=====	=====

Treasury bonds represent government bonds that bear interest rate of 6.5% (2021: 6.5%) per annum and the treasury bonds will mature from July to August 2026 (2021: July to August 2026).

## 33 GOODWILL

	<b>2022</b> <b>USD</b>	<b>Group</b> <b>2021</b> <b>USD</b>	<b>2022</b> <b>USD</b>	<b>Company</b> <b>2021</b> <b>USD</b>
At 01 January	<b>49,759,990</b>	53,585,192	-	-
Acquisition through business combinations (Note 26)	<b>149,288,305</b>	179,668	-	-
Translation difference	<b>(2,832,530)</b>	(4,004,870)	-	-
	-----	-----	-----	-----
At 31 December	<b>196,215,765</b>	49,759,990	-	-
	=====	=====	=====	=====

The goodwill arose as part of the acquisition through business combinations during the year 2019 to 2022. The goodwill has been generated on acquisition of the following companies:

	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
MIC Tanzania Public Limited Company and its subsidiaries	<b>149,288,305</b>	-
Togocom Group*	<b>46,276,853</b>	49,109,383
Emediaplace Ltd	<b>177,461</b>	177,461
Madaplace Ltd	<b>293,478</b>	293,478
Ubuntu Towers Uganda Limited	<b>179,668</b>	179,668
	-----	-----
	<b>196,215,765</b>	49,759,990
	=====	=====

\*The movement relates to translation difference on retranslation of goodwill at year end.

The goodwill of MIC Tanzania Public Limited Company and its subsidiaries (MIC Group) and Togocom Group, being material to the Group, have been tested for impairment at 31 December 2022. Both MIC Group and Togocom Group have been considered as one CGU in the calculation of their recoverable amount.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 33 GOODWILL (CONTINUED)

Key assumptions used in the impairment tests for goodwill are gross margin, terminal growth rate and discount rate. The assumptions used for 2022 are as follows:

	Gross margin	Terminal growth rate	Discount rate
<b>MIC Tanzania Public Limited Company and its subsidiaries</b>			
2022	60.4%-61.3%	3.3%	17.8%
<b>Togocom Group</b>			
2022	73%-73.9%	1.65%	15.7%
2021	69.7%-70.6%	0.25%	11.3%

The Directors and management have performed a sensitivity analysis in order to consider and assess the impact of possible changes in key assumptions on the carrying value of goodwill.

The assumptions that are considered to be the main drivers in the calculation of the recoverable amount of goodwill and where changes are reasonably possible are: gross margin rate, terminal growth rate and discount rate.

The recoverable amount of the goodwill is not sensitive to changes in any other of the key inputs.

Management have considered and assessed reasonably possible changes for key assumptions and concluded that none would give rise to an impairment. The changes that would cause the carrying amount to exceed the recoverable amount resulting in an impairment are set out below:

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

Percentage (%) rise in discount rate (pp)	Increase by 4.6pp
Gross margin (excluding depreciation and amortisation)	Decrease on average by 3.5pp over 5 years
Decrease in terminal growth rate	Decrease to less than 0%

**Togocom Group**

Percentage (%) rise in discount rate (pp)	Increase by 22.9pp
Gross margin (excluding depreciation and amortisation)	Decrease on average by 18.5pp over 5 years
Decrease in terminal growth rate	Decrease to less than 0%

## 34 DEPOSITS PAYABLE

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 31 December	6,073,969	6,563,132	-	-
Transfer from trade and other payables	2,973,111	-	-	-
Release of deposits	(488,891)	-	-	-
Additions, net of repayment	(408,131)	5,937	-	-
Translation difference	(498,045)	(495,100)	-	-
	-----	-----	-----	-----
At 31 December	7,652,013	6,073,969	-	-
	=====	=====	=====	=====

Deposits payable include mainly security deposits for post-paid services and surety bonds for roaming services. Deposits payable have been classified as non-current since they are not expected to be refunded within the next 12 months.



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 35 RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit pension in Togo and a defined contribution scheme in Mauritius. Hence, only the Togocom Group and the companies incorporated in Mauritius contributes to an unfunded pension plan.

The other subsidiaries which have employees, are incorporated in Madagascar, Uganda and Tanzania. However, there is no legal obligation in Madagascar, Uganda or Tanzania, to contribute to a pension plan and therefore the subsidiaries in these jurisdictions, have not recognised a provision for retirement benefit. The Defined Benefit Scheme in Togo is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The most recent actuarial valuation of the present value of the retirement benefit were carried out at 31 December 2022 by Actuarial Consultant, Bocke Arnould F.V.M, for subsidiaries incorporated in Togo.

For the pension schemes in Mauritius, a provision is made for retirement benefit obligation in respect of residual gratuities. The most recent actuarial valuation of the present value of the retirement benefit were carried out at 31 December 2022 by Aon Solutions Ltd.

The present value of the retirement benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
(i) The amount recognised in the statement of financial position is as follows:				
Present value of unfunded obligations	<b>2,352,140</b>	2,308,036	<b>1,195</b>	656
	=====	=====	=====	=====

The retirement benefit obligations have been fully recognised under non-current liability as no payment is expected to be made to the employees within the next 12 months.

(ii) The present value of unfunded obligations is arrived at as follows:

At 01 January	<b>2,308,036</b>	3,320,459	<b>656</b>	-
Charge/(credit) to profit or loss	<b>195,096</b>	(795,384)	<b>354</b>	656
(Credit)/charge to other comprehensive income	<b>(22,516)</b>	-	<b>221</b>	-
Translation difference	<b>(128,476)</b>	(217,039)	<b>(36)</b>	-
	-----	-----	-----	-----
At 31 December	<b>2,352,140</b>	2,308,036	<b>1,195</b>	656
	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 35 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
(iii) The movement in the defined benefit obligation is as follows:				
At 01 January	2,308,036	3,320,459	656	-
Current service cost	212,553	322,630	1,062	656
Past service cost	(18,075)	32,005	(730)	-
Interest expense	1,194	1,499	22	-
Liability experience (gain)/loss	(19,435)	-	376	-
Liability gain due to change in financial assumptions	(3,081)	-	(155)	-
Over-provision in previous year	(576)	(1,151,518)	-	-
Translation difference	(128,476)	(217,039)	(36)	-
	-----	-----	-----	-----
At 31 December	2,352,140	2,308,036	1,195	656
	=====	=====	=====	=====

(iv) The movement in the fair value of plan assets is as follows:

At 01 January	-	-	-	-
Interest income	45	-	-	-
Return on plan assets excluding interest income	(45)	-	-	-
	-----	-----	-----	-----
At 31 December	-	-	-	-
	=====	=====	=====	=====

(v) The amounts recognised in profit or loss are as follows:

Current service cost	212,553	322,630	1,062	656
Past service cost	(18,075)	32,005	(730)	-
Net interest on net defined benefit liability	1,194	1,499	22	-
Over-provision in previous year	(576)	(1,151,518)	-	-

(vi) The amounts recognised in other comprehensive income are as follows:

Liability experience (gain)/loss	(19,435)	-	376	-
Liability gain due to change in final assumptions	(3,081)	-	(155)	-
	-----	-----	-----	-----
Actuarial (gains)/losses	(22,516)	-	221	-
	=====	=====	=====	=====

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****35 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)**

(vii) The allocation of the plan assets at the end of period for each category, are as follows:

	<b>Group Togolese Republic</b>		<b>Group and Company Republic of Mauritius</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash and other	<b>N/A</b>	N/A	<b>100</b>	N/A
	=====	=====	=====	=====

(viii) Principal actuarial assumptions at end of period:

<u>Group</u>	<b>Togolese Republic</b>		<b>Republic of Mauritius</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
Discount rate	<b>6.0%</b>	6.0%	<b>6.7%</b>	4.7%
Future salary increases	N/A	N/A	<b>7.3%</b>	5.6%
Labour turnover	<b>0%</b>	0%	<b>0%</b>	0%
Average retirement age	<b>60 years</b>	60 years	<b>65 years</b>	65 years

<u>Company</u>	<b>Republic of Mauritius</b>	
	<b>2022</b>	2021
Discount rate	<b>6.7%</b>	4.7%
Future salary increases	<b>7.3%</b>	5.6%
Labour turnover	<b>0%</b>	0%
Average retirement age	<b>65 years</b>	65 years

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	<b>Togolese Republic</b>		<b>Republic of Mauritius</b>	
	<b>2022</b>		<b>2022</b>	
	<b>Increase</b>	Decrease	<b>Increase</b>	Decrease
<u>Group</u>				
Discount rate (1% movement)	<b>207,178</b>	491,015	<b>10,913</b>	16,694
<u>Company</u>				
Discount rate (1% movement)	<b>N/A</b>	N/A	<b>586</b>	223

(x) The sensitivity above has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the pension obligation.

(xi) The unfunded pension plan exposes the Group and the Company to normal risks namely salary risk and interest risk.

***Salary risk***

The present value of the obligation is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 35 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

*Interest rate risk*

The present value of the obligation is calculated using a discount rate based on the yields of long-term government bonds. An increase or decrease in the discount rate will have an impact on the plan liability. However, this may be partially offset by a decrease in inflationary pressures on salary increase.

(xii) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

(xiii) The Group and the Company is not expected to contribute in its retirement benefits plan for the year ending 31 December 2022.

(xiv) The weighted average duration of the retirement benefit obligation for the Group and the Company is 25 years and 32 years respectively at the reporting date.

## 36 DEPOSITS RECEIVABLE

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>2,628,252</b>	2,637,664	-	-
Addition	<b>362,206</b>	133,457	-	-
Repayment	<b>(1,252,110)</b>	(52,674)	-	-
Acquisition through business combination (Note 26)	<b>850,115</b>	-	-	-
Translation difference	<b>(199,525)</b>	(90,195)	-	-
At 31 December	<b>2,388,938</b>	2,628,252	-	-

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
Non current	<b>2,168,923</b>	2,628,252	-	-
Current	<b>220,015</b>	-	-	-
At 31 December	<b>2,388,938</b>	2,628,252	-	-

## 37 DIVIDEND PAYABLE

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>USD</b>	<b>2021</b>	<b>USD</b>	<b>2021</b>
		<b>USD</b>		<b>USD</b>
At 01 January	<b>21,690,698</b>	-	<b>21,686,273</b>	-
Acquisition through business combinations (Note 26)	-	4,478	-	-
Dividend declared during the year	<b>11,754,578</b>	56,252,679	-	52,000,000
Dividend paid	<b>(11,822,484)</b>	(34,566,406)	-	(30,313,727)
Translation difference	<b>73,022</b>	(53)	-	-
At 31 December	<b>21,695,814</b>	21,690,698	<b>21,686,273</b>	21,686,273

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 38 NON-OPERATING INCOME AND EXPENSES

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Non-operating income</b>				
Net amortisation of deferred gain on sale of tower infrastructure	772,037	-	-	-
Gain on lease modification and termination of contract	1,051,670	-	-	-
	<u>1,823,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-operating expenses</b>				
Loan receivable written off*	(6,309,388)	(14,791,368)	-	-
Interest receivable written off*	-	(809,061)	-	-
	<u>(6,309,388)</u>	<u>(15,600,429)</u>	<u>-</u>	<u>-</u>

\*During the year ended 31 December 2022, the loan receivable from Axian Group Ltd amounting to USD 5,867,712 was written off following management's decision (Note 24 (a)).

\*During the year ended 31 December 2021, the loan and interest receivable from H Properties and Edmondon International Ltd was written off following management's decision (Note 24 (a)).

These write offs are one-off expenses and are not expected to recur for forthcoming financial periods.

## 39 DEPOSITS FROM CUSTOMERS

	2022 USD	2021 USD
At 01 January	695,993	-
Deposits during the year	20,980,943	695,993
Refunds during the year	(20,244,516)	-
Interest received during the year	26,584	-
Translation reserve	(128,226)	-
	<u>1,330,778</u>	<u>695,993</u>
At 31 December	1,330,778	695,993

Deposits during the year include electronic money collected by subsidiary Mvola from the public as from 16 December on which interest is paid at the rate of 2% p.a.

Following the change in legislation, with regards to "Etablissements de Monnaie Electronique en 2018", and following the decision of the Commission de Supervision Bancaire et Financière (CSBF) (referenced 004/2018-CSBF of 12 April 2018 and 22/18-CSBF/P of 08 May 2018), MVola S.A has been granted the licence of Electronic Money Establishment (EME) on 12 December 2018.

Since 2021, following the decision of the Commission de Supervision Bancaire et Financière (CSBF) referenced 005/2021-CSBF of 11 March 2021 MVola S.A obtained the licence of Credit Institution authorising it to carry out transactions in electronic money.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 40 EMBEDDED DERIVATIVES

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
<b>Assets :</b>				
Call options in the Notes (a)	700,000	-	700,000	-
NCI call option (b)	5,722,975	-	-	-
	-----	-----	-----	-----
Embedded derivative assets	6,422,975	-	700,000	-
	=====	=====	=====	=====
<b>Liabilities:</b>				
NCI Put option (c)	36,951,071	-	-	-
	-----	-----	-----	-----
Embedded derivative liabilities	36,951,071	-	-	-
	=====	=====	=====	=====

## a) Call options in Bond Notes

On February 16, 2022, Axian Telecom, as Issuer, completed the offering of USD 420,000,000 in aggregate principal amount of its 7.375% Senior Notes due 2027 (the "Notes"), under an indenture dated February 16, 2022.

The Notes have a tenor of five years bearing interests at a fixed rate of 7.375% per annum and are payable semi-annually in arrears on February 16 and August 16 of each year, commencing on August 16, 2022. The Notes will mature on February 16, 2027.

The proceeds raised from the issuance of the Bond Notes was used to finance the acquisition of MIC Tanzania on April 05, 2022.

The Notes have early redemption features whereby the Company has the right to redeem the Notes prior to maturity date at a pre-defined penalty redemption price depending on the call date (the "Call option") and the holders hold the right to request an early settlement of the Notes under certain circumstances.

The Call option in the Notes has been measured at fair value through profit or loss. The instrument is measured at fair value and the resulting gains or losses is recognised in profit or loss.

The underlying contractual notional amount for the Call options in the Notes is as follows, as of December 31, of each of the following years:

	2022 USD	2021 USD
<b>Assets :</b>		
Call options in the Notes (a)	420,000,000	-
	-----	-----
	420,000,000	-
	=====	=====

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 40 EMBEDDED DERIVATIVES (CONTINUED)

The change in fair value of the Call options in the Notes has been recorded in profit or loss as follows;

	Group		Company	
	2022	2021	2022	2021
	USD	USD	USD	USD
At 01 January	-	-	-	-
Additions	3,300,000	-	3,300,000	-
Net loss on fair value of derivatives	(2,600,000)	-	(2,600,000)	-
	-----	-----	-----	-----
At 31 December	700,000	-	700,000	-
	=====	=====	=====	=====

## b) NCI Call Option

The NCI call option asset represents the right of the Group to repurchase the non-controlling interest in a subsidiary of the Group, at a price which is based on the last twelve-month EBITDA of the subsidiary at the time of exercise.

The NCI call option represents a derivative instrument, the value of which changes in response to the value of the underlying shares. The NCI call is initially accounted at fair value and subsequently measured at fair value at every balance sheet date, with fair valuation movements being recognised in profit or loss.

## c) NCI Put Option

The NCI put option liability represents the right of the non-controlling interest in one of the subsidiaries to request the repurchase of their non-controlling interest at a price which is based on the last twelve-month EBITDA of the subsidiary at the time of exercise.

The NCI put option has been accounted for at the present value of the future liability which would occur on the date of settlement. The liability is initially recognised with a corresponding movement in other reserves in equity and thereafter unwound to maturity using the initial discount rate. The liability is also subsequently remeasured at fair value at every balance sheet date, with fair valuation movements being recognised in the statement of profit or loss.

	Group	2021
	2022	
	USD	USD
Put option liability	(45,272,961)	-
Unwinding of put option liability	(601,105)	-
Gain on fair value of put option liability	8,922,995	-
	-----	-----
	36,951,071	-
	=====	=====

The Group has adopted a market approach in its valuation of the subsidiary and thus its valuation of the NCI put and call options. The market approach utilizes three key inputs:

1. The last twelve-month EBITDA for the last twelve months to the valuation date and as projected for the next twelve-months after the valuation date,
2. The EBITDA multiple used to derive the equity value of the subsidiary and obtained by comparison to the valuation multiples of similar, but listed, entities as at the valuation date, and
3. A 3 Year Equity Volatility ratio derived from the movements in equity values of similar, but listed, entities over the 3-year period prior to the valuation date. This input impacts only the value of the call options.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****41 PRIOR PERIOD ERRORS**

During the year, one of the subsidiaries of Axian Telecom, Telecom Malagasy SA has reviewed its accounting treatment in relation to the excise duties on their mobile revenues. The Madagascar operations are charged an excise duty of 8% on the value of the mobile services they provide to their customers. The operations may recover this cost by increasing the prices they charge to customers, or they may charge their customers the same amount and absorb the cost of the excise duty in full or partially. In both scenarios, there is an amount of excise duty embedded within the proceeds they receive from customers in respect of mobile services, which must be remitted to regulatory authorities as those services are consumed.

An assessment was performed of whether the Madagascar operations are considered as agent (collecting an amount of excise duty and remitting the same to regulatory authorities), or whether they are considered as a principal in the excise duty transaction. The conclusion was that the Madagascar operations act as a principal in the transaction, as they may choose whether they will absorb the cost or pass it on to their customers, in full or partially.

As a principal in the transaction, Telecom Malagasy must recognise revenue at the full amount of proceeds under the transaction and recognise a separate cost for the excise duty which it is charged by regulatory authorities. In previous periods, this excise duty was recognised as part of revenue (by decreasing the amount of revenue recognised).

This constitutes a prior period error and in line with the requirement of IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors. This correction impact only the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the year ended 31 December 2021.

There is no impact on the consolidated statements of financial position as at 31 December 2021 and at 01 January 2021, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2021.

	<b>Group</b>		
	<b>31 December 2021</b>		
<u>Statement of profit or loss</u>	As previously reported USD	Reclassification adjustment USD	As restated USD
Revenue	485,859,283	9,835,403	495,694,686
Government and regulatory costs	(22,584,594)	(9,835,403)	(32,419,997)



## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 42 DIVIDEND RECEIVABLE

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 01 January	-	-	53,418,814	-
Dividend income (Note 30)	581,692	337,397	94,410,276	98,059,164
Dividend received	(581,692)	(337,397)	(113,250,276)	(44,640,350)
Translation difference	-	-	(4,422,729)	-
	-----	-----	-----	-----
At 31 December	-	-	30,156,085	53,418,814
	=====	=====	=====	=====

## 43 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group owns 6.55% of the issued equity shares of West Indian Ocean Cable Company Limited (WIOCC), a special purpose vehicle whose purpose is to invest as a member of a consortium in the Eastern African Submarine System (EASSy), a submarine fibre optic cable system on the eastern seaboard of Africa. WIOCC has subsequently expanded its operations to include data centre activities which complement the existing activities.

These investments have been classified as fair value through other comprehensive income (FVOCI) as the equity investments are not held for trading and which has been irrevocably elected at initial recognition to be recognised in this category. These are strategic investments, and the Group considers this classification to be more relevant.

The table below shows the movement in the year:

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
At 01 January	-	-	-	-
Acquisition through business combination (Note 26)	15,510,333	-	-	-
Fair value gain	3,155,480	-	-	-
Translation difference	(75,025)	-	-	-
	-----	-----	-----	-----
At 31 December	18,590,788	-	-	-
	=====	=====	=====	=====

The fair value of the equity investment has been determined using the most recent equity transactions. The Group has classified its investment in West Indian Ocean Cable Company Limited under Level 2 of the fair value hierarchy.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****44 EVENTS OCCURRING AFTER THE REPORTING PERIOD****Disposal of share in Prime Africa Real Estate Ltd (Formerly known as 'Tigo IPO SPV Ltd')**

On 12 January 2023, Axian Telecom disposes 100% of its stakeholding (One share at a par value of USD 1) in Prime Africa Real Estate Ltd (Formerly known as 'Tigo IPO SPV Ltd') to its sole shareholder, Hassanein Shahreza Hiridjee for a consideration of USD 1.

**Change in domiciliation**

As from 20 March 2023, procedures are being undertaken by the relevant authorities in accordance with the Mauritian Companies Act 2001 to effect the decisions of the Board of Silver Links Ltd which is to redomicile from the Republic of Mauritius to Dubai International Financial Centre of the United Arab Emirates ("UAE").

As a result, the Company's registered office address will be changed from C/o DTOS Ltd, 10<sup>th</sup> Floor, Standard Chartered Tower, 19 Cybercity, Ebène, Republic of Mauritius to C/o Axian Telecom Middle East Management and Technical Services Ltd, ICD Brookfield Place, Unit 03, Level 31, Dubai International Financial Centre, Dubai, UAE.

There will also be a change in company secretary from DTOS Ltd to Mr. Nicolas Sylvestre-Boncheval, holder of an UAE residence permit.

The Company's reporting currency will also be changed from EUR to USD to align with Axian Telecom for consolidation purposes.

**Setting up of STELLAR-IX TANZANIA LIMITED**

On 14 February 2023, STELLAR-IX TANZANIA LIMITED was set up in Tanzania and STELLAR-IX DATA CENTERS LTD subscribed for 8,000 shares of TZS 2,332 each in the share capital of STELLAR-IX TANZANIA LIMITED, representing 80% of its shareholding. The other 20% is held by Next Telco Ltd (Non-controlling interest of the Group).

**Consultancy agreement with third party**

On 20 January 2023, Axian Financial Services Ltd entered into a consultancy agreement with a third party for the provision of the following services by the latter:

- Assisting Axian Financial Services Ltd in obtaining an insurer's licence in Madagascar for the establishment of an insurance company in Madagascar (the Project); and
- Effective launch of the Project's insurance activities.

The contract is effective as from 01 February 2023.

**Setting up of TOWERCO OF AFRICA TANZANIA LIMITED**

On 14 February 2023, TOWERCO OF AFRICA TANZANIA LIMITED was set up in Tanzania and Towerco of Africa Ltd subscribed for 8,000 shares of TZS 2,332 each in the share capital of TOWERCO OF AFRICA TANZANIA LIMITED, representing 80% of its shareholding. The other 20% is held by Next Telco Ltd (Non-controlling interest of the Group).

**Issuance of additional shares by TODRC Holding Ltd (Formerly, known as 'Guava Telecom Holdings Ltd')**

On 01 February 2023, TODRC Holding Ltd (Formerly, known as 'Guava Telecom Holdings Ltd') issued an additional 99 ordinary shares at a par value of USD 1 to its shareholders, 69 to Towerco of Africa Ltd and 30 to Rawsons Investments Limited.

**AXIAN TELECOM****NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****44 EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)****Disposal of Sen Connect**

On 21 December 2022, an agreement has been signed whereby Saga Africa Holdings Ltd disposed of all its shares in Sen Connect to Stellar-IX Data Centers Ltd for a consideration of USD 1 and on certain conditions which have not been fully met at 31 December 2022. For the disposal to be effective, all the conditions prescribed in the share purchase agreement have to be met by 31 March 2023. All the conditions have been satisfied in early April 2023 and subsequently, the effective date for the transfer of shares is 10 April 2023.

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

**45 COMMITMENTS**Capital commitments

Capital expenditure contracted for at the end of the reporting year but not recognised as liabilities are as follows:

	<b>2022</b>	Group 2021
	<b>USD</b>	USD
Property, plant and equipment	<b>149,538,180</b>	4,633
Intangible assets	<b>6,170,398</b>	14,683,034
	-----	-----
	<b>155,708,578</b>	14,687,667
	=====	=====

The above commitments include capital expenditure commitments relating to the ongoing implementation of bandwidth capacity via submarine cable systems, network equipments, acquisition and installation of telecom sites.

**46 CONTINGENT LIABILITIES**Litigation and claims

At 31 December 2022, MIC Tanzania Public Limited Company ("MIC"), one of the subsidiaries of Axian Telecom, has contingent liabilities in respect of legal claims arising in the ordinary course of business. The nature of the litigations includes labour, land cases and commercial cases. Based on the assessment of the directors and the MIC's legal counsel, provision has been made where it is probable that liability will crystallise as disclosed in Note 23(ii). The directors have assessed that loss from other litigation cases amounting to USD 4,471,187 (Equivalent to TZS 10,424,574,568) is possible.

	<b>2022</b>
	<b>USD</b>
Commercial	<b>3,004,010</b>
Land	<b>143,470</b>
Labour	<b>1,233,465</b>
Execution	<b>4,460</b>
Intellectual property rights	<b>85,782</b>
	-----
	<b>4,471,187</b>
	=====

## AXIAN TELECOM

**NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

## 46 CONTINGENT LIABILITIES (CONTINUED)

Litigation and claims (Continued)

At 31 December 2022, Ubuntu, one of the subsidiaries of Axian Telecom is a defendant in a number of legal suits. In the opinion of the directors of Ubuntu, after taking appropriate legal advice, the outcome of the actions will not give rise to any significant loss. In the event of non-performance for the Rural Communications development Fund (RCDF) grant, management has taken a guarantee with Stanbic Bank to a tune of USD 376,993 (Equivalent to UGX 1,400,000,000). Management believes in their ability to deliver the RCDF sites, all efforts will be made to deliver, and will not require to use the guarantee.

Taxation

The normal procedure for agreeing final income tax liabilities involves MIC Tanzania Public Limited Company and its subsidiaries filing final income tax returns to Tanzania Revenue Authority (TRA) followed by TRA performing its own review of the MIC Tanzania Public Limited Company and its subsidiaries tax returns and issuing notice of final income tax assessment. The final income tax assessment as may be determined by TRA after its review and possible site visits may differ from the self-assessments done by the MIC Tanzania Public Limited Company and its subsidiaries and the process to object and appeal against the TRA assessments is stipulated in the tax laws. It is common that the timeframe from submission of final tax self-assessment returns and for TRA performing its reviews and issuing of notice of final tax assessment may be several months or years.

During the period, TRA concluded its tax audit for the year of income 2019 on Corporate Tax which resulted to a tax refund of USD 2,015,870 (Equivalent to TZS 4.7 billion), this amount is refundable to MIC Tanzania Public Limited Company based on tax laws and procedures and the latter has already applied for the refund. TRA has not yet refunded the amount.

TRA concluded tax audit for the year of income 2020 in terms of Withholding Tax and Employment Tax (Pay as You Earn) where additional liabilities of USD 162,556 (Equivalent to TZS 379 million) and USD 15,441 (Equivalent to TZS 36 million) were assessed and paid respectively. TRA also started comprehensive audit for the year of income 2021 as well as transfer pricing audit for the year of income 2021, both these audits are ongoing and have not been concluded by end of period and TRA have not assessed any tax type.

As of 31 December 2022, the potential tax risks estimated by the subsidiary, Zantel amounts to USD 22,063,049 (Equivalent to TZS 51,440 million) ((2021: USD 46,147,11 (Equivalent to TZS 107,592 million)) and that for the subsidiary Millicom Tanzania Mobile Solutions Limited is USD 3,852,455 (Equivalent to TZS 8,982 million) (2021: Nil). Management have assessed the status of the above open tax assessments for both subsidiaries and do not anticipate liabilities that may have a material impact on the Group's financial statements. The final income tax returns for the year of income 2022 is due by 30 June 2023.

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING

## Primary segment – Business

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, comprise of mobile and fixed line communications, infrastructure and digital and mobile financial services, amongst other for the year ended 31 December 2022. The following disclosures are made with respect to segment reporting:

	Mobile and fixed line communications	Infrastructure	Digital and mobile financial services	Other	Total
<u>For the year ended 31 December 2022</u>	USD	USD	USD	USD	USD
Segment revenue	661,598,509	25,408,378	139,687,904	820,537	827,515,328
Segment other income	12,802,753	1,126,631	1,018,876	631,775	15,580,035
Segment operating expenses	(446,727,093)	(54,953,649)	(107,647,694)	(32,013,563)	(641,341,999)
Segment result before finance charges	227,674,169	(28,418,640)	33,059,086	(30,561,251)	201,753,364
Segment finance income	3,105,947	3,200,630	6,008,340	35,528,640	47,843,557
Segment finance cost	(64,793,358)	(10,694,663)	(2,299,739)	(67,692,611)	(145,480,371)
Non-operating expense	-	-	(441,676)	(5,867,712)	(6,309,388)
Non-operating income	786,942	1,036,765	-	-	1,823,707
Segment share of profit in associates and joint ventures	-	-	-	14,364,751	14,364,751
Segment assets	1,617,827,725	224,881,431	304,595,012	208,280,510	2,355,584,678
Segment liabilities	(1,070,081,679)	(122,680,329)	(256,797,566)	(642,716,208)	(2,092,275,782)

	Mobile and fixed line communications	Infrastructure	Digital and mobile financial services	Other	Total
<u>For the year ended 31 December 2021</u>	USD	USD	USD	USD	USD
Segment revenue	452,864,848	13,649,222	19,390,794	9,789,822	495,694,686
Segment other operating income	16,720,497	1,349,265	1,307	15,356,134	33,427,203
Segment operating expenses	(286,599,246)	(63,176,507)	(14,991,616)	(24,224,668)	(388,992,037)
Segment result before finance charges	182,986,099	(48,178,020)	4,400,485	921,288	140,129,852
Segment finance income	9,063,573	3,502,365	1,768,769	10,572,598	24,907,305
Segment finance cost	(24,632,856)	(12,601,307)	(166,035)	(20,182,173)	(57,582,371)
Non-operating expense	-	(4,349,915)	-	(11,250,514)	(15,600,429)
Segment share of profit in associates and joint ventures	516,614	-	-	21,925,506	22,442,120
Segment assets	794,908,944	186,308,258	85,095,269	138,116,032	1,204,428,503
Segment liabilities	(560,681,890)	(98,927,647)	(66,781,256)	(227,042,368)	(953,433,161)

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING (CONTINUED)

**Secondary segment – Geographical**

The contribution of the business units in Republic of Mauritius, Madagascar, Togolese Republic, Uganda and Tanzania for the years ended are more than 10% in terms of revenue and the following disclosures are made with respect to segment reporting.

	Republic of Mauritius	Madagascar	Togolese Republic	Uganda	Tanzania	Other	Total
<u>For the year ended 31 December 2022</u>	USD	USD	USD	USD	USD	USD	USD
Segment revenue	6,572,535	287,862,082	239,663,233	7,172,357	286,245,121	-	827,515,328
Segment other income	631,374	12,434,206	359,652	-	2,154,402	401	15,580,035
Segment operating expenses	(35,615,154)	(185,395,028)	(164,207,932)	(7,635,036)	(246,493,792)	(1,995,057)	(641,341,999)
Segment result before finance charges	(28,411,245)	114,901,260	75,814,953	(462,679)	41,905,731	(1,994,656)	201,753,364
Segment finance income	23,510,917	6,925,326	16,333,462	432,720	641,132	-	47,843,557
Segment finance cost	(66,925,515)	(25,989,187)	(10,640,208)	(3,645,024)	(38,273,069)	(7,368)	(145,480,371)
Non-operating expense	(5,867,712)	(441,676)	-	-	-	-	(6,309,388)
Non-operating income	-	1,036,765	-	-	786,942	-	1,823,707
Segment share of profit in associates and joint ventures	14,364,751	-	-	-	-	-	14,364,751
Segment assets	233,847,039	528,036,857	519,963,595	42,180,291	1,030,648,341	908,555	2,355,584,678
Segment liabilities	(600,680,940)	(387,768,515)	(347,623,708)	(33,617,985)	(721,856,204)	(728,430)	(2,092,275,782)

## AXIAN TELECOM

## NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING (CONTINUED)

## Secondary segment – Geographical

The contribution of the business units in Republic of Mauritius, Madagascar, Togolese Republic and Uganda for the years ended are more than 10% in terms of revenue and the following disclosures are made with respect to segment reporting.

	Republic of Mauritius	Madagascar	Togolese Republic	Uganda	Other	Total
<u>For the year ended 31 December 2021</u>	USD	USD	USD	USD	USD	USD
Segment revenue (Restated)	13,307,760	220,130,912	261,314,813	941,201	-	495,694,686
Segment other income	15,406,395	15,822,524	2,198,284	-	-	33,427,203
Segment operating expenses (Restated)	(45,258,445)	(160,146,893)	(181,841,825)	(1,743,984)	(890)	(388,992,037)
Segment result before finance charges	(16,544,290)	75,806,543	81,671,272	(802,783)	(890)	140,129,852
Segment finance income	11,102,963	12,644,280	1,151,687	8,375	-	24,907,305
Segment finance cost	(16,354,569)	(26,410,217)	(14,444,413)	(372,712)	(460)	(57,582,371)
Non-operating expense	(15,600,429)	-	-	-	-	(15,600,429)
Segment share of profit in associates and joint ventures	21,925,506	516,614	-	-	-	22,442,120
Segment assets	159,427,930	526,767,246	503,802,547	14,311,368	119,412	1,204,428,503
Segment liabilities	(177,198,647)	(398,529,453)	(368,467,360)	(9,237,701)	-	(953,433,161)

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING (CONTINUED)

## Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions:

	Segment revenue USD	Inter-segment revenue USD	Revenue from contracts with external customers USD	Timing of revenue recognition		Total
				At a point in time USD	Over time USD	USD
<b><u>For the year ended 31 December 2022</u></b>						
Mobile services only:						
- Madagascar	153,829,268	-	153,829,268	-	153,829,268	153,829,268
- Togolese Republic	186,363,674	-	186,363,674	-	186,363,674	186,363,674
- Tanzania	171,224,709	-	171,224,709	-	171,224,709	171,224,709
Fixed services (Residential and Business)						
- Madagascar	39,261,778	-	39,261,778	-	39,261,778	39,261,778
- Togolese Republic	17,322,703	-	17,322,703	-	17,322,703	17,322,703
- Tanzania	6,998,781	-	6,998,781	-	6,998,781	6,998,781
Content and Value-added services (VAS)						
- Republic of Mauritius	3,524,726	(3,524,726)	-	-	-	-
- Tanzania	9,795,876	-	9,795,876	-	9,795,876	9,795,876
Interconnection, roaming and MVNO:						
- Madagascar	8,234,687	-	8,234,687	-	8,234,687	8,234,687
- Togolese Republic	12,553,822	-	12,553,822	-	12,553,822	12,553,822
- Tanzania	13,016,332	-	13,016,332	-	13,016,332	13,016,332
Customer Equipment and Infrastructure:						
- Madagascar	5,621,003	422	5,621,425	5,621,425	-	5,621,425
- Togolese Republic	1,518,013	-	1,518,013	1,518,013	-	1,518,013
- Tanzania	1,098,490	-	1,098,490	1,098,490	-	1,098,490
Operator infrastructure Services:						
- Republic of Mauritius	40,449,720	(34,709,533)	5,740,187	-	5,740,187	5,740,187
- Madagascar	22,729,403	(16,835,748)	5,893,655	-	5,893,655	5,893,655
- Togolese Republic	14,394,855	-	14,394,855	-	14,394,855	14,394,855
- Tanzania	827,569	-	827,569	-	827,569	827,569
Commissions received on electronic money activities:						
- Madagascar	57,871,156	(2,140,733)	55,730,423	55,730,423	-	55,730,423
- Togolese Republic	7,429,976	-	7,429,976	7,429,976	-	7,429,976
- Tanzania	82,189,878	-	82,189,878	82,189,878	-	82,189,878



## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING (CONTINUED)

	Segment revenue USD	Inter-segment revenue USD	Revenue from contracts with external customers USD	Timing of revenue recognition		
				At a point in time USD	Over time USD	Total USD
<b><u>For the year ended 31 December 2022</u></b>						
<b><u>(continued)</u></b>						
Hosting and Rental sites:						
- Madagascar	71,504,474	(60,689,964)	10,814,510	-	10,814,510	10,814,510
- Togolese Republic	79,365	-	79,365	-	79,365	79,365
- Uganda	7,172,357	-	7,172,357	-	7,172,357	7,172,357
- Tanzania	487,742	-	487,742	-	487,742	487,742
Other Services:						
- Republic of Mauritius	11,810	-	11,810	-	11,810	11,810
- Madagascar	9,656,277	(4,400,327)	5,255,950	-	5,255,950	5,255,950
Trademark and licence fees:						
- Republic of Mauritius	9,686,911	(9,471,006)	215,905	-	215,905	215,905
- Madagascar	813,051	(422,285)	390,766	-	390,766	390,766
Management fees-Subsidiaries:						
- Republic of Mauritius	19,167,898	(18,578,653)	589,245	-	589,245	589,245
Other revenue:						
- Republic of Mauritius	22,093,425	(22,078,037)	15,388	-	15,388	15,388
- Madagascar	17,637,875	(14,808,255)	2,829,620	-	2,829,620	2,829,620
- Togolese Republic	825	-	825	-	825	825
- Tanzania	605,744	-	605,744	-	605,744	605,744
- United Arab Emirates	5,647,058	(5,647,058)	-	-	-	-
	-----	-----	-----	-----	-----	-----
	1,020,821,231	(193,305,903)	827,515,328	153,588,205	673,927,123	827,515,328
	=====	=====	=====	=====	=====	=====

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING (CONTINUED)

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions:

	Segment revenue	Inter-segment	Revenue from contracts	Timing of revenue recognition		Total
	USD	revenue	with external customers	At a point in	Over time	USD
	USD	USD	USD	time	USD	USD
	USD	USD	USD	USD	USD	USD
<u>For the year ended 31 December 2021</u>						
Mobile services only:						
- Republic of Mauritius	-	-	-	-	-	-
- Madagascar	129,703,681	(654,647)	129,049,034	-	129,049,034	129,049,034
- Togolese Republic	204,397,067	-	204,397,067	-	204,397,067	204,397,067
Fixed services (Residential and Business)						
- Republic of Mauritius	-	-	-	-	-	-
- Madagascar	39,094,870	-	39,094,870	-	39,094,870	39,094,870
- Togolese Republic	16,281,171	-	16,281,171	-	16,281,171	16,281,171
Interconnection, roaming and MVNO:						
- Republic of Mauritius	-	-	-	-	-	-
- Madagascar	11,067,786	-	11,067,786	-	11,067,786	11,067,786
- Togolese Republic	13,536,296	-	13,536,296	-	13,536,296	13,536,296
Customer Equipment and Infrastructure:						
- Republic of Mauritius	-	-	-	-	-	-
- Madagascar	3,351,713	-	3,351,713	3,351,713	-	3,351,713
- Togolese Republic	2,515,689	-	2,515,689	2,515,689	-	2,515,689
Operator infrastructure Services:						
- Republic of Mauritius	43,157,068	(39,698,677)	3,458,391	-	3,458,391	3,458,391
- Madagascar	20,215,257	(14,254,457)	5,960,800	-	5,960,800	5,960,800
- Togolese Republic	15,672,685	-	15,672,685	-	15,672,685	15,672,685
Commissions received on electronic money activities:						
- Republic of Mauritius	-	-	-	-	-	-
- Madagascar	16,459,174	(488,309)	15,970,865	15,970,865	-	15,970,865
- Togolese Republic	8,330,708	-	8,330,708	8,330,708	-	8,330,708
Hosting and Rental sites:						
- Republic of Mauritius	-	-	-	-	-	-
- Madagascar	66,548,663	(57,573,003)	8,975,660	-	8,975,660	8,975,660
- Togolese Republic	574,593	-	574,593	-	574,593	574,593
- Uganda	941,201	-	941,201	-	941,201	941,201

## AXIAN TELECOM

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 47 SEGMENT REPORTING (CONTINUED)

				Timing of revenue recognition		
	Segment revenue USD	Inter-segment revenue USD	Revenue from contracts with external customers USD	At a point in time USD	Over time USD	Total USD
For the year ended 31 December 2021 (continued)						
Other Services:						
- Republic of Mauritius	59,547	-	59,547	-	59,547	59,547
- Madagascar	5,435,300	(2,509,719)	2,925,581	-	2,925,581	2,925,581
- Togolese Republic	-	-	-	-	-	-
Trademark and licence fees:						
- Republic of Mauritius	8,484,482	(7,214,918)	1,269,564	-	1,269,564	1,269,564
- Madagascar	295,150	-	295,150	33,986	261,164	295,150
- Togolese Republic	-	-	-	-	-	-
Management fees-Subsidiaries:						
- Republic of Mauritius	13,596,550	(12,112,379)	1,484,171	-	1,484,171	1,484,171
- Madagascar	212,311	-	212,311	-	212,311	212,311
- Togolese Republic	-	-	-	-	-	-
Other revenue:						
- Republic of Mauritius	45,533,518	(38,497,431)	7,036,087	-	7,036,087	7,036,087
- Madagascar	13,536,605	(10,309,463)	3,227,142	-	3,227,142	3,227,142
- Togolese Republic	6,604	-	6,604	-	6,604	6,604
	679,007,689	(183,313,003)	495,694,686	30,202,961	465,491,725	495,694,686