

AXIAN TELECOM

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2023

AXIAN

LET'S GROW TOGETHER

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

CORPORATE INFORMATION

COMPANY REGISTRATION No.	C46569 C1/GBL		
		Date of appointment	Date of resignation
DIRECTORS	Mr. Hassanein Shahreza Hiridjee	June 21, 2003	-
	Mr. Ahmud Ismael Parwiz Jugoo	April 30, 2018	-
	Mrs. Anja Blumert	August 15, 2020	-
	Mr. Afsar Azize Abdulla Ebrahim	November 16, 2020	-
	Mr. Michael Jimmy Wong Yuen Tien	December 1, 2021	-
	Mrs. Badiene Seynabou Ba	November 28, 2022	-
ADMINISTRATOR & SECRETARY <i>(as from December 1, 2021)</i>	DTOS Ltd 10 th Floor Standard Chartered Tower 19 Cybercity Ebène Republic of Mauritius		
REGISTERED OFFICE <i>(as from December 1, 2021)</i>	c/o DTOS Ltd 10 th Floor Standard Chartered Tower 19 Cybercity Ebène Republic of Mauritius		
AUDITOR	PricewaterhouseCoopers PwC Centre Avenue de Telfair Telfair 80829 Moka Republic of Mauritius		
INVESTOR RELATIONS CONTACT	investorrelations@axian-telecom.com		

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

CONTENTS

CORPORATE INFORMATION	1
DISCLAIMER	3
GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION	4
OPERATING AND FINANCIAL REVIEW.....	5
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	11
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	12
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	13
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	17
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	18
1. GENERAL INFORMATION	18
2. BASIS OF PREPARATION AND ACCOUNTING POLICIES.....	18
3. REVENUE	19
4. OTHER INCOME AND EXPENSES	19
5. OPERATING COSTS	20
6. FINANCE INCOME AND EXPENSE	21
7. INCOME TAX.....	22
8. PROPERTY, PLANT AND EQUIPMENT	23
9. INTANGIBLE ASSETS.....	25
10. INTEREST IN JOINT VENTURES AND ASSOCIATES	27
11. RIGHT OF USE ASSETS AND LIABILITIES.....	28
12. CASH AND CASH EQUIVALENTS	29
13. TRADE AND OTHER PAYABLES	29
14. BORROWINGS.....	30
15. CASH FLOW FROM OPERATING ACTIVITIES	32
16. NON-IFRS MEASURES	33
17. SEGMENTAL REPORTING	33
18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS	36
19. SUBSEQUENT EVENTS.....	37
PRO FORMA AND COMBINED FINANCIAL INFORMATION	38
DEFINITIONS	42

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

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 42). 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 ENDED MARCH 31, 2023

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.

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 March 31, 2023; 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, 2022. The pro forma adjustments made to the consolidated data and the resulting pro forma numbers are described in more detail and disclosed on pages 38 to 41 of these financial statements.

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH PERIOD ENDED MARCH 31, 2023

OPERATING AND FINANCIAL REVIEW

Highlights for the quarter

	3 month period ended		
	March 31, 2023 USD	March 31, 2022 USD	
Revenue	240,615,819	130,198,266	
Operating profit	56,516,586	38,913,513	
Adjusted EBITDA*	108,190,171	69,584,933	
Adjusted EBITDA Margin*	45.0%	53.4%	
	As at March 31, 2023	As at March 31, 2022	As at December 31, 2022
	Units'000	Units'000	Units'000
Revenue generating subscribers ("RGS") ^φ	31,243	12,934	30,334
Active data users	7,335	3,284	6,826
Active MFS users	10,593	3,064	10,287
	Units	Units	Units
Owned Towers ^β	3,343	2,946	3,289
Shared Towers	2,018	1,699	1,969
Tenants on Shared Towers	2,619	1,989	2,470
Tenancy Ratio	1.30x	1.17x	1.25x

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

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

^βDecember 31, 2022 number amended from the previously reported number of 3,304 Owned Towers owing to an arithmetical issue in our Togo numbers at December 31, 2022.

Operating results and market data

Revenue generating subscribers and other operational key performance indicators

Revenue generating subscribers increased by 0.9 million and 18.3 million during the three month and twelve month periods ended March 31, 2023, respectively, resulting in 31.2 million RGS as at March 31, 2023. Active data users increased by 0.5 million and 4.1 million in the three month and twelve month periods ended March 31, 2023 respectively, to 7.3 million Active data users. Active MFS users increased by 0.3 million and 7.5 million during the three month and twelve month periods ended March 31, 2023, respectively, to 10.6 million Active MFS users.

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.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

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

The increases for the three month period ended March 31, 2023 are primarily driven by our Tanzania operation which saw increases of 0.5 million RGS, 0.4 million Active data users, and 0.3 million Active MFS users in the period. Our operations in Madagascar and Togo also saw increases in RGS of 0.3 million and 0.1 million respectively, in the same period

The increases for the twelve month period ended March 31, 2023, excluding the impact of the MIC Tanzania acquisition, are 3.4 million RGS, 1.0 million Active data users, and 1.6 million Active MFS users. These increases are primarily driven by our operations in Madagascar and Tanzania which saw increases of 2.0 million and 1.2 million RGS respectively, 0.3 million and 0.6 million Active data users respectively, and 0.4 million and 0.8 million Active MFS users respectively, in the twelve month period ended March 31, 2023.

The number of RGS, Active data users, and Active MFS users in Tanzania have increased by 8.1%, 19.5%, and 13.6% respectively since the acquisition. The increase in Active data users has been achieved despite a one-off loss of users during the prior year period due to pricing floors introduced by the regulator which 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.

During the three month period ended March 31, 2023, we have increased the number of Owned Towers and Shared Towers by 54 and 49 respectively, mainly from increases in our Madagascar and Uganda operations which saw increases in their Owned Towers (which are also Shared Towers) of 23 and 26, respectively.

Our Tenants on Shared Towers also increased by 149 in the same period as a result of net increases in our Madagascar and Uganda operations of 72 and 77, respectively. Our Tenancy Ratio increased by 0.05x, to 1.30x, during the same period.

Revenue

Revenue for the three month period ended March 31, 2023 increased year-on-year by \$110.4 million or 84.8%, to \$240.6 million in Q1 2023 compared to \$130.2 million in Q1 2022. Included in this year-on-year increase is an amount of \$101.2 million from MIC Tanzania. The remaining year-on-year increase of \$9.3 million (or 7.1%) is mainly comprised of an increase in revenue related to our operations in Madagascar, Uganda and our other smaller operations, which increased by \$7.7 million, \$2.5 million, and by an aggregate of \$0.8 million year-on-year respectively.

The year-on-year increase in revenue in Madagascar is comprised of increases of \$2.9 million, \$2.0 million, and \$2.8 million in our Mobile and fixed-line communications, Infrastructure, and Digital and mobile financial services segments respectively. The increases in our Mobile and fixed-line communications and Digital and mobile financial services segments are primarily driven by the year-on-year increase in RGS, Active data users, and active MFS users, which results in increased activity in those segments. The increase in revenue in our Infrastructure segment in Madagascar is driven by a year-on-year increase in the number of Tenants on Shared Towers of 371, which resulted in a Tenancy Ratio of 1.31x in that market at March 31, 2023, compared to 1.18x at March 31, 2022. The aggregate year-on-year revenue growth in our Madagascar operations for Q1 2023, includes negative translation impacts of \$7.1 million (or 10.9%), owing to the year-on-year strengthening of the US Dollar against the Malagasy Ariary.

Revenue in our Uganda operations for the three month period ended March 31, 2023, is all related to our infrastructure segment and the year-on-year increase results from the increase in the number of Shared Towers and Tenants on Shared Towers which increased by 189 and 259 year-on-year, respectively; resulting in a Tenancy Ratio of 1.25x at March 31, 2023, compared to a Tenancy ratio of 1.10x at March 31, 2022. The year-on-year growth in revenue in our other smaller operations is also primarily related to our infrastructure segment.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Revenue (continued)

The aggregate year-on-year increases in Madagascar, Uganda, and our other smaller operations for the three month period ended March 31, 2023 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 \$1.7 million. This is primarily driven by translation impacts which decreased revenue in USD terms by \$2.8 million (or 4.5%) year-on-year.

Revenue by segment is presented below:

For the three month period ended:

	March 31, 2023	March 31, 2022	Movement	Movement
	USD	USD	USD	%
Mobile and fixed-line communications	185,844,244	112,958,373	72,885,871	64.5%
Infrastructure	9,602,217	4,358,329	5,243,888	120.3%
Digital and mobile financial services	44,941,933	12,698,273	32,243,660	253.9%
Other	227,425	183,291	44,134	24.1%
	240,615,819	130,198,266	110,417,553	84.8%

Operating costs

Operating costs for the three month period ended March 31, 2023 increased year-on-year by \$93.3 million, to \$187.5 million in Q1 2023 compared to \$94.2 million in Q1 2022, and include an amount of \$83.1 million in operating costs from MIC Tanzania. The year-on-year increase of \$10.2 million (or 10.8%), excluding MIC Tanzania, is primarily comprised of an aggregate year-on-year increase in the cost of devices and equipment of \$1.0 million, a year-on-year increase in technology operating costs of \$2.3 million, a year-on-year increase in staff costs of \$3.0 million, a year-on-year increase in non-technical professional fees of \$1.6 million, a year-on-year increase in other operating costs of \$0.7 million, and a year-on-year increase in the aggregate cost of write-off of financial assets and net impairment losses on financial and contract assets of \$1.9 million.

This year-on-year aggregate increase is partially offset by a year-on-year decrease in costs of interconnection and roaming of \$0.7 million and a year-on-year decrease in aggregate depreciation and amortization of \$1.0 million.

Excluding MIC Tanzania, the year-on-year increase for the three month period ended March 31, 2023 in respect of staff costs is primarily driven by a general increase in staff numbers, and an increase in average wages and welfare benefits, such as medical insurance. The year-on-year increase in technology operating costs is primarily driven by an increase in energy costs owing to an increased number of Owned Towers and Shared Towers, mainly in our Infrastructure segment in Madagascar and Uganda.

The year-on-year increase in the cost of devices and equipment of \$1.0 million, excluding MIC Tanzania, is primarily driven by increased sales of fiber installations and associated equipment, primarily in our Togo operations.

Excluding MIC Tanzania, the year-on-year increase in the impairment of financial and contract assets for the three month period ended March 31, 2023, mainly result from credit loss provisions in respect of nanoloan customers which have increased year-on-year for the three month period ended March 31, 2023, as the value of nanoloans granted has increased year-on-year.

Operating costs of MIC Tanzania which are included in the consolidated numbers of the Group amount to \$83.1 million for the three month period ended March 31, 2023, and are primarily comprised of costs of devices and equipment of \$2.8 million, costs of interconnection and roaming of \$4.1 million, government and regulatory costs of \$5.5 million, commissions to sales agents of \$23.0 million, technology operational costs of \$9.0 million, staff costs of \$6.9 million, depreciation and amortization of \$21.8 million, and aggregate professional fees and other operating expenses of \$8.2 million.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Other operating income, and non-operating income and expenses

Other operating income was \$3.4 million for the three month period ended March 31, 2023, compared to \$2.9 million for the three month period ended March 31, 2022, and is primarily comprised of the release of government grants which was \$2.4 million in the current year, compared to \$2.5 million in the prior year comparative period. The current year period also includes an amount of other operating income of \$0.3 million related to MIC Tanzania.

Non-operating income amounts to \$0.3 million for the three month period ended March 31, 2023, compared to nil in the prior year comparative period. The year-on-year increase relates 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.

Net finance costs

Our net finance cost was \$25.0 million in the three month period ended March 31, 2023, compared to \$12.6 million in the three month period ended March 31, 2022; a year-on-year increase of \$12.4 million. This increase includes \$16.4 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 \$4.0 million.

This year-on-year decrease in net finance costs for Q1 2023 of \$4.0 million, excluding MIC Tanzania, is primarily driven by a year-on-year net favorable impact in foreign exchange of \$5.2 million, which reflects a net foreign exchange gain in the current year period of \$4.0 million compared to a net foreign exchange loss of \$1.2 million in the prior year comparative period. We also had a year-on-year increase of \$2.0 million in respect of interest income on deposits, a year-on-year decrease in interest on decommissioning provisions of \$1.5 million, and an aggregate year-on-year decrease of \$2.3 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 March 31, 2023 is partially offset by a year-on-year increase in interest expense on listed bonds of \$4.2 million as a result of the issue of the Notes, and by an aggregate unfavorable impact of \$3.1 million in respect of the fair valuation of derivatives which saw aggregate valuation losses in the current year of \$1.0 million, compared to aggregate gains of \$2.1 million in the prior year comparative period.

The net finance cost of MIC Tanzania of \$16.4 million for Q1 2023 is primarily comprised of interest of \$13.5 million in respect of lease liabilities, a net foreign exchange loss of \$3.0 million, partially offset by interest income on deposits of \$0.2 million.

Share of profit in joint ventures and associates

Our share of profit in joint ventures and associates decreased year-on-year by \$3.0 million for the three month period ended March 31, 2023, from a profit of \$4.9 million in the quarter ended March 31, 2022 to a profit of \$1.9 million in the current year quarter.

The year-on-year decrease for the three month period ended March 31, 2023 mainly results from decreased profits in Maya Africa Holding Ltd which recorded a loss for Q1 2023. The loss in Maya Africa Holdings Ltd resulted in the recognition of a zero amount of profits for this entity in the current year, compared to profits of \$1.6 million in the prior year comparative period. Our share of profits from Telecom Reunion Mayotte and BNI Madagascar also decreased year-on-year by \$0.8 million and \$0.4 million respectively.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Income tax

Income tax charge increased by \$2.6 million year-on-year for the three month period ended March 31, 2023, including the impact of a net tax charges of \$0.9 million in respect of MIC Tanzania. The year-on-year increase in tax expense of \$2.6 million, is comprised of year-on-year increases in actual income tax expense and withholding tax expense of \$1.5 million and \$0.5 million respectively. We also had a year-on-year decrease in deferred tax credits of \$0.5 million for the three month period ended March 31, 2023.

The year-on-year increase in actual income tax is primarily driven by increase operating profits (including MIC Tanzania) which increased by 45.2% year-on-year, partially offset by the impact of tax deductible finance costs.

The withholding tax expense is primarily related to infrastructure revenue contracts in Silver Links Limited which are subject to withholding taxes when customers pay, and to interest payments made to Axian Telecom by its subsidiaries in respect of related party loans, which are subject to withholding taxes when the borrowers 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 decreased by \$0.1 million year-on-year in the three month period ended March 31, 2023, to a profit of \$22.4 million in the three month period ended March 31, 2023 (including a profit of \$1.3 million in respect of MIC Tanzania), compared to a profit of \$22.5 million in the three month period ended March 31, 2022. The year-on-year decrease, excluding MIC Tanzania, is \$1.4 million and is driven by a year-on-year decrease in share of profits from associates and joint ventures of \$3.0 million, a year-on-year increase of \$1.7 million in net tax charge, and a year-on-year decrease in operating profit of \$0.7 million, partially offset by a year-on-year decrease in net finance costs of \$3.9 million.

Adjusted EBITDA

Our Adjusted EBITDA for the three month period ended March 31, 2023 increased year-on-year by \$38.6 million, to \$108.2 million in the three month period ended March 31, 2023 (including an amount of \$40.3 million in respect of MIC Tanzania), compared to \$69.6 million in the prior year comparative period. Year-on-year, excluding MIC Tanzania, Adjusted EBITDA decreased by \$1.7 million, primarily as a result of increased operating costs (excluding non-cash operating costs such as depreciation and amortization), partially offset by an increase in revenue; both as discussed above. A large portion of the year-on-year increase in operating costs results from increased staff costs and from increases in the cost of subsidized devices and equipment provided to customers, for which the costs are recognized when the equipment is provided, whereas the revenue will only materialize in future periods as the customers use our mobile and data services.

Statements of Cash flow and liquidity

The Group had cash and cash equivalents (net of bank overdrafts) of \$188.6 million as at March 31, 2023 (December 31, 2022: \$198.9 million), of which a total of \$129.1 million (December 31, 2022: \$132.8 million) was held in either USD or Euro.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Net cash generated from operating activities

Net cash generated from operating activities increased by \$41.4 million year-on-year for the three month period ended March 31, 2023 (including MIC Tanzania), primarily as a result of increased operating profits, resulting in a year-on-year increase of \$42.4 million in cash generated from operations before working capital changes, and from a positive cash flow impact of \$15.6 million in respect of working capital which reflected a net cash outflow in the current year quarter of \$3.9 million compared to a net cash outflow of \$19.5 million in the prior year comparative period. We also had a year-on-year increase in interest received in respect of invested balances of \$3.4 million and a year on-year-decrease in tax paid of \$1.4 million. The positive aggregate cash impact of operating profits, working capital changes, and interest and tax payments, is partially offset by a year-on-year increase in aggregate interest paid of \$21.6 million, mainly related to increased lease liabilities balances, and to the Notes.

Net cash used in investing activities

Net cash outflows used in investing activities increased by \$53.9 million year-on-year for the three month period ended March 31, 2023, primarily due to an increase in aggregate cash utilized in the purchase of property, plant and equipment and intangible assets of \$50.8 million, and from a year-on-year increase in cash outflows in respect of deposits paid of \$3.0 million. The aggregate deposits paid for the three month period ended March 31, 2023, primarily relate to collateral deposits in respect of our letters of credit in Tanzania, which are being used to finance purchases of property, plant and equipment and intangible assets.

Year-on-year increases in 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 a part payment for new spectrum in Tanzania), as well as reflecting increased tower construction activity in Uganda and Madagascar, when compared to the prior year comparative periods.

Net cash used in or generated from financing activities

We had net cash outflows from financing activities of \$2.3 million for the three month period ended March 31, 2023, compared with net cash inflows of \$15.4 million in the prior year comparative period; a year on year net cash outflow impact of \$17.7 million. This year-on-year net cash outflow impact is primarily related to a year-on-year increase in cash outflows from the payment of lease liabilities of \$20.1 million (primarily representing the timing of payments for site leases in our Tanzania operations), a year-on-year increase in cash outflows for the repayment of borrowings of \$1.7 million, partially offset by a year-on-year decrease in cash outflows related to issuance costs for the Notes, of \$4.5 million.

Additional borrowings for the three month period ended March 31, 2023 are primarily comprised of the utilization of a letter of credit agreement entered into by MIC Tanzania in order to fund capital expenditure. This letter of credit have a maturity of one year, but can be extended to one and a half years. Refer to note 14 for more information.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the three month period ended March 31, 2023

	3 month period ended	
	March 31,	March 31,
	2023	2022
	USD	USD
Revenue (Note 3)	240,615,819	130,198,266
Cost of devices and equipment (Note 5)	(5,878,173)	(2,042,085)
Cost of interconnection and roaming (Note 5)	(7,277,353)	(3,809,806)
Government and regulatory costs (Note 5)	(14,243,863)	(8,274,554)
Advertising and distribution costs (Note 5)	(3,114,919)	(1,229,949)
Commission to sales agents (Note 5)	(35,063,098)	(11,388,966)
Net impairment on financial and contract assets (Note 5)	(1,747,577)	(344,860)
Technology operation costs (Note 5)	(21,160,642)	(9,923,943)
Staff costs (Note 5)	(23,695,389)	(13,825,651)
Other operating expenses (Note 5)	(16,930,128)	(9,796,702)
Write-off of financial assets (Note 5)	(1,115,215)	(346,998)
Professional fees, non-technical (Note 5)	(5,905,823)	(2,528,125)
Depreciation and amortization (Note 5)	(51,421,521)	(30,671,420)
Reversal of impairment of non-financial assets (Note 5)	28,326	-
Other income (Note 4)	3,426,142	2,898,306
OPERATING PROFIT	56,516,586	38,913,513
Finance income (Note 6)	12,835,423	8,010,954
Finance costs (Note 6)	(37,792,945)	(20,560,675)
Non-operating income (Note 4)	256,584	-
Share of profit in joint ventures and associates	1,944,125	4,920,007
PROFIT BEFORE INCOME TAX	33,759,773	31,283,799
Income tax expense (Note 7)	(11,350,736)	(8,769,303)
PROFIT FOR THE PERIOD	22,409,037	22,514,496
Profit for the period attributable to:		
- Owners of the Company	16,496,774	14,118,339
- Non-controlling interest	5,912,263	8,396,157
	22,409,037	22,514,496

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH PERIOD ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the three month ended March 31, 2023

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
PROFIT FOR THE PERIOD	22,409,037	22,514,496
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be re-classified to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	7,994,816	(4,915,948)
Exchange differences on translation of foreign joint ventures	845,906	729,359
Total items that may be reclassified to profit or loss, net of tax	8,840,722	(4,186,589)
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of retirement benefit obligations	(850)	-
Total Items not reclassified to profit or loss, net of tax	(850)	-
Other comprehensive income/(loss) for the period, net of tax	8,839,872	(4,186,589)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31,248,909	18,327,907
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
- Owners of the Company	24,310,669	10,477,793
- Non - controlling interest	6,938,240	7,850,114
	31,248,909	18,327,907

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH PERIOD ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	March 31, 2023 USD	December 31, 2022 USD
ASSETS		
Non-current assets		
Property, plant and equipment (Note 8)	707,713,116	670,042,389
Intangible assets (Note 9)	207,923,771	211,680,348
Interests in joint ventures and associates (Note 10)	65,112,301	61,522,220
Deferred tax assets	35,323,582	35,165,682
Trade and other receivables	30,796,555	35,138,045
Deposits receivable	2,216,547	2,168,923
Loans receivable	172,611	167,508
Right-of-use assets (Note 11)	435,034,487	392,172,617
Goodwill	197,158,052	196,215,765
Financial assets at fair value through profit or loss	9,931,511	9,912,153
Financial assets at fair value through OCI	18,535,139	18,590,788
Embedded derivative assets	5,507,815	6,422,975
Treasury bonds	1,536,087	1,803,607
	1,716,961,574	1,641,003,020
Current assets		
Inventories	22,860,515	23,227,898
Loan receivables	18,669,339	17,187,838
Trade and other receivables	194,418,355	160,390,000
Income tax receivable (Note 7)	9,897,143	9,841,120
Cash and cash equivalents (Note 12)	225,089,540	226,590,223
Restricted cash	281,088,139	277,344,579
	752,023,031	714,581,658
Total assets	2,468,984,605	2,355,584,678

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at March 31, 2023

	March 31, 2023 USD	December 31, 2022 USD
EQUITY AND LIABILITIES		
Equity and reserves		
Stated capital	1,372,564	1,372,564
Reorganization reserves	76,538,842	76,511,569
Other reserves	(36,397,992)	(36,397,142)
Legal reserves	3,025,353	3,025,353
Translation reserves	(12,701,680)	(20,516,421)
Retained earnings	155,842,496	139,345,719
Equity attributable to owners of the Company	187,679,583	163,341,642
Non-controlling interest	106,905,524	99,967,254
Total equity	294,585,107	263,308,896
LIABILITIES		
Non-current liabilities		
Borrowings (Note 14)	261,490,335	262,969,286
Bond borrowings (Note 14)	413,295,193	411,774,204
Trade and other payables (Note 13)	66,279,850	61,125,648
Government grants	16,210,144	18,198,686
Provisions	48,261,841	45,853,429
Lease liability (Note 11)	419,511,303	380,496,338
NCl put option liability	37,377,233	36,951,071
Deposits payable	7,863,253	7,652,013
Deferred tax liability	15,967,258	16,608,944
Retirement benefit obligations	2,464,199	2,352,140
	1,288,720,609	1,243,981,759
Current liabilities		
Trade and other payables (Note 13)	689,620,228	690,586,504
Client savings accounts	1,641,773	1,330,778
Borrowings (Note 14)	69,338,601	42,828,908
Bond borrowings (Note 14)	3,699,791	12,713,368
Provisions	2,554,459	2,483,165
Lease liability (Note 11)	44,965,359	41,295,551
Bank overdraft (Note 12)	36,469,692	27,728,595
Dividend payable	21,686,273	21,695,814
Income tax payable (Note 7)	15,702,713	7,631,340
	885,678,889	848,294,023
Total liabilities	2,174,399,498	2,092,275,782
Total equity and liabilities	2,468,984,605	2,355,584,678

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated Capital USD	Retained Earnings USD	Other reserves* USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total Equity USD
At January 1, 2022	1,372,564	83,706,080	74,764,084	159,842,728	91,152,614	250,995,342
Comprehensive income/(loss):						
Profit for the period	-	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)
Total comprehensive income/(loss) for the period	-	57,883,845	(9,111,970)	48,771,875	24,002,568	72,774,443
Transactions with owners in their capacity as owners:						
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	-	-	-
Total transactions with owners	-	(2,244,206)	(43,028,755)	(45,272,961)	(15,187,928)	(60,460,889)
At December 31, 2022	1,372,564	139,345,719	22,623,359	163,341,642	99,967,254	263,308,896

*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 ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Stated Capital USD	Retained Earnings USD	Other reserves* USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total Equity USD
At January 1, 2023	1,372,564	139,345,719	22,623,359	163,341,642	99,967,254	263,308,896
Comprehensive income:						
Profit for the period	-	16,496,777	-	16,496,777	5,912,263	22,409,040
Other comprehensive income for the period, net of tax	-	-	7,813,892	7,813,892	1,025,977	8,839,869
Total comprehensive income for the period	-	16,496,777	7,813,892	24,310,669	6,938,240	31,248,909
Transactions with owners in their capacity as owners:						
Issue of shares	-	-	-	-	30	30
Disposal of subsidiary	-	-	27,272	27,272	-	27,272
Total transactions with owners	-	-	27,272	27,272	30	27,302
At March 31, 2023	1,372,564	155,842,496	30,464,523	187,679,583	106,905,524	294,585,107

* 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 ENDED MARCH 31, 2023

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

For the three month ended March 31, 2023

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Cash flows from operating activities		
Cash flows from operations (Note 15)	105,548,135	47,462,557
Interest paid on lease liabilities	(6,944,116)	(1,425,251)
Interest paid on loans, bonds and other borrowings	(18,623,415)	(2,547,144)
Interest received	3,755,413	386,578
Tax paid	(2,859,723)	(4,334,905)
Net cash generated from operating activities	80,876,294	39,541,835
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	6,283	-
Purchase of property, plant and equipment	(68,510,384)	(34,723,161)
Purchase of intangible assets	(18,853,179)	(1,911,672)
Disposal of subsidiary, net of cash disposed	(2,707)	-
Repayment made by related parties	43,016	228,142
Net deposits paid	(3,201,960)	(196,566)
Treasury bonds matured	-	313,005
Corporate bonds matured	299,236	-
Net cash used in investing activities	(90,219,695)	(36,290,252)
Cash flows from financing activities		
Additional borrowings	27,935,335	28,214,841
Repayment of borrowings	(8,795,949)	(7,122,233)
Repayment of principal on lease liabilities	(21,215,277)	(1,143,649)
Dividend paid	(9,803)	-
Payment of bond transaction costs	-	(4,527,477)
Payment of loan transaction costs	(237,400)	-
Net cash flow (used in)/generated from financing activities	(2,323,094)	15,421,482
Net (decrease)/increase in cash and cash equivalents	(11,666,495)	18,673,065
Effect of exchange rate on cash and cash equivalents	1,424,715	(2,398,551)
Cash and cash equivalents at beginning of the period	198,861,628	111,951,988
Cash and cash equivalents at end of the period (Note 12)	188,619,848	128,226,502

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

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 May 26, 2023.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Mobile services	143,454,333	84,296,207
Fixed services	17,106,945	14,616,091
Interconnection/Roaming/MVNO	9,578,246	5,756,534
Customer Equipment and Infrastructure	3,407,638	1,274,584
Operator Infrastructure services	7,110,095	5,783,594
Commissions received on electronic money activities	46,850,616	13,292,446
Content and value added services	3,185,380	-
Other revenue	1,272,246	834,234
Hosting and rental of sites	7,416,537	3,513,407
Trademark and license fees	124,044	64,346
Administration and general management fees	165,062	128,473
Digital solutions and other support services	944,677	638,350
	240,615,819	130,198,266

4. OTHER INCOME AND EXPENSES

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Other income		
Gain on disposal of property, plant, and equipment	4,520	-
Reversal of provision for risks and charges	8,843	8,885
Release of government grant	2,379,910	2,485,684
Trade payables waived	35,260	-
Other income	997,609	403,737
	3,426,142	2,898,306
Non-operating income		
Amortization of deferred gain on sale of PPE	256,584	-
	256,584	-

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING COSTS

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Cost of equipment, devices	4,344,732	1,693,964
Provision for device inventories	3,040	71,665
Prepaid cards and accessories	1,530,401	276,456
Cost of devices and equipment	5,878,173	2,042,085
Interconnection fees	6,881,941	3,712,122
Roaming fees	395,412	97,684
Cost of interconnection and roaming	7,277,353	3,809,806
Telecom operator and regulatory fees	8,362,899	3,802,451
Frequency fees	3,052,988	1,883,771
Excise Duty	2,827,976	2,588,332
Government and regulatory costs	14,243,863	8,274,554
Advertising and distribution costs	3,114,919	1,229,949
Commission to sales agents	35,063,098	11,388,966
Impairment of loans to clients	1,473,740	-
Loss allowance on trade receivables	273,837	344,860
Net impairment losses on financial and contract assets	1,747,577	344,860
Transmission fees	2,868,450	529,538
Content and value added service (VAS) charges	900,421	-
Satellite and bandwidth charges	396,890	797,195
Site energy	7,322,545	3,984,853
Site and network repairs and maintenance	2,285,562	1,578,630
Professional fees, technical	2,243,860	57,497
Rental expenses for short term and low value leases, technical sites	179,870	475,310
Maintenance of Materials, software and Network	4,963,044	2,500,920
Technology operation costs	21,160,642	9,923,943
Payroll and social charges	21,681,540	13,067,686
Travel expenses	1,875,752	731,693
Training	73,198	-
Provision for retirement benefit obligations	64,899	26,272
Staff costs	23,695,389	13,825,651
Write-off of financial assets	1,115,215	346,998
Professional fees, non-technical	5,905,823	2,528,125
Depreciation of property, plant & equipment	30,555,176	22,967,156
Amortization of intangible assets	7,401,079	1,988,598
Depreciation of rights of use assets	13,465,266	5,715,666
Depreciation and amortization	51,421,521	30,671,420

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING COSTS (CONTINUED)

	3 month period ended	
	March 31,	March 31,
	2023	2022
	USD	USD
Reversal of impairment of goodwill and interest in joint ventures	(53,627)	-
Impairment on inventory	25,301	-
Reversal of impairment of non-financial assets	(28,326)	-
Other operating expenses*	16,930,128	9,796,702
Total operating costs	187,525,375	94,183,059

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

6. FINANCE INCOME AND EXPENSE

	3 month period ended	
	March 31,	March 31,
	2023	2022
	USD	USD
Finance income		
Foreign exchange gain	7,720,279	3,208,271
Interest income	3,755,526	1,561,365
Gain on fair valuation of derivatives	200,000	2,100,000
Other finance income	1,159,618	1,141,318
	12,835,423	8,010,954
Finance costs		
Foreign exchange loss	(6,697,941)	(4,364,031)
Interest on bank loans	(3,076,258)	(4,214,271)
Interest on listed bonds	(7,994,912)	(3,839,283)
Interest on loan and amount payable to related parties	(1,811,249)	(1,696,276)
Interest on bank overdraft	(413,764)	(276,464)
Interest on lease liabilities	(14,675,163)	(1,425,251)
Interest expense on provision for dismantling costs	(549,208)	(2,017,117)
Finance costs on other borrowings	-	(944,608)
Loss on fair valuation of derivatives	(1,193,977)	-
Other interest charges	(1,380,473)	(1,783,374)
	(37,792,945)	(20,560,675)
Net finance costs	(24,957,522)	(12,549,721)

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX

a) Income tax expense

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Actual income tax	10,925,151	9,382,090
Withholding tax	535,941	27,836
Deferred tax credit	(110,356)	(640,623)
	<u>11,350,736</u>	<u>8,769,303</u>

As at March 31, 2023, the Company is liable to income tax in Mauritius on its chargeable income at the rate of 15%. Until June 30, 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 July 1, 2021 and the Company now operates under the new tax regime. Under the new regime, the Company is able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption are taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in foreign jurisdiction where it generates income.

The Malagasy, Togo, Uganda and Tanzania subsidiaries are subject to income tax on their income at 20%, 27% and 30% respectively (for Uganda and Tanzania) (2022: 20%, 27% and 30%). Therefore, the income tax rate for the Group is in the range of 15% - 30% (2022: 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 liability/(receivable)

	March 31, 2023 USD	December 31, 2022 USD
At January, 1	(2,209,780)	9,709,590
Acquisition through business combination (Note 18)	-	6,338,613
Charge during the period/year	10,925,151	37,351,020
Tax paid	(2,859,723)	(53,248,957)
Withholding tax suffered	(298,035)	(2,021,280)
Translation difference	247,957	(338,766)
At March 31/December 31	<u>5,805,570</u>	<u>(2,209,780)</u>
<i>Analyzed as follows:</i>		
Income tax receivable	(9,897,143)	(9,841,120)
Income tax payable	15,702,713	7,631,340
	<u>5,805,570</u>	<u>(2,209,780)</u>

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

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
Cost						
At January 1, 2022	78,890,635	250,168,432	1,263,561,353	23,163,005	52,280,575	1,668,064,000
Reclassification adjustments*	(23,172,770)	15,992,269	6,051,523	-	1,128,978	-
Acquisition through business combinations (Note 18)	4,442,521	5,726,220	95,777,519	-	15,321,492	121,267,752
Additions	523,871	20,144,488	5,013,138	1,197,132	187,898,927	214,777,556
Transfers	4,637,394	19,705,258	121,756,128	623,624	(146,722,404)	-
Disposals and scrap	(3,450,062)	(1,221,686)	(53,370,951)	(5,495,564)	-	(63,538,263)
Transfer to right of use asset	(388,530)	-	-	(4,227,268)	-	(4,615,798)
Provision for dismantling	-	7,598,663	345,389	-	-	7,944,052
Transfer to inventories	-	-	-	-	(1,811,025)	(1,811,025)
Translation difference	(4,696,658)	(30,222,818)	(99,587,426)	(1,437,450)	(3,963,329)	(139,907,681)
At December 31, 2022	56,786,401	287,890,826	1,339,546,673	13,823,479	104,133,214	1,802,180,593
Additions	76,628	44,684	3,246,023	476,427	51,794,209	55,637,971
Transfers	135,402	277,310	19,829,755	120,386	(20,362,853)	-
Disposals and scrap	(2,033)	(1,414)	(10,005)	(89,952)	-	(103,404)
Provision for dismantling	-	-	610,235	-	-	610,235
Translation difference	1,224,468	7,954,208	29,460,977	437,893	2,174,892	41,252,438
At March 31, 2023	58,220,866	296,165,614	1,392,683,658	14,768,233	137,739,462	1,899,577,833

*Towerco of Africa 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, 2022. Thus, a reclassification adjustment has been made.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Materials USD	Land and Building USD	Technical Equipment USD	Others USD	Assets in Progress USD	Total USD
Accumulated depreciation						
At January 1, 2022	(72,053,095)	(93,272,230)	(988,854,117)	(18,095,502)	-	(1,172,274,944)
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)	-	(117,014,286)
Disposals and scrap	3,437,826	1,195,402	53,364,336	4,663,967	-	62,661,531
Transfer to right of use asset	188,288	-	-	1,282,248	-	1,470,536
Translation difference	4,166,379	10,189,627	76,726,434	1,936,519	-	93,018,959
At December 31, 2022	(44,738,563)	(128,765,515)	(945,801,064)	(12,833,062)	-	(1,132,138,204)
Charge for the year	(1,190,884)	(1,518,919)	(27,417,715)	(427,658)	-	(30,555,176)
Disposals and scrap	1,748	1,414	10,005	86,967	-	100,134
Translation difference	(1,110,066)	(3,586,063)	(24,168,102)	(407,240)	-	(29,271,471)
At March 31, 2023	(47,037,765)	(133,869,083)	(997,376,876)	(13,580,993)	-	(1,191,864,717)
Net book value						
At March 31, 2023	11,183,101	162,296,531	395,306,782	1,187,240	137,739,462	707,713,116
At December 31, 2022	12,047,838	159,125,311	393,745,609	990,417	104,133,214	670,042,389

*Towerco of Africa 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, 2022. Thus, a reclassification adjustment has been made.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

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
Cost										
At January 1, 2022	29,139,938	175,883,926	13,128,923	1,978,604	14,239,753	515,800	7,360,718	-	-	242,247,662
Acquisition through business combinations (Note 18)	-	11,987,708	-	15,417,917	-	-	-	49,040,544	16,048,894	92,495,063
Additions	220,062	42,197,534	16,475,448	278,249	-	821,148	261,843	-	-	60,254,284
Capitalized installation cost (Commissioning)	-	3,217,919	(7,824,238)	-	-	-	4,606,319	-	-	-
Transfers	1,196,960	-	(1,196,960)	-	-	-	-	-	-	-
Transfer from prepayment	-	-	236,140	-	-	-	-	-	-	236,140
Disposals and scrap	(29,010)	(509,347)	-	-	-	-	(292,928)	-	-	(831,285)
Translation difference	(1,708,827)	(10,856,639)	(634,260)	576,752	(822,100)	(33,128)	(1,242,286)	-	-	(14,720,488)
At December 31, 2022	28,819,123	221,921,101	20,185,053	18,251,522	13,417,653	1,303,820	10,693,666	49,040,544	16,048,894	379,681,376
Additions	252,936	92,844	1,565,959	-	-	78,035	152,076	-	-	2,141,850
Transfers	-	-	(180,756)	-	-	-	-	-	-	(180,756)
Translation difference	573,980	3,376,737	440,632	(4,890)	273,620	(28,041)	336,754	-	-	4,968,792
At March 31, 2023	29,646,039	225,390,682	22,010,888	18,246,632	13,691,273	1,353,814	11,182,496	49,040,544	16,048,894	386,611,262

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

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
Accumulated amortization										
At January 1, 2022	(25,235,201)	(121,928,641)	-	(845,330)	(894,886)	(13,099)	(6,361,877)	-	-	(155,279,034)
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
At December 31, 2022	(25,082,827)	(120,701,424)	-	(2,423,040)	(1,727,220)	(94,101)	(7,144,645)	(9,457,252)	(1,370,519)	(168,001,028)
Amortization charge for the period	(398,263)	(2,078,840)	-	(437,958)	(221,794)	(32,449)	(633,203)	(3,143,085)	(455,487)	(7,401,079)
Translation difference	(517,691)	(2,489,793)	-	(17,782)	(38,934)	2,616	(223,800)	-	-	(3,285,384)
At March 31, 2023	(25,998,781)	(125,270,057)	-	(2,878,780)	(1,987,948)	(123,934)	(8,001,648)	(12,600,337)	(1,826,006)	(178,687,491)
Net book value										
At March 31, 2023	3,647,258	100,120,625	22,010,888	15,367,852	11,703,325	1,229,880	3,180,848	36,440,207	14,222,888	207,923,771
At December 31, 2022	3,736,296	101,219,677	20,185,053	15,828,482	11,690,433	1,209,719	3,549,021	39,583,292	14,678,375	211,680,348

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INTEREST IN JOINT VENTURES AND ASSOCIATES

	March 31, 2023 USD	December 31, 2022 USD
At January, 1	61,522,220	68,846,258
Buy-back of shares by joint ventures	-	(1,993,678)
Share of profit in joint ventures and associates	1,944,125	14,364,751
Share of translation reserves	845,906	(1,494,415)
Reversal of impairment loss	53,628	-
Dividend received	-	(15,157,492)
Translation difference	746,422	(3,043,204)
At March 31/December 31	65,112,301	61,522,220

Details pertaining to the investment in joint ventures and associates at March 31, 2023 and December 31, 2022 are as follows:

Name of Company	Country of Incorporation /place of activity	Class of shares held	% Holding		Direct/ Indirect	Relationship	Activities
			Mar 31, 2023	Dec 31, 2022			
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 December 31, 2022, following the directors' resolution dated November 21, 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 ENDED MARCH 31, 2023

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

	March 31, 2023 USD	December 31, 2022 USD
<i>Right of use assets</i>		
At January, 1	392,172,617	44,007,136
Additions during the year	904,017	27,754,222
Acquisition through business combination (Note 18)	-	363,617,784
Transfer from PPE	-	3,145,262
Disposals during the year	-	(3,347,314)
Remeasurements	55,325,832	2,170,505
Amortization charge during the period/year	(13,465,266)	(38,031,898)
Translation difference	97,287	(7,143,080)
At March 31/December 31	435,034,487	392,172,617
<i>Lease liabilities</i>		
At January, 1	421,791,889	51,253,868
Additions during the year	904,017	27,754,223
Acquisition through business combination (Note 18)	-	363,617,784
Disposals during the year	-	(4,398,983)
Remeasurements	55,325,832	2,170,505
Transfer from borrowings	-	3,225,922
Interest expense for the period/year	14,675,162	41,089,046
Principal paid on lease liabilities	(21,215,277)	(26,493,552)
Interest paid on lease liabilities	(6,944,116)	(28,891,851)
Translation difference	(60,845)	(7,535,073)
At March 31/December 31	464,476,662	421,791,889
<i>Of which non-current</i>	419,511,303	380,496,338
<i>Of which current</i>	44,965,359	41,295,551

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND CASH EQUIVALENTS

	March 31, 2023 USD	December 31, 2022 USD
Cash at bank	225,089,540	226,590,223
Bank overdraft	(36,469,692)	(27,728,595)
	<u>188,619,848</u>	<u>198,861,628</u>

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

	March 31, 2023 USD	December 31, 2022 USD
<i>Non-current</i>		
Trade payables	7,823,610	47,223
Deferred revenue	18,436,770	18,478,298
Amounts payable to entities under common control*	1,145	1,111
Other payables	39,187,100	41,784,379
VAT payable	831,225	814,637
	<u>66,279,850</u>	<u>61,125,648</u>
<i>Current</i>		
Trade payables	208,110,520	183,166,245
Other payables	80,776,685	118,890,397
Deferred revenue	37,538,994	33,537,855
VAT payable	85,017,165	84,053,393
Mobile financial services creditors	270,981,145	266,545,706
Amounts payable to entities under common control*	7,195,719	4,392,908
	<u>689,620,228</u>	<u>690,586,504</u>
Total trade and other payables	<u>755,900,078</u>	<u>751,712,152</u>

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

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. BORROWINGS

	March 31, 2023 USD	December 31, 2022 USD
Non-current		
Bank loans (a)	108,068,817	112,285,116
Listed bonds	413,295,193	411,774,204
Loans payable to related parties	153,421,518	150,684,170
	674,785,528	674,743,490
Current		
Bank loans	64,351,983	37,913,908
Listed bonds	3,699,791	12,713,368
Loans payable to related parties	4,986,618	4,915,000
	73,038,392	55,542,276
Total borrowings	747,823,920	730,285,766
(a) Bank loans		
Bank of Africa-Madagascar ('BOA')	16,804,336	18,281,826
Banque Malgache de L'Ocean Indien ('BMOI')	9,097,906	9,300,751
BFV Société Générale ('BFV')	24,201,349	25,244,514
BNI Banque de l'Industrie ('BNI')	15,791,983	16,526,801
Société de Gestion et d'Intermédiation ('SGI')	18,183,047	17,820,193
Banque Togolaise pour le Commerce et l'Industrie ('BTCI')	7,615,180	8,573,158
Union Togolaise de Banque ('UTB')	14,283,309	14,495,305
Orabank ('ORB')	18,938,762	19,537,636
Stanbic bank Uganda	19,469,566	19,688,605
CRDB Bank Plc	27,650,774	-
Accrued interest	384,588	730,235
Total bank loans	172,420,800	150,199,024
Loans payable within one year	64,351,983	37,913,908
Loans payable after one year	108,068,817	112,285,116

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 ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. BORROWINGS (CONTINUED)

Bank loans (continued)

1. Telecom Malagasy S.A.

During the three month period ended March 31, 2023, Telecom Malagasy S.A. has not drawn down any additional loans and has made aggregate principal repayments amounting to MGA 15.05 billion (approximately USD 3.5 million).

2. Towerco of Madagascar S.A.

During the three month period ended March 31, 2023, Towerco of Madagascar S.A. has not drawn down any additional loans and has made aggregate principal repayments amounting to MGA 5.7 billion (approximately USD 1.3 million).

3. Togo Cellulaire S.A.

Togo Cellulaire S.A. has not drawn down additional loans during the three month period ended March 31, 2023 and has made aggregate principal repayments amounting to FCFA 2.2 billion (approximately USD 3.5 million).

4. Togo Telecom S.A.

Togo Telecom S.A. has not drawn down any additional loan amounts during the three month period ended March 31, 2023 and made aggregate principal repayments amounting to FCFA 305 million (approximately USD 0.5 million) in the same period.

5. MIC Tanzania Plc

During the three month period ended March 31, 2023, MIC Tanzania Plc utilized a portion of its letter of credit facility with CRDB Bank Plc which allows for a total facility of EUR 32 million (the "CRDB LC facility"). The CRDB LC facility does not accrue contractual interest but attracts a quarterly commission fee amounting 0.35% of the facility amount. The duration of each facility letter is for a maximum period of 18 months (initial period of 12 months with the possibility to extend for a further six months). As at March 31, 2023, MIC Tanzania Plc had utilized EUR 25.8 million of the available facility (approximately USD 27.7 million).

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

	Carrying value USD	Total cash flows USD	Cash flows within 1 year USD	Cash flows between 1 and 2 years USD	Cash flows between 3 and 4 years USD	Cash flows after 5 years USD
Borrowings	330,828,936	391,387,721	63,070,341	69,075,790	245,359,605	13,881,985
Listed bonds	416,994,984	543,900,000	30,975,000	30,975,000	481,950,000	-

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. CASH FLOW FROM OPERATING ACTIVITIES

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Cash flows from operating activities:		
Profit before income tax	33,759,773	31,283,799
<i>Adjustments:</i>		
Amortization of right-of-use assets	13,465,266	5,715,666
Depreciation of property, plant and equipment	30,555,176	22,967,156
Amortization of intangible assets	7,401,079	1,988,598
Gain on disposal of property, plant and equipment	(4,520)	-
Release of deferred profits on sale of property, plant and equipment	(256,584)	-
Reversal of provision on litigations	(8,843)	(8,885)
Provision for short term risks on operating activities	-	347,421
Write-back of government grants	(2,379,910)	(2,485,684)
Share of profit in associates and joint ventures	(1,944,125)	(4,920,007)
Interest expense on lease liability	14,675,163	1,425,251
Net interest expense on provision for dismantling costs	549,208	2,017,117
Other interest expense	14,676,656	12,754,276
Finance income	(4,915,144)	(2,702,683)
Loss/(gain) on fair valuation of derivatives	993,977	(2,100,000)
Write-off of financial assets	1,115,215	346,998
Waiver of financial liabilities	(35,260)	-
Provision for impairment of receivables	273,837	344,860
Impairment of loans receivable and other financial assets	1,473,740	-
Provision for slow moving inventories	25,301	-
Provision for retirement benefits obligation	64,899	26,272
Reversal of impairment of investment in joint ventures	(53,627)	-
Cash generated from operating activities before working capital changes	109,431,277	67,000,155
Changes in working capital:		
Decrease/(increase) in inventories	342,082	(3,257,490)
Increase in trade and other receivables	(25,780,561)	(21,533,004)
Increase in trade and other payables	24,981,262	7,568,760
Increase in loans to customers	(3,736,920)	(2,338,751)
Increase in deposits from customers	310,995	22,887
Net cash generated from operating activities	105,548,135	47,462,557

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

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:

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Profit for the period	22,409,037	22,514,496
<i>Adjustments:</i>		
Income tax expense	11,350,736	8,769,303
Finance income	(12,835,423)	(8,010,954)
Finance costs	37,792,945	20,560,675
Depreciation of property, plant and equipment	30,555,176	22,967,156
Amortization of right of use assets	13,465,266	5,715,666
Amortization of intangible assets	7,401,079	1,988,598
EBITDA	110,138,816	74,504,940
Share of net profit in joint ventures and associates	(1,944,125)	(4,920,007)
Gain on disposal of property, plant and equipment and intangible assets	(4,520)	-
Adjusted EBITDA	108,190,171	69,584,933

17. SEGMENTAL REPORTING

Business Segments

For the three month period ended March 31, 2023, and for the year ended December 31, 2022, 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 ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the three month period ended March 31, 2023:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	185,844,244	9,602,217	44,941,933	227,425	240,615,819
Profit/(loss) for the period before tax	36,422,546	(7,628,087)	19,532,578	(14,567,264)	33,759,773
<i>Adjustments:</i>					
Finance income	(3,093,556)	(980,917)	(1,705,713)	(7,055,237)	(12,835,423)
Finance costs	20,534,297	3,019,256	204,791	14,034,601	37,792,945
Depreciation of property, plant and equipment	23,867,953	6,618,324	60,720	8,179	30,555,176
Amortization of right of use assets	12,718,155	418,900	270,702	57,509	13,465,266
Amortization of intangible assets	7,053,171	289,846	21,627	36,435	7,401,079
EBITDA	97,502,566	1,737,322	18,384,705	(7,485,777)	110,138,816
Share of net profit in joint ventures and associates	-	-	-	(1,944,125)	(1,944,125)
Gain on disposal of property, plant and equipment	(1,449)	(3,071)	-	-	(4,520)
Adjusted EBITDA	97,501,117	1,734,251	18,384,705	(9,429,902)	108,190,171

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

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

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	112,958,373	4,358,329	12,698,273	183,291	130,198,266
Profit/(loss) for the period before tax	44,515,172	(13,304,008)	6,968,206	(6,895,571)	31,283,799
<i>Adjustments:</i>					
Finance income	(2,485,330)	(217,644)	(1,258,009)	(4,049,971)	(8,010,954)
Finance costs	6,642,081	3,788,225	40,739	10,089,630	20,560,675
Depreciation of property, plant and equipment	15,942,377	6,967,955	55,391	1,433	22,967,156
Amortization of right of use assets	5,126,114	589,552	-	-	5,715,666
Amortization of intangible assets	1,579,103	294,707	114,788	-	1,988,598
EBITDA	71,319,517	(1,881,213)	5,921,115	(854,479)	74,504,940
Share of net profit in joint ventures and associates	(93,239)	-	-	(4,826,768)	(4,920,007)
Adjusted EBITDA	71,226,278	(1,881,213)	5,921,115	(5,681,247)	69,584,933

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

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.

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.

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 accounting for the transaction took place in the quarter ended December 31, 2022.

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
ASSETS	
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
Total assets	806,962,727
LIABILITIES	
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
Total liabilities	1,035,852,783

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

	Fair values MIC Tanzania Public Limited Company and its subsidiaries USD
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)
Goodwill	149,288,305
*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.	
Revenue - post acquisition (to December 31, 2022)	286,245,122
Net profit - post acquisition (to December 31, 2022)	(9,016,421)
The cash flows associated with the business acquisitions are as follows:	
<i>Cash outflow/(inflow) from acquisition of subsidiaries</i>	
Purchase consideration	101,398,263
Cash and cash equivalents acquired	(23,604,840)
Cash outflow from acquisition, net of cash acquired	77,793,423

19. SUBSEQUENT EVENTS

Disposal of Sen Connect

On December 21, 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 March 31, 2023. All the conditions prescribed in the share purchase agreement have been satisfied in early April 2023 and subsequently, the effective date for the transfer of shares is April 10, 2023.

Change in domiciliation

As reported in the prior quarter, 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 to redomicile from the Republic of Mauritius to Dubai International Financial Centre of the United Arab Emirates ("UAE"). This will result in a change in the Company's registered office address, a change in company secretary, and a change in the reporting currency from EUR to USD.

Silver Links Ltd has received its trading license from the Dubai International Financial Centre but has not yet been redomiciled as at May 26, 2023; pending deregistration from the Company Register of the Republic of Mauritius.

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 ENDED MARCH 31, 2023

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 March 31, 2023; 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, 2022. 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, 2022.

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. The consolidated results for the three month period ended March 31, 2023 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 TZS2,335.73/USD1 for the three month period ended March 31, 2023. The average exchange rate used for the three month period ended March 31, 2022 is TZS2,306.01/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 (April 5, 2022), with the impact of those adjustments being processed at that date. These impacts are reflected in the numbers for the quarter ended March 31, 2022 and as a result, these numbers will not agree to those previously reported in our Unaudited, condensed, consolidated financial statements for the three month period ended March 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
Net additional credits	38,750,805

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results

Condensed combined statements of profit or loss for the three month period ended March 31, 2023

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
Revenue	240,615,819	218,685,431
Cost of devices and equipment	(5,878,173)	(3,037,043)
Cost of interconnection and roaming	(7,277,353)	(7,713,204)
Government and regulatory costs	(14,243,863)	(13,861,824)
Advertising and distribution costs	(3,114,919)	(2,045,050)
Commission to sales agents	(35,063,098)	(33,092,902)
Net impairment losses on financial and contract assets	(1,747,577)	(722,908)
Technology operation costs	(21,160,642)	(15,278,713)
Staff costs	(23,695,389)	(19,909,992)
Write-off of financial assets	(1,115,215)	(346,998)
Professional fees	(5,905,823)	(6,387,104)
Depreciation and amortization	(51,421,521)	(51,385,551)
Reversal of impairment of non-financial assets	28,326	-
Other operating expenses	(16,930,128)	(14,631,783)
Other income	3,426,142	2,902,503
OPERATING PROFIT	56,516,586	53,174,862
Finance income	12,835,423	7,750,995
Finance costs	(37,792,945)	(39,630,668)
Non-operating income	256,584	683,869
Non-operating expenses	-	14,864
Share of profit in joint ventures and associates	1,944,125	4,920,008
PROFIT BEFORE INCOME TAX	33,759,773	26,913,930
Income tax (expense)/credit	(11,350,736)	31,832,611
PROFIT FOR THE PERIOD	22,409,037	58,746,541
Profit for the period attributable to:		
- Owners of the Company	16,496,774	50,055,001
- Non-controlling interest	5,912,263	8,691,540
	22,409,037	58,746,541

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,335.73/USD1 for the three month period ended March 31, 2023 (for the three month period ended March 31, 2022: TZS2,306.01/USD1).

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results (continued)

Condensed combined statements of other comprehensive income for the three month period ended March 31, 2023

	3 month period ended	
	March 31, 2023 USD	March 31, 2022 USD
PROFIT FOR THE PERIOD	22,409,037	58,746,541
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be re-classified to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	7,994,816	(7,795,261)
Exchange differences on translation of foreign joint ventures	845,906	729,358
<i>Items that will not be re-classified to profit or loss</i>		
Remeasurements of retirement benefit obligations	(850)	-
Other comprehensive income/(loss) for the period, net of tax	8,839,872	(7,065,903)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31,248,909	51,680,638
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
- Owners of the Company	24,310,669	43,861,944
- Non - controlling interest	6,938,240	7,818,694
	31,248,909	51,680,638

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,335.73/USD1 for the three month period ended March 31, 2023 (for the three month period ended March 31, 2022: TZS2,306.01/USD1).

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results (continued)

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

	3 month period ended	
	March 31,	March 31,
	2023	2022
	USD	USD
Profit for the period	22,409,037	58,746,541
<i>Adjustments:</i>		
Income tax expense/(credit)	11,350,736	(31,832,611)
Finance income	(12,835,423)	(7,750,995)
Finance costs	37,792,945	39,630,668
Depreciation of property, plant and equipment	30,555,176	33,408,576
Amortization of right of use assets	13,465,266	13,598,416
Amortization of intangible assets	7,401,079	4,378,559
EBITDA	110,138,816	110,179,154
Share of net profit in joint ventures and associates	(1,944,125)	(4,920,008)
Gain on disposal of property, plant and equipment and intangible assets	(4,520)	(34,361)
Other non-operating expense	-	(14,864)
Adjusted EBITDA	108,190,171	105,209,921

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,335.73/USD1 for the three month period ended March 31, 2023 (for the three month period ended March 31, 2022: TZS2,306.01/USD1).

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

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.