

**AXIAN TELECOM**

# **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD AND YEAR ENDED  
DECEMBER 31, 2022**



**LET'S GROW TOGETHER**

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

## CORPORATE INFORMATION

<b>COMPANY REGISTRATION No.</b>	C46569 C1/GBL		
		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	Mr. Hassanein Shahreza Hiridjee	June 21, 2003	-
	Mr. Ahmud Ismael Parwiz Jugoo	April 30, 2018	-
	Mrs. Anja Blumert	August 15, 2020	-
	Mr. Afsar Azize Abdulla Ebrahim	November 16, 2020	-
	Mr. Michael Jimmy Wong Yuen Tien	December 1, 2021	-
	Mrs. Badiene Seynabou Ba	November 28, 2022	-
<b>ADMINISTRATOR &amp; SECRETARY</b> <i>(as from 01 December 2021)</i>	DTOS Ltd 10 <sup>th</sup> Floor Standard Chartered Tower 19 Cybercity Ebène Republic of Mauritius		
<b>REGISTERED OFFICE</b> <i>(as from 01 December 2021)</i>	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		
<b>INVESTOR RELATIONS CONTACT</b>	<a href="mailto:investorrelations@axian-telecom.com">investorrelations@axian-telecom.com</a>		

AXIAN TELECOM  
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**CONTENTS**

CORPORATE INFORMATION .....	1
DISCLAIMER .....	3
GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION .....	4
OPERATING AND FINANCIAL REVIEW .....	8
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS .....	18
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME .....	19
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	20
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	22
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW .....	24
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	25
1. GENERAL INFORMATION .....	25
2. BASIS OF PREPARATION AND ACCOUNTING POLICIES .....	25
3. REVENUE .....	26
4. OTHER INCOME AND EXPENSES .....	26
5. OPERATING COSTS .....	27
6. FINANCE INCOME AND EXPENSE .....	29
7. INCOME TAX .....	29
8. PROPERTY, PLANT AND EQUIPMENT .....	31
9. INTANGIBLE ASSETS .....	33
10. INTEREST IN JOINT VENTURES AND ASSOCIATES .....	35
11. RIGHT OF USE ASSETS AND LIABILITIES .....	36
12. CASH AND CASH EQUIVALENTS .....	37
13. TRADE AND OTHER PAYABLES .....	37
14. BORROWINGS .....	38
15. CASH FLOW FROM OPERATING ACTIVITIES .....	41
16. NON-IFRS MEASURES .....	42
17. SEGMENTAL REPORTING .....	42
18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS .....	47
19. SUBSEQUENT EVENTS .....	50
PRO FORMA AND COMBINED FINANCIAL INFORMATION .....	52
DEFINITIONS .....	56

**AXIAN TELECOM****UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022****DISCLAIMER****Forward-looking statements**

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

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

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

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

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

**Non-IFRS financial measures**

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

These include EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin (each as defined on page 56). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

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



## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

#### GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION

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

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

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

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

#### Basis of preparation

These unaudited condensed consolidated financial statements do not constitute statutory accounts, and thus do not fully comply with International Financial Reporting Standards (“IFRS”), specifically, they do not comply with IFRS 34 “*Interim Financial Reporting*”. The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group’s audited financial statements for the year ended December 31, 2022.

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

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

On April 16, 2021, the Group entered into a share purchase agreement to acquire 98.5% of the issued and outstanding shares of MIC Tanzania Public Limited Company (“MIC Tanzania”), a public limited company incorporated under the laws of Tanzania, registered under company number 24275 (the “Acquisition”). The Acquisition completed on April 5, 2022, and the impact thereof is described in more detail in note 18. These financial statements include the results of the operations of MIC Tanzania from the date of acquisition, and the statement of financial position of MIC Tanzania as at December 31, 2022; both incorporated into the consolidated numbers. These financial statements do not include the results of the operations of MIC Tanzania on a pro forma basis prior to the acquisition. We separately present the statements of profit or loss and the statements of other comprehensive income on a combined basis, as if the Acquisition had occurred as at the beginning of the earliest comparative period; in this case January 1, 2021. The pro forma adjustments made to the consolidated data and the resulting pro forma numbers are described in more detail and disclosed on pages 52 to 55 of these financial statements.

# AXIAN TELECOM

## UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

### GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Restatement of previously reported subscriber and user numbers

During Q3'2022 we carried out an exercise to review reported subscriber and user numbers, specifically to ensure that reported numbers align to our definitions per the Notes. As part of the exercise we have identified some differences in our previously reported numbers, resulting from the following material impacts:

- The definition of Active data users calculates active users based on subscribers which were active in the last 30 days (RGS 30). Some subsidiaries had calculated Active data users based on RGS 90 (which is what we use for our RGS definition), thus overstating the number of Active data users,
- The definition of Active data users requires that we assess active users who have used a minimum of 5MB of data during the measurement period (last 30 days). Some subsidiaries were applying lower data usage thresholds in this regard which resulted in the inclusion of users which did not meet the 5MB threshold and thus overstated the number of Active data users,
- The definition of Active MFS users calculates active users based on subscribers which were active in the last 30 days (RGS 30). Some subsidiaries had calculated Active MFS users based on the number of subscribers which were active in the last 60 days (RGS 60), thus overstating the number of Active MFS users.

The following aggregate impacts were noted in respect of previously reported user numbers. The numbers below are presented on a combined basis; including MIC Tanzania.

	As at September 30, 2021 Units'000	As at December 31, 2021 Units'000	As at March 31, 2022 Units'000	As at June 30, 2022 Units'000
<b>Revenue generating subscribers ("RGS")</b>				
As previously reported	26,576	27,059	27,813	28,268
Difference resulting from definitions	-	21	20	-
<b>As restated</b>	<b>26,576</b>	<b>27,080</b>	<b>27,833</b>	<b>28,268</b>
<b>Active data users</b>				
As previously reported	10,428	11,296	10,851	10,792
Difference resulting from definitions	(4,295)	(4,658)	(4,483)	(4,208)
<b>As restated</b>	<b>6,133</b>	<b>6,638</b>	<b>6,368</b>	<b>6,584</b>
<b>Active MFS users</b>				
As previously reported	9,781	10,575	10,821	11,209
Difference resulting from definitions	(1,438)	(1,748)	(1,865)	(1,742)
<b>As restated</b>	<b>8,343</b>	<b>8,827</b>	<b>8,956</b>	<b>9,467</b>

The above restatement does not impact previously reported financial numbers.

#### Change in accounting treatment of excise duty on revenue

During the current quarter we carried out an exercise to review our accounting treatment with regards to excise duties on our mobile revenues in our Madagascar operations. Our Madagascar operations are charged an excise duty of 8% on the value of mobile services they provide to their customers. The operation may recover this cost by increasing the prices it charges to customers or it may charge their customers the same amount and absorb the cost of the excise duty. 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.

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION (CONTINUED)**
**Change in accounting treatment of excise duty on revenue (continued)**

The review of our accounting treatment focused on an assessment of whether our Madagascar operations are considered as an agent (collecting an amount of excise duty and remitting the same to regulatory authorities in the same way as value added taxes), or whether they are considered as a principal in the excise duty transaction. We concluded that our 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, our Madagascar entity must recognize revenue at the full amount of proceeds under the transaction, and recognize a separate cost for the excise duty which it is charged by regulatory authorities. In previous periods, this excise duty was recognized as part of revenue (by decreasing the amount of revenue recognized), as if our Madagascar operation was considered as an agent with respect to the excise duty.

Our numbers for the year ended December 31, 2021 have been restated in the Group's audited financial statements for the year ended December 31, 2022, and have been adjusted in these financial statements for the three month period and year ended December 31, 2021.

The following non-cash quarterly impacts were noted in respect of numbers previously reported in our quarterly financial statements. The numbers below are presented on a consolidated basis; excluding MIC Tanzania.

	<b>For the 3 month period ended</b>			
	<b>March 31,</b>	<b>June 30,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Revenue as previously reported	112,167,559	118,166,597	126,122,071	129,403,056
Excise duty	2,175,997	2,280,481	2,752,273	2,626,651
<b>Revenue as restated</b>	<b>114,343,556</b>	<b>120,447,078</b>	<b>128,874,344</b>	<b>132,029,707</b>
Adjusted EBITDA margin as previously reported	49.8%	54.8%	55.3%	48.2%
Adjusted EBITDA margin as restated	48.8%	53.8%	54.1%	47.3%

	<b>For the 3 month period ended</b>		
	<b>March 31,</b>	<b>June 30,</b>	<b>September 30,</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Revenue as previously reported	127,609,934	220,399,112	230,420,713
Excise duty	2,588,332	2,809,469	3,049,371
<b>Revenue as restated</b>	<b>130,198,266</b>	<b>223,208,581</b>	<b>233,470,084</b>
Adjusted EBITDA margin as previously reported	54.5%	41.1%	46.5%
Adjusted EBITDA margin as restated	53.4%	40.6%	45.9%

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION (CONTINUED)**
**Completion of the purchase price allocation for the acquisition of MIC Tanzania**

During the quarter ended December 31, 2022 we completed the purchase price allocation accounting in respect of our acquisition of MIC Tanzania. As per the requirements of IFRS 3 (*Business combinations*), we have fair valued the identifiable assets and liabilities of MIC Tanzania and its subsidiaries on the date of the acquisition and recognized an amount of goodwill representing the difference between the fair value of consideration paid and the fair value of the net assets of MIC Tanzania and its subsidiaries. Refer to note 18 for the resulting figures.

As part of the fair IFRS 3 exercise, we have:

1. Identified intangible assets not previously recognized by MIC Tanzania and its subsidiaries, such as customer related and brand related intangible assets,
2. Reflected upward or downward fair valuation impacts in respect of the carrying value of property plant and equipment, and
3. Aligned the accounting policies of MIC Tanzania and its subsidiaries to that of the Group, with the impact on the accounting for leases under IFRS 16 (Leases) being particularly significant.

<b>Gross value of IFRS 3 fair valuation and accounting policy alignment impacts</b>	<b>At April 5, 2022 USD</b>
Fair value decrease in the value of property plant, and equipment	(40,965,093)
Recognition of customer related intangible assets	49,040,544
Recognition of brand intangible assets	16,048,894
Increase in IFRS 16 right-of-use assets*	196,699,984
<b>Gross asset impact</b>	<b>220,824,329</b>
Increase in IFRS 16 lease liabilities*	168,228,925
Increase in deferred tax liability	20,935,456
Increase in provisions	1,353,985
<b>Gross liability impact</b>	<b>190,518,366</b>

\*These increases include the aggregate impact of alignment of accounting policies and the IFRS 3 fair valuation.

The above adjustments resulted in additional amortization of intangible assets, an aggregate decrease in the depreciation of property, plant and equipment, an increase in the amortization of right-of-use assets, and an increase in interest expense in respect of lease liabilities. The aggregate impact of these items for the period April 5, 2022 to December 31, 2022 is presented in these financial statements as results pertaining to the quarter ended December 31, 2022. We have not restated prior quarters as if the IFRS 3 exercise had been completed in an earlier quarter.

In order to aid users of these financial statements in understanding how this treatment impacts the Q4'2022 results, we present the impacts of the IFRS 3 exercise and changes in accounting policy, disaggregated by previously reported quarters, in the table below.

<b>Additional expenses/(credits) resulting from the IFRS 3 and accounting policy alignment exercise</b>	<b>For the 3 month period ended</b>	
	<b>June 30, 2022 USD</b>	<b>September 30, 2022 USD</b>
Depreciation of property, plant and equipment	(3,252,373)	(3,277,496)
Amortization of intangible assets	3,625,471	3,653,476
Amortization of right-of-use assets	2,209,817	2,205,446
Interest on lease liabilities	7,660,783	7,722,335
Movement in deferred tax	3,502,204	474,759
<b>Net additional expenses</b>	<b>13,745,902</b>	<b>10,778,520</b>



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

## OPERATING AND FINANCIAL REVIEW

### Highlights for the quarter and year to date

	3 month period ended		Year ended	
	December 31, 2022 USD	December 31, 2021 USD	December 31, 2022 USD	December 31, 2021 USD
Revenue	240,638,397	132,029,707	827,515,328	495,694,686
Operating profit	52,699,737	28,532,014	201,753,364	140,129,852
Adjusted EBITDA*	108,328,260	62,420,135	375,570,011	252,758,019
Adjusted EBITDA Margin*	45.0%	47.3%	45.4%	51.0%

  

	As at December 31, 2022 Units'000	As at December 31, 2021 Units'000
Revenue generating subscribers ("RGS") <sup>φ</sup>	30,334	12,603
Active data users	6,826	3,348
Active MFS users	10,287	3,042
Owned Towers	3,304	2,880
Shared Towers	1,969	1,634
Tenants on Shared Towers	2,470	1,896
Tenancy Ratio	1.25	1.16

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

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

### Operating results and market data

#### Revenue generating subscribers and other operational key performance indicators

Revenue generating subscribers and other operational key performance indicators are discussed here on the basis of restated numbers. Refer to page 5 for a description of the restatements and the combined values of restated numbers. The discussion below references the consolidated numbers in respect of these indicators.

Revenue generating subscribers increased by 17.7 million during the year ended December 31, 2022, resulting in 30.3 million RGS as at December 31, 2022. Active data users and Active MFS users increased by 3.5 million and 7.3 million respectively, during the year ended December 31, 2022, resulting in to 6.8 million Active data users, and 10.3 million Active MFS users respectively, as at December 31, 2022.

The Acquisition of MIC Tanzania resulted in the addition 14.9 million RGS, 3.1 million Active data users, and 5.9 million Active MFS users as at the date of acquisition.

The increases for the year ended December 31, 2022, excluding the impact of the MIC Tanzania acquisition, are 2.8 million RGS, 0.4 million Active data users, and 1.4 million Active MFS users. These increases are primarily driven by our operations in Madagascar which saw increases of 1.9 million RGS, 0.2 million Active data users, and 0.4 million Active MFS users during the year ended December 31, 2022.

## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### *Revenue generating subscribers and other operational key performance indicators (continued)*

The increase in the number of Active data users in Madagascar for the year ended December 31, 2022, includes the unfavorable impact of pricing changes to our low value data offers in Q1 2022, which resulted in the loss of 0.6 million Active data users with low average data revenue per user.

MIC Tanzania also saw increases in RGS and Active MFS users of 0.7 million and 0.5 million respectively between the date of acquisition and December 31, 2022.

The number of Active data users in Tanzania has increased by 0.1 million (or 3.2%) since the acquisition, despite a one-off loss of users during the year due to pricing floors introduced by the regulator which has led to some users deactivating data. The introduction of the price floor has however resulted in an increase in our data revenues in Tanzania since the acquisition, despite the decrease in the number of users.

##### *Revenue*

Revenue numbers discussed below are quoted on the basis of restated numbers. Refer to pages 5 and 6 for a description of the restatements and the values of restated numbers.

Revenue for the three month period ended December 31, 2022 increased year-on-year by \$108.6 million or 82.3%, to \$240.6 million in Q4 2022 compared to \$132.0 million in Q4 2021. Included in this year-on-year increase is an amount of \$99.2 million from MIC Tanzania. The remaining year-on-year increase of \$9.4 million (or 7.1%) is comprised of an increase in revenue related to our operations in Madagascar, Uganda and our other smaller operations, which increased by \$9.8 million, \$1.9 million, and by an aggregate of \$2.3 million year-on-year respectively. Revenue in our Uganda operations for the three month period ended December 31, 2022, is all related to our infrastructure segment while year-on-year growth in our Other smaller operations is also primarily related to our infrastructure segment.

The year-on-year increase in revenue in Madagascar is primarily comprised of an increase in the Mobile and fixed-line communications segment of \$6.2 million, primarily driven by the increase in RGS and Active data users, and an increase in revenue from our mobile financial services of \$2.1 million, primarily driven by increased activity and the increase in Active MFS users. Revenue in our Infrastructure segment in Madagascar also increased by \$1.6 million year-on-year for the quarter ended December 31, 2022. The aggregate year-on-year revenue growth in our Madagascar operations for Q4 2022, includes negative translation impacts of \$9.9 million (or 13.2%), owing to the year-on-year strengthening of the US Dollar.

The aggregate year-on-year increases in Madagascar, Uganda, and our other smaller operations for the three month period ended December 31, 2022 are partially offset by a year-on-year decrease in revenue in our Togo operation, as expressed in US Dollars, which has decreased year-on-year by \$4.6 million. This is primarily driven by translation impacts which decreased revenue in USD terms by \$8.3 million (or 14.8%) year-on-year.

Revenue for the year ended December 31, 2022 increased year-on-year by \$331.8 million or 66.9%, to \$827.5 million in the year ended December 31, 2022 compared to \$495.7 million in the year ended December 31, 2021. Included in this year-on-year increase is an amount of \$286.2 million from MIC Tanzania. The remaining year-on-year increase of \$45.6 million represents a year-on-year increase of 9.2%, and is primarily comprised of an increase in revenue related to our operations in Madagascar and Uganda which increased by \$67.7 million and \$6.2 million year-on-year respectively.

The year-on-year increase in revenue in Madagascar is comprised primarily of increases in our fixed line and telecommunications segment of \$24.5 million, primarily driven by the increase in RGS and Active data users, and an increase in revenue from our mobile financial services of \$40.0 million, primarily driven by the acquisition of Axian Financial Services Ltd, which has also seen an increase in Active MFS users since the acquisition. Revenue in our Infrastructure segment in Madagascar also increased by \$3.2 million year-on-year for the year ended December 31, 2022. This aggregate year-on-year revenue growth in our Madagascar operations for the year ended December 31, 2022, includes negative translation impacts of \$17.8 million (or 8.1%), owing to the year-on-year strengthening of the US Dollar.

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**OPERATING AND FINANCIAL REVIEW (CONTINUED)**
*Revenue (continued)*

The net year-on-year increases in revenue for year ended December 31, 2022 are also partially offset year-on-year decrease in revenue in our Other segment of \$9.0 million, mainly related to management fees previously charged to companies which are now within the scope of the Group, thus resulting in the elimination and decrease of such revenue in the current year period. Revenue from our Togo operation, as expressed in USD, has also decreased year-on-year by \$21.7 million for the same period. This is primarily driven by translation impacts which decreased USD revenue by \$29.4 million (or 11.2%) year-on-year.

Revenue by segment is presented below:

For the three month period ended:

	<b>December 31, 2022 USD</b>	December 31, 2021 USD	Movement USD	Movement%
Mobile and fixed-line communications	<b>185,793,127</b>	114,088,082	71,705,045	62.9%
Infrastructure	<b>9,456,272</b>	4,169,450	5,286,822	126.8%
Digital and mobile financial services	<b>45,249,902</b>	14,099,427	31,150,475	220.9%
Other	<b>139,096</b>	(327,252)	466,348	n.m
	<b>240,638,397</b>	<b>132,029,707</b>	<b>108,608,690</b>	<b>82.3%</b>

For the year ended:

	<b>December 31, 2022 USD</b>	December 31, 2021 USD	Movement USD	Movement%
Mobile and fixed-line communications	<b>661,598,509</b>	452,864,848	208,733,661	46.1%
Infrastructure	<b>25,408,378</b>	13,649,222	11,759,156	86.2%
Digital and mobile financial services	<b>139,687,904</b>	19,390,794	120,297,110	620.4%
Other	<b>820,537</b>	9,789,822	(8,969,285)	(91.6)%
	<b>827,515,328</b>	<b>495,694,686</b>	<b>331,820,642</b>	<b>66.9%</b>

## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### *Operating costs*

Operating costs discussed below are quoted on the basis of restated numbers. Refer to pages 5 and 6 for a description of the restatements and the values of restated numbers.

Operating costs for the three month period ended December 31, 2022 increased year-on-year by \$66.2 million, to \$194.1 million in Q4 2022 compared to \$127.9 million in Q4 2021, and include an amount of \$83.4 million in operating costs from MIC Tanzania. The year-on-year decrease of \$17.2 million (or 13.4%), excluding MIC Tanzania, is primarily comprised of an aggregate year-on-year decrease in the write-off of financial assets and net impairment losses on financial and contract assets of \$17.6 million, year-on-year decreases in the cost of interconnection and roaming and commissions to sales agents of \$1.2 million and \$1.9 million respectively, a year-on-year decrease in other operating costs of \$7.4 million, a year-on-year decrease in aggregate depreciation and amortization of \$2.7 million, and a favorable valuation impact related to our share investments of \$2.8 million. This year-on-year aggregate decrease is partially offset by year-on-year increases in government and regulatory costs of \$1.5 million, advertising and distribution costs of \$2.2 million, technology operation costs of \$2.2 million, staff costs of \$7.8 million, and impairment of non-financial assets of \$3.1 million.

Operating costs for the year ended December 31, 2022 increased year-on-year by \$252.3 million or 64.9%, to \$641.3 million for the year ended December 31, 2022, (which includes an amount of \$242.4 million from MIC Tanzania) compared to \$389.0 million for the year ended December 31, 2021. The year-on-year increase of \$9.9 million (or 2.5%), excluding MIC Tanzania, is primarily comprised of increases in cost of devices and equipment of \$5.3 million, commission costs paid to sales agents of \$10.1 million, staff costs of \$12.5 million, aggregate depreciation and amortization of \$2.8 million, government and regulatory costs of \$1.8 million, and an increase in advertising and distribution costs of \$3.1 million. This aggregate year-on-year increase in costs is partially offset by year-on-year decreases in costs of interconnection and roaming of \$3.9 million, net impairment of financial assets of \$1.0 million, professional fees of \$2.0 million, other operating expenses of \$2.6 million, write-off of financial assets of \$14.4 million, and a favorable valuation impact related to our share investments of \$2.8 million.

Excluding MIC Tanzania, the year-on-year increases for the year ended December 31, 2022 in respect of cost of devices and equipment, and commissions paid to sales agents are primarily related to increased sales of more expensive mobile devices, prepaid cards, and accessories (some which are part-subsidized by the Group), and increased revenue for the period which attracts higher commission. The increase in commission paid to sales agents is also partly driven by the mix of revenue following the acquisition of Axian Financial Services Ltd, with mobile financial services revenue attracting a higher rate of commission and thus increasing the overall commission as a percentage of revenue.

Excluding MIC Tanzania, the year-on-year increase for the three month period and year ended December 31, 2022 in respect of staff costs is primarily driven by the consolidation of companies acquired part-way through the prior year comparative period, and a general increase in staff numbers and welfare benefits, such as medical insurance.

Excluding MIC Tanzania, the year-on-year decrease in the impairment of financial and contract assets for the three month period ended December 31, 2022, mainly result from the reversal of provisions for a few specific customers who have agreed payment plans during the quarter whose balances are now expected to be recoverable. The year-on-year decrease includes the impact of credit loss provisions in respect of nanoloan customers which have increased year-on-year for the three month period and year ended December 31, 2022, as the value of nanoloans granted has increased year-on-year.

Excluding MIC Tanzania, the year-on-year increase for the year ended December 31, 2022 in respect of depreciation and amortization is primarily due to an increase in the cost base of property, plant, and equipment, following recent network improvements, and an increase in the value of right-of-use assets resulting from the deployment of more towers in our tower operations, which are located on leased land.

## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### *Operating costs (continued)*

Excluding MIC Tanzania, the year-on-year decrease for the three month period ended December 31, 2022 in respect of other operating expenses of \$7.4 million is primarily related to decreases in provisions for litigations of \$3.1 million, a decrease in reversals of debt waivers of \$2.0 million representing one-off transactions in the prior year comparative period, aggregate decreases in bank charges, utilities and administrative costs of \$2.2 million, a year-on-year decrease of \$0.8 million related to penalties, primarily incurred by our operations in Togo, and a decrease in expenses in respect of short-term rentals of \$2.1 million; where such rentals have been cancelled or extended such that they are now accounted for under IFRS 16. This aggregate year-on-year decrease in Q4 2022 is partially offset by an aggregate year-on-year increase of \$1.3 million in general cost provision and other costs.

Excluding MIC Tanzania, the year-on-year decrease for the year ended December 31, 2022 in respect of other operating expenses of \$2.6 million, is primarily related to a decreases in provisions for litigations of \$3.8 million, a decrease in reversals of debt waivers of \$2.0 million representing one-off transactions in the prior year comparative period, aggregate decreases in bank charges, utilities and administrative costs of \$1.0 million, and a decrease in expenses in respect of short-term rentals of \$3.0 million; where such rentals have been cancelled or extended such that they are now accounted for under IFRS 16. The aggregate year-on-year decrease is partially offset by an aggregate year-on-year increase of \$3.0 million in general cost provision and other costs and an increase of \$2.4 million related to penalties, primarily incurred by our operations in Togo. These penalties have primarily been incurred by our operation in Togo for failure to comply with the obligation of permanent, continuous and regular availability in the supply of electronic communication services.

Government regulatory costs, excluding MIC Tanzania, increased by \$1.5 million and \$1.8 million, for the three month period and year ended December 31, 2022, respectively. This is primarily as a result of the increase in excise duties on mobile revenues and other operator fees (driven by year-on-year increases in mobile revenues), partially offset by a year-on-year decrease in frequency fees. The year-on-year increase in government regulatory cost is not commensurate with the year-on-year increases on our revenue due to changes in our revenue mix; as year-on-year increases in revenue relate to operations which attract lower levies.

Technology operation costs, excluding MIC Tanzania, increased by \$2.2 million for the three month period ended December 31, 2022, and by \$0.1 million for the year ended December 31, 2022, primarily driven by increases in site energy costs which increased by \$3.5 million and \$6.3 million in the three month period and year ended December 31, 2022, respectively, and by year-on-year increases in costs related to content and value added services, and short term site and technical asset rentals. The aggregate year-on-year increases for the three month period and year ended December 31, 2022 are partially offset by year-on-year decreases in aggregate costs related to repairs and maintenance of sites and the network, and transmission and bandwidth charges which decreased year-on-year by an aggregate of \$3.5 million and \$8.0 million for the three month period and year ended December 31, 2022 respectively, largely owing to the ongoing network modernization program.

The year-on-year decrease in respect of non-technical professional fees, excluding MIC, for the year ended December 31, 2022 relates primarily to trademark and professional fees incurred in the prior period, from companies which are consolidated within the Group in the current period. Professional fees for the year ended December 31, 2022 also include professional fees related to the MIC Acquisition.

Operating costs of MIC Tanzania which are included in the consolidated numbers of the Group amount to \$83.4 million and \$242.4 million for the three month period and year ended December 31, 2022 respectively. Operating costs for MIC Tanzania for the three month period ended December 31, 2022 include costs of interconnection and roaming of \$4.3 million, government and regulatory costs of \$5.4 million, commissions to sales agents of \$23.3 million, technology operational costs of \$9.4 million, staff costs of \$6.0 million, depreciation and amortization of \$22.5 million, and other operating expenses of \$8.4 million.



## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### *Operating costs (continued)*

Operating costs of MIC Tanzania for the year ended December 31, 2022 include costs of devices and equipment of \$3.4 million, interconnection and roaming costs of \$12.6 million, government and regulatory costs of \$15.9 million, aggregate commissions to sales agents and advertising and distribution costs of \$77.2 million, technology operational costs of \$25.5 million, staff costs of \$19.1 million, depreciation and amortization of \$63.4 million, and other operating expenses of \$20.0 million.

##### *Other operating income, and non-operating income and expenses*

Other operating income was \$6.1 million and \$15.6 million for the three month period and year ended December 31, 2022 respectively, compared to \$24.4 million and \$33.4 million for the three month period and year ended December 31, 2021 respectively. The year-on-year decrease for Q4 and the year ended December 31, 2022 relates primarily to one-off balance waivers of \$15.3 million received from related parties in Q4 2021, which were not repeated in the current year.

Non-operating income amounts to \$1.3 million and \$1.8 million for the three month period and year ended December 31, 2022, compared to nil in the prior year comparative periods. The year-on year increases relate to the release of deferred profits on the sale of property, plant and equipment as a result of MIC Tanzania's sale and leaseback of their towers in 2010 and to one-off gains on lease modifications and terminations in Tanzania in the current year.

Non-operating expenses decreased by \$15.2 million and \$9.3 million year-on-year for the three month period and year ended December 31, 2022, respectively. The year-on year decreases relate primarily to lower write-offs of related party loans and interest receivable during the current year, following a net settlement clean-up exercise in the prior year which was not repeated to the same extent in the current year.

##### *Net finance costs*

Our net finance cost was \$23.8 million in the three month period ended December 31, 2022, compared to \$11.0 million in the three month period ended December 31, 2021; a year-on-year increase of \$12.8 million. This increase includes \$15.9 million in net finance costs for the period from MIC Tanzania, which, if excluded, results in a year-on-year decrease in net finance costs of \$3.1 million.

This year-on-year decrease in net finance costs for Q4 2022 of \$3.1 million, excluding MIC, is primarily driven by a net gain on the fair valuation of derivatives of \$14.0 million in the current year period, compared to nil in the prior year comparative period. We also had a year on year increases of \$0.8 million in respect of interest income on deposits, a year-on-year decrease in interest on decommissioning provisions of \$2.3 million, and an aggregate year-on-year decrease of \$3.7 million in respect of interest on bank loans, overdrafts, leases and other borrowings.

This aggregate year-on-year decrease in net finance costs for the three month period ended December 31, 2022 is partially offset by net foreign exchange losses which were \$6.8 million higher in the current year, mainly as a result of US dollar denominated debt and creditors. The Group also had a year-on-year increase of \$2.8 million in net other finance costs, and an aggregate year-on-year increase in interest expense on listed bonds of \$8.2 million as a result of the issue of the Notes.

Our net finance cost was \$97.6 million in the year ended December 31, 2022, compared to \$32.7 million in the year ended December 31, 2021; a year-on-year increase of \$64.9 million. This increase includes \$37.1 million in net finance costs for the period from MIC Tanzania, which, if excluded, results in a year-on-year increase in net finance costs of \$27.8 million.

## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### *Net finance costs (continued)*

The year-on-year increase in net finance costs, excluding MIC Tanzania, is primarily driven by an aggregate year-on-year increase in interest expense on bank loans, listed bonds and related party loans of \$28.2 million (primarily as a result of the issue of the Notes), a year-on-year increase of \$12.8 million in net foreign exchange losses, a year-on-year increase of \$5.5 million in net other finance costs, a year-on-year increase of \$1.0 million in respect of interest on IFRS 16 liabilities. The aggregate year-on-year increase in net finance costs for the year ended December 31, 2022 is partially offset by a year-on-year increase of \$12.0 million in respect of gains on the valuation of embedded derivatives, a year on year increase of \$4.4 million in respect of interest income on deposits, and a year-on-year decrease in interest on decommissioning provisions of \$3.2 million.

The net finance cost of MIC Tanzania of \$15.9 million for Q4 2022 is primarily comprised of interest of \$19.5 million in respect of lease liabilities (including the catch-up impacts as described on page 7), partially offset by net foreign exchange gains of \$3.3 million and interest income on deposits of \$0.2 million. The net finance cost of MIC Tanzania of \$37.1 million for the year ended December 31, 2022 is primarily comprised of interest of \$36.6 million in respect of lease liabilities (including the catch-up impacts as described on page 7), and other finance expenses of \$2.5 million, partially offset by net foreign exchange gains of \$1.6 million, and interest income on deposits of \$0.6 million.

### *Share of profit in joint ventures and associates*

Our share of profit in joint ventures and associates increased year-on-year by \$51.9 million for the three month period ended December 31, 2022, from a loss of \$48.3 million in the quarter ended December 31, 2021 to a profit of \$3.6 million in the current year quarter. Our share of profit in joint ventures and associates decreased year-on-year by \$8.0 million for the year ended December 31, 2022.

The year-on-year increase for the three month period ended December 31, 2022 mainly results from decreases in losses in Maya Africa Holding Ltd, as a result of reversals of profits on the sale of towers, in our Senegal operations in Q4 2021 which resulted in a loss of \$52.4 million in that entity in the prior year comparative period, and which were not repeated in Q4 2022.

The year-on-year decrease for the year ended December 31, 2022 mainly results from decreases in profits in Telecom Reunion Mayotte of \$24.4 million as a result of profits on the sale of towers in that entity which occurred in the prior year and were not repeated in the current year. The year-on-year decrease in profits from Telecom Reunion Mayotte is partially offset by a year-on-year increase of \$3.4 million in profits from BNI Madagascar, and a year-on-year decrease in losses from Maya Africa Holding Ltd of \$14.0 million, with the recognition of losses limited to nil in the current year for Maya Africa Holding Ltd, as the carrying value of the investment is already at \$1 at the end of December 2022.

### *Income tax*

Income tax credits increased by \$4.1 million year-on-year for the three month period ended December 31, 2022, including the impact of a net tax credits of \$6.9 million in respect of MIC Tanzania. The year-on-year increase in tax expense of \$2.8 million, excluding MIC Tanzania, is primarily due to a year-on-year increase in deferred tax expense and actual income tax expense, of \$2.8 million and \$0.7 million respectively, partially offset by a year-on-year decrease of \$0.8 million in withholding taxes for the period. The increase in deferred tax expense is primarily due to the utilization of unrecognized deferred tax assets in the prior period which resulted in a lower deferred tax expense in that period.

Income tax expense increased by \$3.0 million year-on-year for the year ended December 31, 2022, which includes a tax credit amount of \$5.0 million in respect of MIC Tanzania. The increase of \$8.0 million, excluding MIC Tanzania, is primarily due to a year-on-year increase of \$4.3 million in actual income tax, as a result of higher profits and less assessed losses which are available to be utilized in the current period, and from year-on-year increases of \$3.4 million and \$0.3 million in respect of deferred taxes and withholding taxes, respectively.

## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### *Income tax (continued)*

The withholding tax expense is primarily related to infrastructure revenue contracts in Silver Links Limited which are subject to withholding taxes when customers pay. Such withholding taxes are not set off against future tax liabilities and are thus recognized as a tax expense in the period in which they are withheld.

##### *Profit for the period*

Our profit for the period increased by \$84.0 million year-on-year in the three month period ended December 31, 2022, to a profit of \$37.7 million in the three month period ended December 31, 2022 (including a loss of \$6.3 million in respect of MIC Tanzania), compared to a loss of \$46.3 million in the three month period ended December 31, 2021. The year-on-year increase, excluding MIC Tanzania, is \$90.3 million and is driven by a year-on-year increase in share of profits from associates and joint ventures of \$51.9 million, a year-on-year net decrease in other non-operating income and expenses of \$16.2 million, a year-on-year increase of \$11.0 million in net tax credits, a year-on-year decrease in net finance costs of \$3.1 million, and a year-on-year increase of \$8.0 million in operating profit. The year-on-year increase in operating profits is comprised of a year on-year increase in revenue of \$9.4 million, a year-on-year decrease in operating costs of \$17.2 million, partially offset by a year-on-year decrease in other operating income of \$18.7 million.

Our profit for the period decreased by \$3.1 million year-on-year in the year ended December 31, 2022, to a profit of \$84.2 million in the year ended December 31, 2022 (including a loss of \$5.7 million in respect of MIC Tanzania), compared to a profit of \$87.3 million in the year ended December 31, 2021. The year-on-year increase, excluding MIC Tanzania, is \$2.6 million and is primarily driven by a year-on-year decrease in tax expense of \$2.0 million, a year on year decrease in other net non-operating income and expenses of \$10.3 million, and an increase in operating profit of \$16.8 million, partially offset by a year-on-year increase in net finance costs of \$18.5 million and a year-on-year decrease in share of profit in joint ventures and associates of \$8.0 million. The year-on-year increase in operating profits of \$16.8 million is comprised of a year on-year increase in revenue of \$45.6 million, a year-on-year decrease in operating costs of \$9.9 million, partially offset by a year-on-year decrease in other operating income of \$18.9 million.

##### *Adjusted EBITDA*

Our Adjusted EBITDA for the three month period ended December 31, 2022 increased year-on-year by \$45.9 million, to \$108.3 million in the three month period ended December 31, 2022 (including an amount of \$40.6 million in respect of MIC Tanzania), compared to \$62.4 million in the prior year comparative period. Year-on-year, excluding MIC Tanzania, Adjusted EBITDA increased by \$5.3 million, primarily as a result of increased revenues, partially offset by an increase in operating costs, excluding non-cash operating costs such as depreciation and amortization.

Our Adjusted EBITDA for the year ended December 31, 2022 increased year-on-year by \$122.8 million, to \$375.6 million in the year ended December 31, 2022 (including an amount of \$110.7 million in respect of MIC Tanzania), compared to \$252.8 million in the prior year comparative period. Year-on-year, excluding MIC Tanzania, Adjusted EBITDA increased by \$12.1 million, primarily as a result of an increase in operating profits, excluding non-cash operating costs such as depreciation and amortization, and which includes the impact of costs incurred in respect of the MIC acquisition.

#### **Statements of Cash flow and liquidity**

The Group had cash and cash equivalents (net of bank overdrafts) of \$198.9 million as at December 31, 2022 (December 31, 2021: \$112.0 million), of which a total of \$132.8 million (December 31, 2021: \$52.9 million) was held in either USD or Euro.

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**OPERATING AND FINANCIAL REVIEW (CONTINUED)**
**Statements of Cash flow and liquidity (continued)**
*Net cash generated from operating activities*

Net cash generated from operating activities increased by \$96.3 million year-on-year for the three month period ended December 31, 2022 (including MIC Tanzania), primarily as a result of increased operating profits, resulting in a year-on-year increase of \$46.3 million in cash generated from operations before working capital changes, and a positive cash flow impact of \$73.5 million in respect of working capital which reflected a net cash inflow in the current year quarter of \$10.7 million compared to a net cash outflow of \$62.8 million in the prior year comparative period. Negative working capital movements in the prior year quarter are primarily related to the net settlement of amounts receivable from and payable to related parties, following acquisition of the subsidiaries in 2021. The positive cash impact of operating profits and working capital changes is partially offset by a year-on-year increase in aggregate interest paid of \$4.7 million, mainly related to increased lease balances and bank loans, and a year-on-year increase in tax paid of \$19.5 million, mainly as a result of advance payments of taxes which contribute to the \$9.8 million asset in respect of tax receivable as at December 31, 2022.

Net cash generated from operating activities increased by \$31.1 million year-on-year for the year ended December 31, 2022 (including MIC Tanzania), primarily as a result of increased operating profits, resulting in a year-on-year increase of \$121.0 million in cash generated from operations before working capital changes, partially offset by a year-on-year net negative cash flow impact of \$33.5 million in respect of working capital which reflected a net cash inflow in the year ended December 31, 2022 of \$9.2 million compared to a net cash inflow of \$42.7 million in the prior year comparative period. We also had a year-on-year increase in interest paid of \$38.6 million, mainly related to the Notes and to leases, and a year-on-year increase in taxes paid of \$22.8 million, as a result of increased taxable profits and advance payments of taxes which contribute to the \$9.8 million asset in respect of tax receivable as at December 31, 2022. The aggregate year-on-year increase in cash generated from operations also includes a year-on year increase in interest received of \$5.1 million.

*Net cash used in investing activities*

Net cash outflows used in investing activities increased by \$14.0 million year-on-year for the three month period ended December 31, 2022, primarily due to an increase in aggregate cash utilized in the purchase of property, plant and equipment and intangible assets of \$8.9 million, a year-on-year decrease in net cash inflows in respect of government grants of \$6.0 million, and a year-on-year decrease in repayments of loans from related parties of \$3.4 million. Aggregate year-on-year increases in cash outflows are partially offset by an increase in cash inflows from aggregate dividends received from associates, joint ventures and other equity investments of \$2.9 million, and net cash inflows from share buy-backs from joint ventures and equity investments of \$0.9 million.

Net cash outflows used in investing activities increased by \$206.0 million year-on-year for the year ended December 31, 2022, primarily due to an increase in cash outflows from the purchase of subsidiaries, net of cash acquired, of \$57.8 million (due to the acquisition of MIC Tanzania), a decrease in cash inflows from share buy-back transactions in our joint ventures of \$16.9 million, an increase in aggregate cash utilized in the purchase of property, plant and equipment and intangible assets of \$121.0 million, a year-on-year decrease in net cash inflows in respect of dividends received from joint ventures of \$2.4 million, a year-on-year decrease in cash inflows from loan repayments from related parties of \$4.7 million, and a year-on-year decrease of \$3.9 million in respect of cash inflows from grants received.

Year-on-year increases cash outflows from the purchase of property, plant and equipment are mainly as a result of our network improvement plans in Togo, Madagascar and Tanzania (including payments for new spectrum in Tanzania), as well as reflecting increased tower construction activity in Uganda, when compared to the prior year comparative periods.

## AXIAN TELECOM

## UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**OPERATING AND FINANCIAL REVIEW (CONTINUED)****Statements of Cash flow and liquidity (continued)***Net cash used in or generated from financing activities*

We had net cash outflows from financing activities of \$41.0 million in the three month period ended December 31, 2022, compared with net cash outflows of \$13.0 million in the prior year comparative period; a year on year net cash outflow impact of \$28.0 million. We had net cash inflows from financing activities of \$144.4 million in the year ended December 31, 2022, compared with net cash outflows of \$64.0 million in the prior year comparative period; a year on year net cash inflow impact of \$208.4 million.

The year-on-year increase in cash outflows for the three month period ended December 31, 2022 is primarily related to a year-on-year increase in cash outflows from the payment of lease liabilities of \$19.4 million (primarily representing site leases in our Tanzania operations and leases with annual payment frequencies), a year-on-year increase in cash outflows for dividends paid of \$5.2 million, a net negative cash flow impact from additional borrowings and repayment of borrowings of \$3.3 million.

The year-on-year net increase in cash inflows for the year ended December 31, 2022 is primarily driven by an aggregate increase in cash inflows from third party loans (net of repayments) of \$215.2 million, mainly representing cash received from the issue of the Notes, net of cash paid for the settlement of bank facilities in MIC Tanzania and Agou Holdings Limited. We also had a year-on-year decrease in cash outflows from dividends paid of \$22.8 million. This aggregate year-on-year net cash inflow for the year ended December 31, 2022 is partially offset by the payment of costs related to the issue of the Notes, amounting to \$11.5 million, and by a year-on-year increase of \$23.0 million for the payment of leases, primarily related to our operations in Tanzania.



**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**
**For the three month period and year ended December 31, 2022**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>
Revenue (Note 3)	<b>240,638,397</b>	132,029,707	<b>827,515,328</b>	495,694,686
Cost of devices and equipment (Note 5)	<b>(6,949,944)</b>	(5,572,603)	<b>(17,586,473)</b>	(8,880,757)
Cost of interconnection and roaming (Note 5)	<b>(7,832,652)</b>	(4,715,462)	<b>(27,049,175)</b>	(18,325,205)
Government and regulatory costs (Note 5)	<b>(14,357,831)</b>	(7,500,383)	<b>(50,130,980)</b>	(32,419,997)
Advertising and distribution costs (Note 5)	<b>(4,066,431)</b>	(548,267)	<b>(11,917,037)</b>	(3,821,861)
Commission to sales agents (Note 5)	<b>(36,544,594)</b>	(15,086,039)	<b>(120,607,162)</b>	(38,283,712)
Net reversals of impairment/(impairment) on financial and contract assets (Note 5)	<b>2,792,840</b>	1,577,542	<b>(1,907,867)</b>	(679,918)
Technology operation costs (Note 5)	<b>(23,244,037)</b>	(11,723,548)	<b>(68,862,094)</b>	(43,270,141)
Staff costs (Note 5)	<b>(29,562,760)</b>	(15,712,741)	<b>(83,925,466)</b>	(52,340,592)
Other operating expenses (Note 5)	<b>(17,347,741)</b>	(16,391,965)	<b>(61,392,475)</b>	(44,039,241)
Reversal of write-off/(write-off) of financial assets (Note 5)	<b>(3,522,597)</b>	(17,959,378)	<b>(3,522,597)</b>	(17,961,095)
Professional fees, non-technical (Note 5)	<b>(3,315,462)</b>	(4,305,008)	<b>(21,637,089)</b>	(20,629,007)
Depreciation and amortization (Note 5)	<b>(53,666,584)</b>	(33,801,306)	<b>(178,487,301)</b>	(112,299,491)
Reversal of impairment of non-financial assets (Note 5)	<b>881,948</b>	4,023,254	<b>3,017,500</b>	4,100,480
Other income (Note 4)	<b>6,130,968</b>	24,359,711	<b>15,580,035</b>	33,427,203
Net gain/(loss) on financial assets at fair value through profit or loss (Note 5)	<b>2,666,217</b>	(141,500)	<b>2,666,217</b>	(141,500)
<b>OPERATING PROFIT</b>	<b>52,699,737</b>	<b>28,532,014</b>	<b>201,753,364</b>	<b>140,129,852</b>
Finance income (Note 6)	<b>18,152,786</b>	11,612,772	<b>47,843,557</b>	24,907,305
Finance costs (Note 6)	<b>(41,996,714)</b>	(22,629,139)	<b>(145,480,371)</b>	(57,582,371)
Non-operating income (Note 4)	<b>1,304,706</b>	-	<b>1,823,707</b>	-
Non-operating expenses (Note 4)	<b>(434,531)</b>	(15,600,429)	<b>(6,309,388)</b>	(15,600,429)
Share of profit/(loss) in joint ventures and associates	<b>3,566,219</b>	(48,347,042)	<b>14,364,751</b>	22,442,120
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>33,292,203</b>	<b>(46,431,824)</b>	<b>113,995,620</b>	<b>114,296,477</b>
Income tax credit/(expense) (Note 7)	<b>4,307,068</b>	159,536	<b>(29,924,533)</b>	(26,880,856)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37,599,271</b>	<b>(46,272,288)</b>	<b>84,071,087</b>	<b>87,415,621</b>
<b>Profit/(loss) for the period attributable to:</b>				
- Owners of the Company	<b>30,643,584</b>	(57,082,584)	<b>57,883,845</b>	56,643,615
- Non-controlling interest	<b>6,955,687</b>	10,810,296	<b>26,187,242</b>	30,772,006
	<b>37,599,271</b>	<b>(46,272,288)</b>	<b>84,071,087</b>	<b>87,415,621</b>

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**
**For the three month and year ended December 31, 2022**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37,599,271</b>	<b>(46,272,288)</b>	<b>84,071,087</b>	<b>87,415,621</b>
<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>18,929,080</b>	2,411,427	<b>(12,976,848)</b>	(10,797,977)
Exchange differences on translation of foreign joint ventures	<b>1,125,829</b>	1,245,235	<b>(1,494,415)</b>	(1,908,364)
Share of other reserves of joint ventures	-	269,695	-	269,695
<b>Total items that may be reclassified to profit or loss, net of tax</b>	<b>20,054,909</b>	<b>3,926,357</b>	<b>(14,471,263)</b>	<b>(12,436,646)</b>
<i>Items that will not be reclassified to profit or loss</i>				
Net gain on equity instruments designated at fair value through other comprehensive income	<b>3,155,480</b>	-	<b>3,155,480</b>	-
Remeasurements of retirement benefit obligations	<b>19,139</b>	-	<b>19,139</b>	-
<b>Total Items not reclassified to profit or loss, net of tax</b>	<b>3,174,619</b>	<b>-</b>	<b>3,174,619</b>	<b>-</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>23,229,528</b>	<b>3,926,357</b>	<b>(11,296,644)</b>	<b>(12,436,646)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>60,828,799</b>	<b>(42,345,931)</b>	<b>72,774,443</b>	<b>74,978,975</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>				
- Owners of the Company	<b>52,348,276</b>	(52,789,316)	<b>48,771,875</b>	45,821,496
- Non - controlling interest	<b>8,480,523</b>	10,443,385	<b>24,002,568</b>	29,157,479
	<b>60,828,799</b>	<b>(42,345,931)</b>	<b>72,774,443</b>	<b>74,978,975</b>

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**As at December 31, 2022**

	<b>December 31, 2022 USD</b>	December 31, 2021 USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment (Note 8)	<b>670,042,389</b>	495,789,056
Intangible assets (Note 9)	<b>211,680,348</b>	86,968,628
Interests in joint ventures and associates (Note 10)	<b>61,522,220</b>	68,846,258
Deferred tax assets	<b>35,165,682</b>	36,514,957
Trade and other receivables	<b>35,138,045</b>	30,582,014
Deposits receivable	<b>2,168,923</b>	2,628,252
Loans receivable	<b>167,508</b>	-
Right-of-use assets (Note 11)	<b>392,172,617</b>	44,007,136
Goodwill	<b>196,215,765</b>	49,759,990
Financial assets at fair value through profit or loss	<b>9,912,153</b>	5,867,383
Financial assets at fair value through OCI	<b>18,590,788</b>	-
Embedded derivative assets	<b>6,422,975</b>	-
Treasury bonds	<b>1,803,607</b>	2,392,521
	<b>1,641,003,020</b>	<b>823,356,195</b>
<b>Current assets</b>		
Inventories	<b>23,227,898</b>	17,044,520
Loan receivables	<b>17,187,838</b>	5,862,653
Trade and other receivables	<b>160,390,000</b>	141,013,207
Income tax receivable (Note 7)	<b>9,841,120</b>	445,763
Cash and cash equivalents (Note 12)	<b>226,590,223</b>	134,506,254
Restricted cash	<b>277,344,579</b>	82,199,911
	<b>714,581,658</b>	<b>381,072,308</b>
<b>Total assets</b>	<b>2,355,584,678</b>	<b>1,204,428,503</b>

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**As at December 31, 2022**

	December 31, 2022 USD	December 31, 2021 USD
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Stated capital	1,372,564	1,372,564
Reorganization reserves	76,511,569	76,511,569
Other reserves	(36,397,142)	6,059,348
Legal reserves	3,025,353	781,147
Translation reserves	(20,516,421)	(8,587,980)
Retained earnings	139,345,719	83,706,080
<b>Equity attributable to owners of the Company</b>	<b>163,341,642</b>	<b>159,842,728</b>
Non-controlling interest	99,967,254	91,152,614
<b>Total equity</b>	<b>263,308,896</b>	<b>250,995,342</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings (Note 14)	262,969,286	267,477,680
Bond borrowings (Note 14)	411,774,204	-
Trade and other payables (Note 13)	61,125,648	85,777,942
Government grants	18,198,686	26,397,175
Provisions	45,853,429	36,584,910
Lease liability (Note 11)	380,496,338	45,310,470
NCI put option liability	36,951,071	-
Deposits payable	7,652,013	6,073,969
Deferred tax liability	16,608,944	27,942
Retirement benefit obligations	2,352,140	2,308,036
	<b>1,243,981,759</b>	<b>469,958,124</b>
<b>Current liabilities</b>		
Trade and other payables (Note 13)	690,586,504	342,125,698
Client savings accounts	1,330,778	695,993
Borrowings (Note 14)	42,828,908	79,000,856
Bond borrowings (Note 14)	12,713,368	-
Provisions	2,483,165	1,308,775
Lease liability (Note 11)	41,295,551	5,943,398
Bank overdraft (Note 12)	27,728,595	22,554,266
Dividend payable	21,695,814	21,690,698
Income tax payable (Note 7)	7,631,340	10,155,353
	<b>848,294,023</b>	<b>483,475,037</b>
<b>Total liabilities</b>	<b>2,092,275,782</b>	<b>953,433,161</b>
<b>Total equity and liabilities</b>	<b>2,355,584,678</b>	<b>1,204,428,503</b>

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

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

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



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Stated Capital USD	Retained Earnings USD	Other reserves* USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total Equity USD
<b>At January 1, 2022</b>	<b>1,372,564</b>	<b>83,706,080</b>	<b>74,764,084</b>	<b>159,842,728</b>	<b>91,152,614</b>	<b>250,995,342</b>
<b>Comprehensive income/(loss):</b>						
Profit for the period	-	57,883,845	-	57,883,845	26,187,242	84,071,087
Other comprehensive loss for the period, net of tax	-	-	(9,111,970)	(9,111,970)	(2,184,674)	(11,296,644)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>57,883,845</b>	<b>(9,111,970)</b>	<b>48,771,875</b>	<b>24,002,568</b>	<b>72,774,443</b>
<b>Transactions with owners in their capacity as owners:</b>						
Recognition of NCI put option	-	-	(45,272,961)	(45,272,961)	-	(45,272,961)
Acquisition through business combination (Note 18)	-	-	-	-	(3,433,350)	(3,433,350)
Dividend declared	-	-	-	-	(11,754,578)	(11,754,578)
Transfer to legal reserve	-	(2,244,206)	2,244,206	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>(2,244,206)</b>	<b>(43,028,755)</b>	<b>(45,272,961)</b>	<b>(15,187,928)</b>	<b>(60,460,889)</b>
<b>At December 31, 2022</b>	<b>1,372,564</b>	<b>139,345,719</b>	<b>22,623,359</b>	<b>163,341,642</b>	<b>99,967,254</b>	<b>263,308,896</b>

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**

**For the three month and year ended December 31, 2022**

	3 month period ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	USD	USD	USD	USD
<b>Cash flows from operating activities</b>				
Cash flows from operations (Note 15)	106,175,568	(13,616,690)	360,355,796	272,905,079
Interest paid on lease liabilities	(3,641,028)	(1,372,660)	(28,891,851)	(3,526,646)
Interest paid on loans, bonds and other borrowings	(3,186,245)	(742,112)	(32,218,862)	(18,998,667)
Interest received	1,792,735	1,064,362	7,586,471	2,530,432
Tax paid	(26,183,171)	(6,655,528)	(53,248,957)	(30,403,947)
<b>Net cash generated from/(used in) operating activities</b>	<b>74,957,859</b>	<b>(21,322,628)</b>	<b>253,582,597</b>	<b>222,506,251</b>
<b>Cash flows from investing activities</b>				
Acquisition of financial assets at fair value through profit or loss	(1,036,744)	-	(1,436,744)	(5,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	61,975	-	61,975
Proceeds from disposal of property, plant and equipment	305,262	-	413,979	259,643
Proceeds from disposal of intangible assets	184,973	79,507	184,973	210,717
Purchase of property, plant and equipment	(19,552,786)	(24,159,069)	(225,349,941)	(130,816,199)
Buy-back of shares by joint ventures	1,993,678	-	1,993,678	22,387,945
Acquisition of investment in subsidiaries (net of cash acquired) (Note 18)	-	-	(77,793,423)	(19,983,006)
Purchase of intangible assets	(26,778,396)	(13,275,050)	(43,507,569)	(16,986,384)
Dividend received from investment in joint ventures	2,602,464	-	15,157,492	17,853,053
Loan granted to related parties	-	-	-	(1,388,713)
Repayment made by related parties	115,582	3,517,098	5,618,694	11,741,365
Net deposits refunded/(paid)	54,640	(44,166)	481,773	(74,846)
Treasury bonds matured	-	-	-	337,406
Corporate bonds (deposited)/matured	(2,451)	-	443,686	-
Grants received	1,243,644	7,180,215	3,330,309	7,180,215
Dividend received	557,836	315,053	581,692	337,397
<b>Net cash used in investing activities</b>	<b>(40,312,298)</b>	<b>(26,324,437)</b>	<b>(319,881,401)</b>	<b>(113,879,432)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue or disposal of own shares	-	-	-	10
Additional borrowings	656,881	2,658,776	458,440,178	48,571,494
Repayment of borrowings	(10,414,516)	(9,053,785)	(269,076,785)	(74,501,852)
Repayment of principal on lease liabilities	(19,589,753)	(206,425)	(26,493,552)	(3,480,062)
Dividend paid	(11,617,826)	(6,442,028)	(11,822,484)	(34,566,406)
Payment of bond transaction costs	-	-	(11,525,796)	-
Loan from non-controlling interest	-	-	4,915,000	-
<b>Net cash flow (used in)/generated from financing activities</b>	<b>(40,965,214)</b>	<b>(13,043,462)</b>	<b>144,436,561</b>	<b>(63,976,816)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,319,653)</b>	<b>(60,690,527)</b>	<b>78,137,757</b>	<b>44,650,003</b>
Effect of exchange rate on cash and cash equivalents	(1,297,994)	6,656,891	8,771,883	5,294,217
Cash and cash equivalents at beginning of the period	206,479,275	165,985,624	111,951,988	62,007,768
<b>Cash and cash equivalents at end of the period (Note 12)</b>	<b>198,861,628</b>	<b>111,951,988</b>	<b>198,861,628</b>	<b>111,951,988</b>

## AXIAN TELECOM

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

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

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements do not constitute statutory accounts, and thus do not fully comply with International Financial Reporting Standards (“IFRS”), specifically, they do not comply with IFRS 34 “*Interim Financial Reporting*”. The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group’s audited financial statements for the year ended December 31, 2022.

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

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

The financial statements were approved by the board of directors on April 24, 2023.

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**3. REVENUE**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>
Mobile services	<b>147,048,565</b>	84,165,585	<b>511,417,651</b>	333,243,150
Fixed services	<b>16,706,941</b>	13,947,180	<b>63,583,262</b>	55,578,992
Interconnection/Roaming/MVNO	<b>7,684,250</b>	5,078,569	<b>33,804,841</b>	24,604,082
Customer Equipment and Infrastructure	<b>2,459,127</b>	1,338,652	<b>8,237,928</b>	5,867,401
Operator Infrastructure services	<b>7,323,013</b>	6,457,644	<b>26,856,265</b>	25,091,877
Commissions received on electronic money activities	<b>46,750,883</b>	14,495,549	<b>145,350,278</b>	24,301,573
Content and value added services	<b>3,044,788</b>	-	<b>9,795,876</b>	-
Other revenue	<b>2,142,749</b>	1,042,285	<b>5,267,761</b>	2,985,128
Hosting and rental of sites	<b>5,649,935</b>	3,217,047	<b>18,553,973</b>	10,491,454
Trademark and license fees	<b>400,590</b>	1,365,423	<b>606,671</b>	1,564,713
Administration and general management fees	<b>68,910</b>	436,166	<b>589,245</b>	1,696,482
Digital solutions and other support services	<b>1,358,646</b>	485,607	<b>3,451,577</b>	10,269,834
	<b>240,638,397</b>	<b>132,029,707</b>	<b>827,515,328</b>	<b>495,694,686</b>

**4. OTHER INCOME AND EXPENSES**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>Other income</b>				
Gain on disposal of property, plant, and equipment	<b>174,719</b>	104,871	<b>184,973</b>	104,871
Dividend income	<b>557,836</b>	315,053	<b>581,692</b>	337,397
Reversal of provision for retirement benefit obligations	-	795,384	-	795,384
(Provision)/reversal of provision for risks and charges	<b>(91,171)</b>	670,222	<b>25,782</b>	670,222
Release of government grant	<b>2,775,063</b>	6,509,912	<b>10,229,546</b>	13,269,340
Waiver of claims (given)/obtained	-	(184)	-	13,496
Trade payables waived	-	573,506	-	573,506
Related party trade payables waived	<b>399,376</b>	15,330,652	<b>399,376</b>	15,330,652
Reversal of provision for decommissioning costs	<b>1,486,479</b>	-	<b>1,486,479</b>	-
Other income	<b>828,666</b>	60,295	<b>2,672,187</b>	2,332,335
	<b>6,130,968</b>	<b>24,359,711</b>	<b>15,580,035</b>	<b>33,427,203</b>

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**4. OTHER INCOME AND EXPENSES (CONTINUED)**

	3 month period ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	USD	USD	USD	USD
<b>Non-operating income</b>				
Amortization of deferred gain on sale of PPE	253,036	-	772,037	-
Gain on lease modification and termination of lease contracts	1,051,670	-	1,051,670	-
	<b>1,304,706</b>	<b>-</b>	<b>1,823,707</b>	<b>-</b>
<b>Non-operating expenses</b>				
Interest receivable written off	-	(809,061)	-	(809,061)
Loan receivable written off	(441,676)	(14,791,368)	(6,309,388)	(14,791,368)
Loss on lease modification	7,145	-	-	-
	<b>(434,531)</b>	<b>(15,600,429)</b>	<b>(6,309,388)</b>	<b>(15,600,429)</b>

**5. OPERATING COSTS**

	3 month period ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	USD	USD	USD	USD
Cost of equipment, devices	5,609,059	2,529,261	12,987,443	5,478,687
(Reversal of provision)/provision for device inventories	(82,140)	(364,281)	409,930	(118,839)
Prepaid cards and accessories	1,423,025	3,407,623	4,189,100	3,520,909
<b>Cost of devices and equipment</b>	<b>6,949,944</b>	<b>5,572,603</b>	<b>17,586,473</b>	<b>8,880,757</b>
Interconnection fees	7,587,707	4,659,964	25,960,062	17,808,710
Roaming fees	244,945	55,498	1,089,113	516,495
<b>Cost of interconnection and roaming</b>	<b>7,832,652</b>	<b>4,715,462</b>	<b>27,049,175</b>	<b>18,325,205</b>
Telecom operator and regulatory fees	8,525,031	2,652,611	28,069,563	14,666,826
Frequency fees	2,822,359	2,221,121	10,603,804	7,917,768
Excise Duty	3,010,441	2,626,651	11,457,613	9,835,403
<b>Government and regulatory costs</b>	<b>14,357,831</b>	<b>7,500,383</b>	<b>50,130,980</b>	<b>32,419,997</b>
<b>Advertising and distribution costs</b>	<b>4,066,431</b>	<b>548,267</b>	<b>11,917,037</b>	<b>3,821,861</b>
<b>Commission to sales agents</b>	<b>36,544,594</b>	<b>15,086,039</b>	<b>120,607,162</b>	<b>38,283,712</b>
Impairment of financial assets	74,905	68,547	272,320	68,547
Impairment of loans to clients	4,602,610	350,935	4,602,610	350,935
Loss allowance/(reversal of loss allowance) on trade receivables	(7,470,355)	(1,997,024)	(2,967,063)	260,436
<b>Net impairment losses on financial and contract assets</b>	<b>(2,792,840)</b>	<b>(1,577,542)</b>	<b>1,907,867</b>	<b>679,918</b>



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**5. OPERATING COSTS (CONTINUED)**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>
Transmission fees	2,412,955	3,541,570	9,701,562	5,125,380
Content and value added service (VAS) charges	1,137,587	-	2,701,108	-
Satellite and bandwidth charges	(794,060)	99,788	1,456,979	1,966,415
Site energy	6,940,663	2,838,282	21,358,545	13,273,627
Site and network repairs and maintenance	4,367,958	4,186,829	10,711,418	12,842,903
Professional fees, technical	2,144,813	153,988	5,799,204	687,962
Rental expenses for short term and low value leases, technical sites	968,980	(655,185)	1,255,136	376,119
Maintenance of Materials, software and Network	6,065,141	1,558,276	15,878,142	8,997,735
<b>Technology operation costs</b>	<b>23,244,037</b>	<b>11,723,548</b>	<b>68,862,094</b>	<b>43,270,141</b>
Payroll and social charges	27,976,571	15,283,686	79,425,676	50,314,154
Travel expenses	1,390,132	633,389	4,157,500	2,026,140
Training	73,319	(568)	147,194	298
Provision for retirement benefit obligations	122,738	(203,766)	195,096	-
<b>Staff costs</b>	<b>29,562,760</b>	<b>15,712,741</b>	<b>83,925,466</b>	<b>52,340,592</b>
<b>Write-off of financial assets</b>	<b>3,522,597</b>	<b>17,959,378</b>	<b>3,522,597</b>	<b>17,961,095</b>
<b>Professional fees, non-technical</b>	<b>3,315,462</b>	<b>4,305,008</b>	<b>21,637,089</b>	<b>20,629,007</b>
Depreciation of property, plant & equipment	23,880,203	27,747,029	117,014,286	95,987,382
Amortization of intangible assets	13,976,293	2,197,472	23,441,117	8,005,896
Depreciation of rights of use assets	15,810,088	3,856,805	38,031,898	8,306,213
<b>Depreciation and amortization</b>	<b>53,666,584</b>	<b>33,801,306</b>	<b>178,487,301</b>	<b>112,299,491</b>
(Reversal of impairment)/impairment of property, plant and equipment, and intangible assets	1,266,483	412,819	-	412,819
Reversal of provision of depreciation on advances to suppliers	(1,050,556)	-	(991,580)	-
Reversal of impairment on inventory	(1,097,875)	(4,436,073)	(2,025,920)	(4,513,299)
<b>Reversal of impairment of non-financial assets</b>	<b>(881,948)</b>	<b>(4,023,254)</b>	<b>(3,017,500)</b>	<b>(4,100,480)</b>
<b>Other operating expenses*</b>	<b>17,347,741</b>	<b>16,391,965</b>	<b>61,392,475</b>	<b>44,039,241</b>
<b>Net (gain)/loss on financial assets at fair value through profit or loss</b>	<b>(2,666,217)</b>	<b>141,500</b>	<b>(2,666,217)</b>	<b>141,500</b>
<b>Total operating costs</b>	<b>194,069,628</b>	<b>127,857,404</b>	<b>641,341,999</b>	<b>388,992,037</b>

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
 MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**6. FINANCE INCOME AND EXPENSE**

	3 month period ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	USD	USD	USD	USD
<b>Finance income</b>				
Foreign exchange gain	1,635,599	4,498,652	24,355,912	14,993,929
Interest income	2,049,658	1,022,874	7,740,891	2,707,474
Gain on FV of derivatives	14,645,970	-	14,645,970	-
Other finance (income reversal)/income	(178,441)	6,091,246	1,100,784	7,205,902
	<b>18,152,786</b>	<b>11,612,772</b>	<b>47,843,557</b>	<b>24,907,305</b>
<b>Finance costs</b>				
Foreign exchange loss	(9,384,218)	(8,697,820)	(45,286,324)	(24,689,286)
Interest on bank loans	(3,393,472)	(4,697,817)	(14,051,803)	(17,499,647)
Interest on listed bonds	(8,154,562)	-	(28,200,868)	-
Interest on loan and amount payable to related parties	(1,457,312)	(1,696,745)	(7,029,198)	(3,439,706)
Interest on bank overdraft	(274,427)	(361,422)	(1,172,484)	(634,043)
Interest on lease liabilities	(19,391,905)	(1,372,665)	(41,089,046)	(3,526,646)
Reversal of Interest expense/(interest expense) on provision for dismantling costs	696,431	(1,639,961)	302,152	(2,715,149)
Finance costs/(reversal of finance costs) on other borrowings	458,000	(179,229)	-	(630,047)
Loss on fair valuation of embedded derivatives	(600,000)	-	(2,600,000)	-
Other interest charges	(495,249)	(3,983,480)	(6,352,800)	(4,447,847)
	<b>(41,996,714)</b>	<b>(22,629,139)</b>	<b>(145,480,371)</b>	<b>(57,582,371)</b>
<b>Net finance costs</b>	<b>(23,843,928)</b>	<b>(11,016,367)</b>	<b>(97,636,814)</b>	<b>(32,675,066)</b>

**7. INCOME TAX**

**a) Income tax (credit)/expense**

	3 month period ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	USD	USD	USD	USD
Actual income tax	3,642,766	4,943,882	37,351,020	32,510,534
Withholding tax	80,172	872,740	1,898,543	1,593,335
Deferred tax credit	(8,030,006)	(5,976,158)	(9,325,030)	(7,223,013)
	<b>(4,307,068)</b>	<b>(159,536)</b>	<b>29,924,533</b>	<b>26,880,856</b>

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.

**AXIAN TELECOM**
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**7. INCOME TAX (CONTINUED)**

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.

**b) Net tax (receivable)/liability**

	<b>December 31, 2022 USD</b>	December 31, 2021 USD
At January, 1	<b>9,709,590</b>	7,392,793
Acquisition through business combination (Note 18)	<b>6,338,613</b>	682,282
Charge during the period/year	<b>37,351,020</b>	32,510,534
Tax paid	<b>(53,248,957)</b>	(30,403,947)
Withholding tax suffered	<b>(2,021,280)</b>	-
Translation difference	<b>(338,766)</b>	(472,072)
<b>At December, 31</b>	<b>(2,209,780)</b>	<b>9,709,590</b>
Analyzed as follows :		
Income tax receivable	<b>(9,841,120)</b>	(445,763)
Income tax payable	<b>7,631,340</b>	10,155,353
	<b>(2,209,780)</b>	9,709,590

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**8. PROPERTY, PLANT AND EQUIPMENT**

	Materials USD	Land and Building USD	Technical Equipment USD	Others USD	Assets in Progress USD	Total USD
<b>Cost</b>						
At January 1, 2021	<b>87,390,853</b>	<b>196,730,788</b>	<b>1,300,744,896</b>	<b>22,764,330</b>	<b>44,114,210</b>	<b>1,651,745,077</b>
Reclassification adjustments*	(3,414,250)	7,758,737	(41,983,472)	-	37,638,985	-
Acquisition through business combinations (Note 18)	471,213	212,302	343,968	-	83,118	<b>1,110,601</b>
Additions	1,746,395	7,783,813	34,517,523	2,256,673	66,442,268	<b>112,746,672</b>
Transfers	-	40,170,805	52,502,877	692,202	(93,365,884)	-
Disposals and scrap	(2,022,207)	(313,354)	(230,653)	(1,939,676)	-	<b>(4,505,890)</b>
Provision for dismantling	-	7,090,031	-	-	-	<b>7,090,031</b>
Translation difference	(5,281,369)	(9,264,690)	(82,333,786)	(610,524)	(2,632,122)	<b>(100,122,491)</b>
<b>At December 31, 2021</b>	<b>78,890,635</b>	<b>250,168,432</b>	<b>1,263,561,353</b>	<b>23,163,005</b>	<b>52,280,575</b>	<b>1,668,064,000</b>
Reclassification adjustments*	<b>(23,172,770)</b>	<b>15,992,269</b>	<b>6,051,523</b>	-	<b>1,128,978</b>	-
Acquisition through business combinations (Note 18)	<b>4,442,521</b>	<b>5,726,220</b>	<b>95,777,519</b>	-	<b>15,321,492</b>	<b>121,267,752</b>
Additions	<b>523,871</b>	<b>20,144,488</b>	<b>5,013,138</b>	<b>1,197,132</b>	<b>187,898,927</b>	<b>214,777,556</b>
Transfers	<b>4,637,394</b>	<b>19,705,258</b>	<b>121,756,128</b>	<b>623,624</b>	<b>(146,722,404)</b>	-
Disposals and scrap	<b>(3,450,062)</b>	<b>(1,221,686)</b>	<b>(53,370,951)</b>	<b>(5,495,564)</b>	-	<b>(63,538,263)</b>
Transfer to right of use asset	<b>(388,530)</b>	-	-	<b>(4,227,268)</b>	-	<b>(4,615,798)</b>
Provision for dismantling	-	<b>7,598,663</b>	<b>345,389</b>	-	-	<b>7,944,052</b>
Transfer to inventories	-	-	-	-	<b>(1,811,025)</b>	<b>(1,811,025)</b>
Translation difference	<b>(4,696,658)</b>	<b>(30,222,818)</b>	<b>(99,587,426)</b>	<b>(1,437,450)</b>	<b>(3,963,329)</b>	<b>(139,907,681)</b>
<b>At December 31, 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>

\*Togocom Group have made changes in the presentation of the property, plant and equipment on reviewing the nature of each asset in the year ended December 31, 2021. Thus, a reclassification adjustment has been made. Towerco of Africa made similar changes in the year ended December 31, 2022.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

\*Togocom Group have made changes in the presentation of the property, plant and equipment on reviewing the nature of each asset in the year ended December 31, 2021. Thus, a reclassification adjustment has been made. Towerco of Africa made similar changes in the year ended December 31, 2022.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**9. INTANGIBLE ASSETS**

	Software USD	License USD	Assets in progress USD	IRU USD	International bandwidth capacity USD	Networking USD	Others USD	Customer related assets USD	Brand USD	Total USD
<b>Cost</b>										
At January 1, 2021	179,997,917	35,892,379	13,893,722	2,094,612	4,891,058	-	5,915,528	-	-	<b>242,685,216</b>
Acquisition through business combinations	327,262	318,440	82,952	-	-	18,605	1,466	-	-	<b>748,725</b>
Additions	1,706,854	36,703	14,729,972	-	-	490,766	22,091	-	-	<b>16,986,386</b>
Transfers	(144,930,430)	147,660,004	(14,560,634)	-	10,111,105	-	1,719,955	-	-	<b>-</b>
Disposals and scrap	-	-	-	-	-	-	(128,917)	-	-	<b>(128,917)</b>
Translation difference	(7,961,665)	(8,023,600)	(1,017,089)	(116,008)	(762,410)	6,429	(169,405)	-	-	<b>(18,043,748)</b>
<b>At December 31, 2021</b>	<b>29,139,938</b>	<b>175,883,926</b>	<b>13,128,923</b>	<b>1,978,604</b>	<b>14,239,753</b>	<b>515,800</b>	<b>7,360,718</b>	<b>-</b>	<b>-</b>	<b>242,247,662</b>
Acquisition through business combinations (Note 18)	-	11,987,708	-	15,417,917	-	-	-	49,040,544	16,048,894	<b>92,495,063</b>
Additions	220,062	42,197,534	16,475,448	278,249	-	821,148	261,843	-	-	<b>60,254,284</b>
Capitalized installation cost (Commissioning)	-	3,217,919	(7,824,238)	-	-	-	4,606,319	-	-	<b>-</b>
Transfers	1,196,960	-	(1,196,960)	-	-	-	-	-	-	<b>-</b>
Transfer from prepayment	-	-	236,140	-	-	-	-	-	-	<b>236,140</b>
Disposals and scrap	(29,010)	(509,347)	-	-	-	-	(292,928)	-	-	<b>(831,285)</b>
Translation difference	(1,708,827)	(10,856,639)	(634,260)	576,752	(822,100)	(33,128)	(1,242,286)	-	-	<b>(14,720,488)</b>
<b>At December 31, 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>10,693,666</b>	<b>49,040,544</b>	<b>16,048,894</b>	<b>379,681,376</b>



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**9. INTANGIBLE ASSETS (CONTINUED)**

	Software USD	License USD	Assets in progress USD	IRU USD	International bandwidth capacity USD	Networking USD	Others USD	Customer related assets USD	Brand USD	Total USD
<b>Accumulated amortization</b>										
At January 1, 2021	(122,718,109)	(29,820,690)	-	(757,964)	(40,759)	-	(5,264,130)	-	-	(158,601,652)
Acquisition through business combinations	(234,109)	(31,496)	-	-	-	(249)	(548)	-	-	(266,402)
Amortization charge for the year	(1,923,101)	(3,782,472)	-	(126,595)	(892,020)	(12,689)	(1,269,019)	-	-	(8,005,896)
Impairment	(121,055)	-	-	-	-	-	-	-	-	(121,055)
Disposals and scrap	-	-	-	-	-	-	23,070	-	-	23,070
Transfers*	94,112,327	(94,112,327)	-	-	-	-	-	-	-	-
Translation difference	5,648,846	5,818,344	-	39,229	37,893	(161)	148,750	-	-	11,692,901
<b>At December 31, 2021</b>	<b>(25,235,201)</b>	<b>(121,928,641)</b>	<b>-</b>	<b>(845,330)</b>	<b>(894,886)</b>	<b>(13,099)</b>	<b>(6,361,877)</b>	<b>-</b>	<b>-</b>	<b>(155,279,034)</b>
Amortization charge for the period	(1,345,270)	(6,686,232)	-	(1,659,464)	(869,834)	(82,292)	(1,970,254)	(9,457,252)	(1,370,519)	(23,441,117)
Disposals and scrap	29,010	509,347	-	-	-	-	292,928	-	-	831,285
Translation difference	1,468,634	7,404,102	-	81,754	37,500	1,290	894,558	-	-	9,887,838
<b>At December 31, 2022</b>	<b>(25,082,827)</b>	<b>(120,701,424)</b>	<b>-</b>	<b>(2,423,040)</b>	<b>(1,727,220)</b>	<b>(94,101)</b>	<b>(7,144,645)</b>	<b>(9,457,252)</b>	<b>(1,370,519)</b>	<b>(168,001,028)</b>
<b>Net book value</b>										
<b>At December 31, 2022</b>	<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>3,549,021</b>	<b>39,583,292</b>	<b>14,678,375</b>	<b>211,680,348</b>
At December 31, 2021	3,904,737	53,955,285	13,128,923	1,133,274	13,344,867	502,701	998,841	-	-	86,968,628

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

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**10. INTEREST IN JOINT VENTURES AND ASSOCIATES**

	December 31, 2022 USD	December 31, 2021 USD
At January, 1	68,846,258	72,717,052
Acquisition through business combination (Note 18)	-	17,986,429
Buy-back of shares by joint ventures	(1,993,678)	(22,387,945)
Share of profit in joint ventures and associates	14,364,751	22,442,120
Share of translation reserves	(1,494,415)	(1,908,364)
Share of other reserves	-	269,695
Dividend received	(15,157,492)	(17,853,053)
Translation difference	(3,043,204)	(2,419,676)
<b>At December 31</b>	<b>61,522,220</b>	<b>68,846,258</b>

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

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**10. INTEREST IN JOINT VENTURES AND ASSOCIATES (CONTINUED)**

Telecom Comores Holdings Ltd and Maya Africa Holding Ltd are both investment entities holding a 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 real estate development and is not significant to the Group.

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

**11. RIGHT OF USE ASSETS AND LIABILITIES**

	<b>December 31, 2022 USD</b>	December 31, 2021 USD
<b><i>Right of use assets</i></b>		
At January, 1	<b>44,007,136</b>	36,632,210
Additions during the year	<b>27,754,222</b>	16,992,062
Acquisition through business combination (Note 18)	<b>363,617,784</b>	680,458
Transfer from PPE	<b>3,145,262</b>	-
Disposals during the year	<b>(3,347,314)</b>	-
Remeasurements	<b>2,170,505</b>	-
Amortization charge during the period/year	<b>(38,031,898)</b>	(8,306,213)
Translation difference	<b>(7,143,080)</b>	(1,991,381)
<b>At December 31</b>	<b>392,172,617</b>	<b>44,007,136</b>
<b><i>Lease liabilities</i></b>		
At January, 1	<b>51,253,868</b>	37,999,618
Additions during the year	<b>27,754,223</b>	16,992,062
Acquisition through business combination (Note 18)	<b>363,617,784</b>	760,564
Disposals during the year	<b>(4,398,983)</b>	-
Remeasurements	<b>2,170,505</b>	-
Transfer from borrowings	<b>3,225,922</b>	-
Interest expense for the period/year	<b>41,089,046</b>	3,526,646
Principal paid on lease liabilities	<b>(26,493,552)</b>	(3,480,062)
Interest paid on lease liabilities	<b>(28,891,851)</b>	(3,526,646)
Translation difference	<b>(7,535,073)</b>	(1,018,314)
<b>At December 31</b>	<b>421,791,889</b>	<b>51,253,868</b>
<i>Of which non-current</i>	<b>380,496,338</b>	45,310,470
<i>Of which current</i>	<b>41,295,551</b>	5,943,398

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**12. CASH AND CASH EQUIVALENTS**

	December 31, 2022 USD	December 31, 2021 USD
Cash at bank	226,590,223	134,506,254
Bank overdraft	(27,728,595)	(22,554,266)
	<b>198,861,628</b>	<b>111,951,988</b>

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 places its cash at banks with highly reputable financial institutions.

**13. TRADE AND OTHER PAYABLES**

	December 31, 2022 USD	December 31, 2021 USD
<b>Non-current</b>		
Trade payables	47,223	5,810,594
Deferred revenue	18,478,298	16,512,511
Amounts payable to entities under common control*	1,111	-
Other payables	41,784,379	63,454,837
VAT payable	814,637	-
	<b>61,125,648</b>	<b>85,777,942</b>
<b>Current</b>		
Trade payables	183,166,245	133,640,880
Other payables	118,890,397	12,772,777
Deferred revenue	33,537,855	26,928,114
VAT payable	84,053,393	64,669,970
Mobile financial services creditors	266,545,706	83,961,325
Amounts payable to shareholder**	-	92,778
Amounts payable to entities under common control*	4,392,908	20,059,854
	<b>690,586,504</b>	<b>342,125,698</b>
<b>Total trade and other payables</b>	<b>751,712,152</b>	<b>427,903,640</b>

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

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**14. BORROWINGS**

	December 31, 2022 USD	December 31, 2021 USD
<b>Non-current</b>		
Bank loans (a)	112,285,116	129,140,310
Listed bonds	411,774,204	-
Loans payable to related parties	150,684,170	136,189,314
Other borrowings	-	2,148,056
	<b>674,743,490</b>	<b>267,477,680</b>
<b>Current</b>		
Bank loans	37,913,908	77,531,041
Listed bonds	12,713,368	-
Loans payable to related parties	4,915,000	382,263
Other borrowings	-	1,087,552
	<b>55,542,276</b>	<b>79,000,856</b>
<b>Total borrowings</b>	<b>730,285,766</b>	<b>346,478,536</b>
<b>(a) Bank loans</b>		
Bank of Africa-Madagascar ('BOA')	18,281,826	26,615,981
Banque Malgache de L'Océan Indien ('BMOI')	9,300,751	20,167,593
BFV Société Générale ('BFV')	25,244,514	5,365,929
BNI Banque de l'Industrie ('BNI')	16,526,801	19,442,941
Uganda Development Bank	-	2,962,741
Société de Gestion et d'Intermédiation ('SGI')	17,820,193	26,475,313
Société Générale Togo ('SGT')	-	49,276,500
Banque Togolaise pour le Commerce et l'Industrie ('BTCI')	8,573,158	13,623,100
Union Togolaise de Banque ('UTB')	14,495,305	16,710,433
Orabank ('ORB')	19,537,636	24,532,619
Stanbic bank Uganda	19,688,605	-
Accrued interest	730,235	1,498,201
<b>Total bank loans</b>	<b>150,199,024</b>	<b>206,671,351</b>
<b>Loans payable within one year</b>	<b>37,913,908</b>	<b>77,531,041</b>
<b>Loans payable after one year</b>	<b>112,285,116</b>	<b>129,140,310</b>

**Axian Telecom Notes**

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.

**Bank loans**

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%.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**14. BORROWINGS (CONTINUED)**

**Bank loans (continued)**

**Madagascar**

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

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).

**2. Towerco of Madagascar SA**

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 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 pledge 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.

**3. Togo Telecom**

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



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**14. BORROWINGS (CONTINUED)**

**Bank loans (continued)**

**Uganda:**

**1. Ubuntu Towers Uganda Limited**

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.

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

	Carrying value USD	Total cash flows USD	Cash flows within 1 year USD	Cash flows between 1 and 2 years USD	Cash flows between 3 and 4 years USD	Cash flows after 5 years USD
<b>Borrowings</b>	<b>305,798,194</b>	<b>366,873,146</b>	52,740,711	57,217,634	243,206,957	13,707,844
<b>Listed bonds</b>	<b>424,487,572</b>	<b>559,387,500</b>	30,975,000	30,975,000	497,437,500	-

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**15. CASH FLOW FROM OPERATING ACTIVITIES**

	3 month period ended		Year ended	
	December 31, 2022 USD	December 31, 2021 USD	December 31, 2022 USD	December 31, 2021 USD
<b>Cash flows from operating activities:</b>				
Profit before income tax	33,292,203	(46,431,824)	113,995,620	114,296,477
<i>Adjustments:</i>				
Amortization of right-of-use assets	15,810,088	3,856,805	38,031,898	8,306,213
Depreciation of property, plant and equipment	23,880,203	27,747,029	117,014,286	95,987,382
Amortization of intangible assets	13,976,293	2,197,472	23,441,117	8,005,896
Loss/(gain) on disposal of property, plant and equipment	473,007	(221,133)	462,753	20,728
Gain on disposal of intangible assets	(184,973)	(104,871)	(184,973)	(104,871)
Release of deferred profits on sale of property, plant and equipment	(253,036)	-	(772,037)	-
Reversal of provision on dismantling costs	(1,486,479)	-	(1,486,479)	-
Provision on litigations	4,469,885	4,334,657	4,352,932	4,468,149
Provision for short term risks on operating activities	(25,782)	(1,136,564)	(25,782)	(670,222)
Write-back of government grants	(2,775,063)	(6,509,912)	(10,229,546)	(13,269,340)
Share (profit)/loss in associates and joint ventures	(3,566,219)	48,347,042	(14,364,751)	(22,442,120)
Interest expense on lease liability	19,391,905	1,372,665	41,089,046	3,526,646
Net (interest income)/expense on provision for dismantling costs	(696,431)	1,639,961	(302,152)	2,715,149
Other interest expense	13,317,022	10,918,693	56,807,153	26,651,290
Finance income	(1,871,217)	(7,110,972)	(8,841,675)	(9,910,228)
Dividend income	(557,836)	(315,053)	(581,692)	(337,397)
Gain on fair valuation of derivatives	(14,045,970)	-	(12,045,970)	-
Write-off of financial assets	2,972,693	33,044,917	8,840,405	33,044,917
Waiver of financial liabilities	(399,376)	(15,903,974)	(399,376)	(15,917,654)
Provision/(reversal of provision) for impairment of receivables	(3,805,798)	(1,997,024)	(2,967,063)	260,436
Impairment of loans receivable and other financial assets	1,012,959	350,935	4,874,930	350,935
Reversal of provision for slow moving inventories	(1,097,875)	(4,436,073)	(2,025,920)	(4,513,299)
Provision/(reversal of provision) for retirement benefits obligation	122,738	(999,150)	195,096	(795,384)
Gain on lease modification	(1,058,815)	-	(1,051,670)	-
(Reversal of provision)/provision for impairment of financial assets at fair value through profit or loss	(2,666,217)	141,500	(2,666,217)	141,500
Provision/(reversal of provision) for impairment of property, plant and equipment and intangible assets	1,266,483	412,819	-	412,819
Other provision reversals	-	(3,148)	-	(3,148)
<b>Cash generated from operating activities before working capital changes</b>	<b>95,494,392</b>	<b>49,194,797</b>	<b>351,159,933</b>	<b>230,224,874</b>
<b>Changes in working capital:</b>				
Decrease/(increase) in inventories	2,150,686	3,606,435	(625,203)	491,281
Decrease in trade and other receivables	48,258,694	154,401,919	5,827,666	249,019,747
(Decrease)/increase in trade and other payables	(32,393,211)	(215,929,367)	23,141,017	(201,940,349)
Increase in loan to clients	(2,215,202)	(5,586,467)	(12,902,027)	(5,586,467)
Increase in deposits from customers	248,141	695,993	736,427	695,993
Settlement of litigations	(5,367,932)	-	(6,982,017)	-
<b>Net cash generated from operating activities</b>	<b>106,175,568</b>	<b>(13,616,690)</b>	<b>360,355,796</b>	<b>272,905,079</b>

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**16. NON-IFRS MEASURES**

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

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>Profit/(loss) for the period</b>	<b>37,599,271</b>	<b>(46,272,288)</b>	<b>84,071,087</b>	<b>87,415,621</b>
<i>Adjustments:</i>				
Income tax (credit)/expense	(4,307,068)	(159,536)	29,924,533	26,880,856
Finance income	(18,152,786)	(11,612,772)	(47,843,557)	(24,907,305)
Finance costs	41,996,714	22,629,139	145,480,371	57,582,371
Depreciation of property, plant and equipment	23,880,203	27,747,029	117,014,286	95,987,382
Amortization of right of use assets	15,810,088	3,856,805	38,031,898	8,306,213
Amortization of intangible assets	13,976,293	2,197,472	23,441,117	8,005,896
<b>EBITDA</b>	<b>110,802,715</b>	<b>(1,614,151)</b>	<b>390,119,735</b>	<b>259,271,034</b>
Share of net (profit)/loss in joint ventures and associates	(3,566,219)	48,347,042	(14,364,751)	(22,442,120)
Impairment of property, plant and equipment and intangible assets	1,266,483	412,819	-	412,819
Gain on disposal of property, plant and equipment and intangible assets	(174,719)	(326,004)	(184,973)	(84,143)
Other non-operating expense <sup>(1)</sup>	-	15,600,429	-	15,600,429
<b>Adjusted EBITDA</b>	<b>108,328,260</b>	<b>62,420,135</b>	<b>375,570,011</b>	<b>252,758,019</b>

<sup>(1)</sup> Other non-operating expenses for the year and three month period ended December 31, 2021 is comprised of losses resulting from the write-off of loan principal and interest receivable from entities under common control.

**17. SEGMENTAL REPORTING**

**Business Segments**

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17. SEGMENTAL REPORTING (CONTINUED)**

Summarized financial information for the three month period ended December 31, 2022:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
<b>Revenue</b>	<b>185,793,127</b>	<b>9,456,272</b>	<b>45,249,902</b>	<b>139,096</b>	<b>240,638,397</b>
<b>Profit/(loss) for the period before tax</b>	<b>24,993,226</b>	<b>(9,113,999)</b>	<b>10,340,303</b>	<b>7,072,673</b>	<b>33,292,203</b>
<i>Adjustments:</i>					
Finance income	9,261,276	933,806	(1,641,701)	(26,706,167)	<b>(18,152,786)</b>
Finance costs	22,347,872	1,979,733	1,566,310	16,102,799	<b>41,996,714</b>
Depreciation of property, plant and equipment	18,100,388	5,722,892	34,412	22,511	<b>23,880,203</b>
Amortization of right of use assets	12,979,465	886,441	1,885,395	58,787	<b>15,810,088</b>
Amortization of intangible assets	13,587,011	277,188	22,723	89,371	<b>13,976,293</b>
<b>EBITDA</b>	<b>101,269,238</b>	<b>686,061</b>	<b>12,207,442</b>	<b>(3,360,026)</b>	<b>110,802,715</b>
Share of net profit in joint ventures and associates	-	-	-	(3,566,219)	<b>(3,566,219)</b>
Impairment of property, plant and equipment and intangible assets	1,266,483	-	-	-	<b>1,266,483</b>
Gain on disposal of property, plant and equipment	(174,719)	-	-	-	<b>(174,719)</b>
<b>Adjusted EBITDA</b>	<b>102,361,002</b>	<b>686,061</b>	<b>12,207,442</b>	<b>(6,926,245)</b>	<b>108,328,260</b>

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17. SEGMENTAL REPORTING (CONTINUED)**

Summarized financial information for the three month period ended December 31, 2021:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
<b>Revenue</b>	<b>114,088,082</b>	<b>4,169,450</b>	<b>14,099,427</b>	<b>(327,252)</b>	<b>132,029,707</b>
<b>Profit/(loss) for the period before tax</b>	<b>40,425,501</b>	<b>(33,104,322)</b>	<b>4,837,327</b>	<b>(58,590,330)</b>	<b>(46,431,824)</b>
<i>Adjustments:</i>					
Finance income	(6,953,481)	(258,075)	(1,229,271)	(3,171,945)	<b>(11,612,772)</b>
Finance costs	12,669,418	3,948,004	71,554	5,940,163	<b>22,629,139</b>
Depreciation of property, plant and equipment	19,568,681	8,062,449	114,466	1,433	<b>27,747,029</b>
Amortization of right of use assets	2,939,679	917,126	-	-	<b>3,856,805</b>
Amortization of intangible assets	1,863,447	280,004	54,020	1	<b>2,197,472</b>
<b>EBITDA</b>	<b>70,513,245</b>	<b>(20,154,814)</b>	<b>3,848,096</b>	<b>(55,820,678)</b>	<b>(1,614,151)</b>
Share of net profit/(loss) in joint ventures	(300,352)	-	-	48,647,394	<b>48,347,042</b>
Impairment of property, plant and equipment and intangible assets	412,819	-	-	-	<b>412,819</b>
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	(246,081)	(80,897)	-	974	<b>(326,004)</b>
Other non-operating expense <sup>(1)</sup>	-	4,349,915	-	11,250,514	<b>15,600,429</b>
<b>Adjusted EBITDA</b>	<b>70,379,631</b>	<b>(15,885,796)</b>	<b>3,848,096</b>	<b>4,078,204</b>	<b>62,420,135</b>

<sup>(1)</sup> Other non-operating expenses for the three month period ended December 31, 2021 represents aggregate losses of \$15.6 million related to the write-off of related party loan principal and accrued interest.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17. SEGMENTAL REPORTING (CONTINUED)**

Summarized financial information for the year ended December 31, 2022:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
<b>Revenue</b>	<b>661,598,509</b>	<b>25,408,378</b>	<b>139,687,904</b>	<b>820,537</b>	<b>827,515,328</b>
<b>Profit/(loss) for the period before tax</b>	<b>166,773,699</b>	<b>(34,875,909)</b>	<b>36,326,011</b>	<b>(54,228,181)</b>	<b>113,995,620</b>
<i>Adjustments:</i>					
Finance income	(3,105,947)	(3,200,630)	(6,008,340)	(35,528,640)	<b>(47,843,557)</b>
Finance costs	64,793,358	10,694,663	2,299,739	67,692,611	<b>145,480,371</b>
Depreciation of property, plant and equipment	91,451,882	25,318,250	217,346	26,808	<b>117,014,286</b>
Amortization of right of use assets	33,537,601	2,062,056	2,373,454	58,787	<b>38,031,898</b>
Amortization of intangible assets	22,123,296	1,126,969	101,481	89,371	<b>23,441,117</b>
<b>EBITDA</b>	<b>375,573,889</b>	<b>1,125,399</b>	<b>35,309,691</b>	<b>(21,889,244)</b>	<b>390,119,735</b>
Share of net profit in joint ventures and associates	-	-	-	(14,364,751)	<b>(14,364,751)</b>
Gain on disposal of property, plant and equipment	(184,973)	-	-	-	<b>(184,973)</b>
<b>Adjusted EBITDA</b>	<b>375,388,916</b>	<b>1,125,399</b>	<b>35,309,691</b>	<b>(36,253,995)</b>	<b>375,570,011</b>
Segment assets	1,617,827,725	224,881,431	304,595,012	208,280,510	<b>2,355,584,678</b>
Segment liabilities	(1,070,081,679)	(122,680,329)	(256,797,566)	(642,716,208)	<b>(2,092,275,782)</b>



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**17. SEGMENTAL REPORTING (CONTINUED)**

Summarized financial information for the year ended December 31, 2021:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
<b>Revenue</b>	<b>452,864,848</b>	<b>13,649,222</b>	<b>19,390,794</b>	<b>9,789,822</b>	<b>495,694,686</b>
<b>Profit/(loss) for the period before tax</b>	<b>167,933,430</b>	<b>(61,626,877)</b>	<b>6,003,219</b>	<b>1,986,705</b>	<b>114,296,477</b>
<i>Adjustments:</i>					
Finance income	(9,063,573)	(3,502,365)	(1,768,769)	(10,572,598)	<b>(24,907,305)</b>
Finance costs	24,632,856	12,601,307	166,035	20,182,173	<b>57,582,371</b>
Depreciation of property, plant and equipment	71,368,277	24,423,483	190,847	4,775	<b>95,987,382</b>
Amortization of right of use assets	6,274,722	2,031,491	-	-	<b>8,306,213</b>
Amortization/(reversal of amortization) of intangible assets	6,863,176	1,026,062	116,716	(58)	<b>8,005,896</b>
<b>EBITDA</b>	<b>268,008,888</b>	<b>(25,046,899)</b>	<b>4,708,048</b>	<b>11,600,997</b>	<b>259,271,034</b>
Share of net profit in joint ventures	(516,614)	-	-	(21,925,506)	<b>(22,442,120)</b>
Impairment of property, plant and equipment and intangible assets	412,819	-	-	-	<b>412,819</b>
(Gain)/Loss on disposal of property, plant and equipment	(4,220)	(80,897)	-	974	<b>(84,143)</b>
Other non-operating expense <sup>(1)</sup>	-	4,349,915	-	11,250,514	<b>15,600,429</b>
<b>Adjusted EBITDA</b>	<b>267,900,873</b>	<b>(20,777,881)</b>	<b>4,708,048</b>	<b>926,979</b>	<b>252,758,019</b>
Segment assets	794,908,944	186,308,258	85,095,269	138,116,032	<b>1,204,428,503</b>
Segment liabilities	(560,681,890)	(98,927,647)	(66,781,256)	(227,042,368)	<b>(953,433,161)</b>

<sup>(1)</sup> Other non-operating expenses for the year ended December 31, 2021 represents aggregate losses of \$15.6 million related to the write-off of related party loan principal and accrued interest.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS**

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

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

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

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

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

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

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)**

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

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

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

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

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)**

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

The accounting for the business combination has been completed in the current quarter. As per the requirements of IFRS 3 (*Business combinations*), we have fair valued the identifiable assets and liabilities of MIC Tanzania and its subsidiaries on the date of the acquisition and recognized an amount of goodwill representing the difference between the fair value of consideration paid and the fair value of the net assets of MIC Tanzania and its subsidiaries.

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.

	Fair values MIC Tanzania Public Limited Company and its subsidiaries USD
<b>ASSETS</b>	
Property, plant and equipment	121,267,752
Intangible assets	92,495,063
Right of use assets	363,617,784
Financial assets at fair value through OCI	15,510,333
Deposits receivable	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	363,617,784
Deferred tax liability	25,031,678
Trade and other payables	293,218,557
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)
Less: Net (assets)/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 as part of the acquisition, thus decreasing the net liability value acquired.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)**

**MIC Tanzania Continued:**

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

Revenue - post acquisition	286,245,122
Net profit – post acquisition	(9,016,421)

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>
------------------------------------------------------------	-------------------

**19. SUBSEQUENT EVENTS**

**Disposal of share in Prime Africa Real Estate Ltd (Formerly known as 'Tigo IPO SPV Ltd')**

On 12 January 2023, Axian Telecom disposed 100% of its stake (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, 10th 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 reporting currency of Silver Links will also be changed from EUR to USD in order to be aligned with Axian Telecom for consolidation purposes.

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**19. SUBSEQUENT EVENTS (CONTINUED)**

**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).

**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).

**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.

**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.

**Disposal of Sen Connect**

On 21 December 2022, an agreement has been signed whereby Saga Africa Holdings Ltd disposes 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.



AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

## PRO FORMA AND COMBINED FINANCIAL INFORMATION

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

These financial statements include the results of the operations of MIC Tanzania from the date of acquisition, and the statement of financial position of MIC Tanzania as at December 31, 2022; both incorporated into the consolidated numbers. These financial statements do not include the results of the operations of MIC Tanzania on a pro forma basis prior to the acquisition. In order to provide useful information to the users of the financial statements, we present the following combined and pro forma information:

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

### Pro forma adjustments

The pro forma combined statements of profit or loss do not include any pro forma adjustments. The results for the respective periods are combined with no further adjustment. Note that that consolidated results for the three month period ended December 31, 2022 as presented in these financial statements are equal to the combined pro forma position; this period is still shown for the purposes of comparability.

The financial information of MIC Tanzania is translated to USD using an average exchange rate of TZS2,328.81/USD1 for the three month period and year ended December 31, 2022. The average exchange rate used for the three month period and year ended December 31, 2021 is TZS2,307.88/USD1.

### Completion of the purchase price allocation for the acquisition of MIC Tanzania

During the quarter ended December 31, 2022 we completed the purchase price allocation in respect of our acquisition of MIC Tanzania. As per the requirements of IFRS 3 (Business combinations), we have fair valued the identifiable assets and liabilities of MIC Tanzania and its subsidiaries on the date of the acquisition and recognized an amount of goodwill representing the difference between the fair value of consideration paid and the fair value of the net assets of MIC Tanzania and its subsidiaries. Refer to note 18 for the resulting figures.

As part of this process, we made several adjustment to the balances of MIC Tanzania at the date of acquisition (5 April 2022), with the impact of those adjustments being processed at that date. As a result, the Q3 2022 proforma combined numbers previously reported were impacted by those adjustments as detailed below. These impacts are reflected in the numbers for the year ended December 31, 2022 and not in the numbers for the quarter ended December 31, 2022.

Additional (costs)/credits	USD
Amortization of right-of-use assets	(500,401)
Interest on fixed deposits	(271,660)
Interest on lease liabilities	(5,719,415)
Movement in deferred tax	45,242,281
<b>Net additional credits</b>	<b>38,750,805</b>

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Combined financial results**

**Condensed combined statements of profit or loss for the three month and year ended December 31, 2022**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>
Revenue	<b>240,638,397</b>	223,806,087	<b>916,002,493</b>	853,117,133
Cost of devices and equipment	<b>(6,949,944)</b>	(6,680,718)	<b>(18,581,431)</b>	(12,145,241)
Cost of interconnection and roaming	<b>(7,832,652)</b>	(9,610,818)	<b>(30,952,573)</b>	(33,841,186)
Government and regulatory costs	<b>(14,357,831)</b>	(13,142,485)	<b>(55,718,250)</b>	(53,465,887)
Advertising and distribution costs	<b>(4,066,431)</b>	(2,988,323)	<b>(12,732,138)</b>	(13,486,735)
Commission to sales agents	<b>(36,544,594)</b>	(39,674,348)	<b>(142,311,098)</b>	(133,436,695)
Net reversal of impairment/(impairment) losses on financial and contract assets	<b>2,792,840</b>	1,597,577	<b>(2,285,915)</b>	(1,281,085)
Technology operation costs	<b>(23,244,037)</b>	(18,686,539)	<b>(74,216,864)</b>	(70,839,182)
Staff costs	<b>(29,562,760)</b>	(23,419,553)	<b>(90,009,807)</b>	(80,815,194)
Write-off of financial assets	<b>(3,522,597)</b>	(17,959,378)	<b>(3,522,597)</b>	(17,961,095)
Professional fees	<b>(3,315,462)</b>	(6,146,477)	<b>(25,496,068)</b>	(29,948,068)
Depreciation and amortization	<b>(53,666,584)</b>	(53,039,430)	<b>(199,201,432)</b>	(192,962,415)
Reversal of impairment/(impairment) of non-financial assets	<b>881,948</b>	4,042,469	<b>3,017,500</b>	4,148,549
Other operating expenses	<b>(17,347,741)</b>	(25,288,758)	<b>(66,227,556)</b>	(69,379,624)
Other income, general	<b>6,130,968</b>	24,377,281	<b>15,584,232</b>	33,619,939
Net gain/(loss) on financial assets at fair value through profit or loss	<b>2,666,217</b>	(141,500)	<b>2,666,217</b>	(141,500)
<b>OPERATING PROFIT</b>	<b>52,699,737</b>	37,045,087	<b>216,014,713</b>	181,181,714
Finance income	<b>18,152,786</b>	12,264,349	<b>47,583,598</b>	25,622,654
Finance costs	<b>(41,996,714)</b>	(38,082,655)	<b>(164,550,364)</b>	(116,308,546)
Non-operating income	<b>1,304,706</b>	15,294,413	<b>2,507,576</b>	16,804,566
Non-operating expenses	<b>(434,531)</b>	(31,709,358)	<b>(6,294,524)</b>	(16,849,769)
Share of profit/(loss) in joint ventures and associates	<b>3,566,219</b>	(48,347,042)	<b>14,364,752</b>	22,442,120
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>33,292,203</b>	(53,535,206)	<b>109,625,751</b>	112,892,739
Income tax credit/(expense)	<b>4,307,068</b>	(79,220,796)	<b>10,677,381</b>	(75,484,416)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37,599,271</b>	(132,756,002)	<b>120,303,132</b>	37,408,323
<b>Profit/(loss) for the period attributable to:</b>				
- Owners of the Company	<b>30,643,584</b>	(133,750,396)	<b>93,820,507</b>	12,312,145
- Non-controlling interest	<b>6,955,687</b>	994,394	<b>26,482,625</b>	25,096,178
	<b>37,599,271</b>	(132,756,002)	<b>120,303,132</b>	37,408,323

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,328.81/USD1 for the three month period and year ended December 31, 2022 (for the three month period and year ended December 31, 2021: TZS2,307.88/USD1).

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Combined financial results (continued)**

**Condensed combined statements of other comprehensive income for the three month period and year ended December 31, 2022**

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37,599,271</b>	<b>(132,756,002)</b>	<b>120,303,132</b>	<b>37,408,323</b>
<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>18,929,080</b>	4,118,290	<b>(15,712,038)</b>	(5,909,462)
Exchange differences on translation of foreign joint ventures	<b>1,125,829</b>	1,245,235	<b>(1,494,415)</b>	(1,908,364)
Other reserves of joint ventures	-	269,695	-	269,695
<i>Items that will not be re-classified to profit or loss</i>				
Net gain on equity instruments designated at fair value	<b>3,155,480</b>	-	<b>3,155,480</b>	-
Remeasurements of retirement benefit obligations	<b>19,139</b>	-	<b>19,139</b>	-
<b>Other comprehensive (loss)/ income for the period, net of tax</b>	<b>23,229,528</b>	5,633,220	<b>(14,031,834)</b>	(7,548,131)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>60,828,799</b>	<b>(127,122,782)</b>	<b>106,271,298</b>	<b>29,860,192</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>				
- Owners of the Company	<b>52,348,276</b>	(127,943,994)	<b>82,300,149</b>	5,823,695
- Non - controlling interest	<b>8,480,523</b>	821,212	<b>23,971,149</b>	24,036,497
	<b>60,828,799</b>	<b>(127,122,782)</b>	<b>106,271,298</b>	<b>29,860,192</b>

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,328.81/USD1 for the three month period and year ended December 31, 2022 (for the three month period and year ended December 31, 2021: TZS2,307.88/USD1).

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

**PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Combined financial results (continued)**

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

	<b>3 month period ended</b>		<b>Year ended</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</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>Profit/(loss) for the period</b>	<b>37,599,271</b>	<b>(132,756,002)</b>	<b>120,303,132</b>	<b>37,408,323</b>
<i>Adjustments:</i>				
Income tax (credit)/expense	(4,307,068)	79,220,796	(10,677,381)	75,484,416
Finance income	(18,152,786)	(12,264,349)	(47,583,598)	(25,622,654)
Finance costs	41,996,714	38,082,655	164,550,364	116,308,546
Depreciation of property, plant and equipment	23,880,203	37,912,063	127,455,705	139,363,394
Amortization of right of use assets	15,810,088	11,089,674	45,914,648	38,228,779
Amortization of intangible assets	13,976,293	4,037,693	25,831,079	15,370,242
<b>EBITDA</b>	<b>110,802,715</b>	<b>25,322,530</b>	<b>425,793,949</b>	<b>396,541,046</b>
Share of net (profit)/loss in joint ventures and associates	(3,566,219)	48,347,042	(14,364,752)	(22,442,120)
Impairment of property, plant and equipment and intangible assets	1,266,483	501,145	-	472,291
Gain on disposal of property, plant and equipment and intangible assets	(174,719)	(326,004)	(219,334)	(84,143)
Other non-operating expense <sup>(1)</sup>	-	15,660,933	(14,864)	1,065,023
<b>Adjusted EBITDA</b>	<b>108,328,260</b>	<b>89,505,646</b>	<b>411,194,999</b>	<b>375,552,097</b>

<sup>(1)</sup> Other non-operating expenses for the three month period ended December 31, 2021 are mainly comprised of provisions for withholding taxes in MIC Tanzania. This provision was subsequently reversed in Q4 2021 as reflected in that reporting.

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,328.81/USD1 for the three month period and year ended December 31, 2022 (for the three month period and year ended December 31, 2021: TZS2,307.88/USD1).

AXIAN TELECOM  
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2022

## DEFINITIONS

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

These include EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin (each as defined below). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

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

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

**Adjusted EBITDA:** We define "Adjusted EBITDA":

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

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

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

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

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

**Owned Towers:** Refers to ground-based towers, rooftop towers, and cell-on-wheels. Our Towers support wireless telecommunication equipment, and we measure the number of Owned Towers by considering the number of towers which are owned by all consolidated subsidiaries of the Group.

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

**Shared Towers:** Refers to a subset of Owned Towers, specifically those towers which are owned by companies in our Group which provide passive telecommunications infrastructure services. We measure the number of Shared Towers by considering only those Towers with at least one Tenant at the date of measurement.

**Tenancy Ratio:** Represents the average number of Tenants per Shared Tower across our portfolio. Tenancy Ratio is calculated by dividing the number of Tenants on Shared Towers by the number of Shared Towers at the date of measurement.

**Tenants:** Refers to the number of distinct customer points of presence across our Shared Tower portfolio.