

AXIAN TELECOM

**UNAUDITED
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE THREE MONTH AND NINE MONTH
PERIODS ENDED SEPTEMBER 30, 2023

AXIAN

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AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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		

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DISCLAIMER

Forward-looking statements

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

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

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

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

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

Non-IFRS financial measures

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

These include EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin (each as defined on page 51). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

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

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GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION

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

The Group is a leading pan-African telecommunications services provider, operating in nine markets through subsidiaries and nonconsolidated joint ventures in Tanzania (including the completion of the Acquisition as defined below), Madagascar, Togo, Uganda, Democratic Republic of the Congo, Mauritius, Senegal, Réunion/Mayotte, and the 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 (Now Honora Tanzania Public Limited Company and also referred to in these financial statements as “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 September 30, 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 47 to 50 of these financial statements.

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OPERATING AND FINANCIAL REVIEW

Highlights for the quarter and year to date

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Revenue	269,028,726	233,470,084	762,831,234	586,876,931
Operating profit	71,037,668	59,345,373	181,761,411	149,053,627
Adjusted EBITDA*	126,975,016	107,049,171	349,375,140	267,241,751
Adjusted EBITDA Margin*	47.2%	45.9%	45.8%	45.5%
		As at September 30, 2023	As at September 30, 2022	As at December 31, 2022
		Units'000	Units'000	Units'000
Revenue generating subscribers ("RGS") ^φ		32,185	29,271	30,334
Active data users		8,512	6,592	6,826
Active MFS users		11,546	9,828	10,287
		Units	Units	Units
Owned Towers		3,571	3,179	3,289
Shared Towers		2,171	1,892	1,969
Tenants on Shared Towers		2,882	2,268	2,470
Tenancy Ratio		1.33x	1.20x	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").

Operating results and market data

Revenue generating subscribers and other operational key performance indicators

Revenue generating subscribers increased by 1.9 million and 2.9 million during the nine month and twelve month periods ended September 30, 2023, respectively, resulting in 32.2 million RGS as at September 30, 2023. Active data users increased by 1.7 million and 1.9 million in the nine month and twelve month periods ended September 30, 2023 respectively, to 8.5 million Active data users. Active MFS users increased by 1.3 million and 1.7 million during the nine month and twelve month periods ended September 30, 2023, respectively, to 11.5 million Active MFS users.

The increase in RGS for the nine month period ended September 30, 2023, of 1.9 million, is primarily driven by our Madagascar and Togo operations which saw increases of 1.6 million and 0.3 million RGS in the period. The increase in RGS for the twelve month period ended September 30, 2023, of 2.9 million, is primarily driven by our Madagascar operation which saw an increase of 2.2 million in the period. Our operations in Tanzania and Togo also achieved increases of 0.4 million and 0.3 million RGS in the same period.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

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

The increase in Active data users for the nine month period ended September 30, 2023 is primarily driven by our Tanzania operation, which saw an increase of 1.2 million in the period, while the increase for the twelve month period ended September 30, 2023 is primarily driven by our Tanzania and Madagascar operations which saw increases of 1.3 million and 0.4 million in the period, respectively.

The increase in Active MFS users for the nine month period ended September 30, 2023 is primarily driven by our Tanzania operation which saw an increase of 0.9 million in the nine month period. Active MFS users increased by 1.0 million, 0.4 million, and 0.3 million our Tanzania, Madagascar, and Togo operations respectively, for the twelve month period ended September 30, 2023.

During the nine month period ended September 30, 2023, we have increased the number of Owned Towers and Shared Towers by 282 and 202 respectively, mainly from increases in our Madagascar and Uganda operations which saw increases in their Owned Towers (which are also Shared Towers in those operations) of 107 and 95, respectively. We also achieved 79 net Owned Towers added in our Togo operations in the nine month period ended September 30, 2023.

Our Tenants on Shared Towers also increased by 411 in the same period as a result of net increases in our Madagascar and Uganda operations of 256 and 155, respectively. Our Tenancy Ratio increased by 0.08x, to 1.33x, during the same period.

Revenue

Revenue for the three month period ended September 30, 2023 increased year-on-year by \$35.5 million or 15.2%, to \$269.0 million in Q3 2023, compared to \$233.5 million in Q3 2022. The year-on-year increase is mainly comprised of an increase in revenue related to our operations in Tanzania, Madagascar, and Togo, which increased by \$12.6 million (or 12.9%), \$10.1 million (or 13.3%), and \$10.7 million (or 19.0%), year-on-year, respectively. Our operation in Uganda also increased by \$1.8 million (or 88.4%) year-on-year, for the same period.

The aggregate year-on-year growth for the three month period ended September 30, 2023 includes negative foreign exchange translation impacts of \$10.0 million (or 3.6%), owing to a combination of a year-on-year strengthening of the US Dollar against the Malagasy Ariary and Tanzanian Shilling, partially offset by the year-on-year strengthening of the West African CFA franc against the US Dollar.

The year-on-year increase in revenue in Tanzania is comprised of increases of \$4.3 million and \$8.3 million in our Mobile and fixed-line communications, and Digital and mobile financial services segments respectively. These increases are primarily driven by the year-on-year increase in activity, resulting from increases in RGS, Active data users, and active MFS users, and from additional revenue generating activities such as device financing. The aggregate year-on-year growth for the same period in our Tanzania operation includes the effects of negative foreign exchange translation impacts of \$8.6 million (or 7.2%), owing to the year-on-year strengthening of the US Dollar against the Tanzanian Shilling.

The year-on-year increase in revenue in Madagascar is comprised of increases of \$5.8 million, \$2.4 million, and \$2.0 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 aggregate year-on-year growth for the period in our Madagascar operation includes the effects of negative foreign exchange translation impacts of \$7.2 million (or 7.6%), owing to the year-on-year strengthening of the US Dollar against the Malagasy Ariary.

Revenue for the nine month period ended September 30, 2023 increased year-on-year by \$175.9 million or 30.0%, to \$762.8 million in the nine month period to September 30, 2023 compared to \$586.9 million in the prior year comparative period.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Revenue (continued)

Included in revenue for the nine month period ended September 30, 2023, is an amount of \$317.2 million from MIC Tanzania, whereas the prior year comparative period includes only \$187.0 million of revenue in respect of MIC Tanzania. The remaining year-on-year increase, net of the impact of MIC Tanzania, is \$45.8 million (or 11.5% when excluding MIC Tanzania), and is mainly comprised of an increase in revenue related to our operations in Madagascar, Togo, and Uganda, which increased by \$26.6 million (or 12.6%), \$10.2 million (or 5.6%), and \$6.6 million (or 150.4%), respectively. Revenue on other smaller operations increased by an aggregate of \$2.4 million year-on-year for the same period.

The year-on-year increase in revenue for the nine month period ended September 30, 2023 is impacted by aggregate negative foreign exchange translation impacts of \$29.2 million (or 3.7%), primarily related to our Madagascar and Tanzania markets, which reflected negative foreign exchange translation impacts of \$22.2 million, \$11.2 million respectively, for the period; partially offset by a positive foreign exchange translation impact of \$4.5 million in our Togo operation, for the same period.

Year-on-year revenue growth in our Madagascar and Tanzania operations, for the nine month period ended September 30, 2023 is driven by the same factors as for the quarter ended September 30, 2023, and results mainly from an increase in the number of RGS, Active Date Users, and Active MFS users, as well as additional revenue streams.

The year-on-year increase in revenue in our Uganda operations for the three month and nine month periods ended September 30, 2023 are driven by increases in the number of Shared Towers and Tenants on Shared Towers which increased by 122 (or 44.0%) and 189 (or 62.2%) respectively, in the twelve month period ended September 30, 2023; resulting in a year-on-year increase in the Tenancy Ratio of 0.14x (from 1.10x at September 30, 2022, to 1.24x at September 30, 2023).

The year-on-year growth in revenue in our other smaller operations is also primarily related to our infrastructure segment and relates primarily to the sale of capacity on undersea cables.

Revenue by segment is presented below:

For the three month period ended:

	September 30, 2023 USD	September 30, 2022 USD	Movement USD	Movement %
Mobile and fixed-line communications	204,683,413	183,974,864	20,708,549	11.3%
Infrastructure	11,475,580	6,445,657	5,029,923	78.0%
Digital and mobile financial services	52,951,444	42,713,823	10,237,621	24.0%
Other	(81,711)	335,740	(417,451)	n.m.
	269,028,726	233,470,084	35,558,642	15.2%

For the nine month period ended:

	September 30, 2023 USD	September 30, 2022 USD	Movement USD	Movement %
Mobile and fixed-line communications	584,577,191	475,805,382	108,771,809	22.9%
Infrastructure	31,471,495	15,952,106	15,519,389	97.3%
Digital and mobile financial services	146,273,595	94,438,002	51,835,593	54.9%
Other	508,953	681,441	(172,488)	(25.3%)
	762,831,234	586,876,931	175,954,303	30.0%

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operating costs

Operating costs for the three month period ended September 30, 2023 increased year-on-year by \$25.6 million (or 14.4%), to \$203.6 million in Q3 2023 compared to \$178.0 million in Q3 2022. The year-on-year increase is primarily comprised of a year-on-year increase in depreciation and amortization of \$7.2m, a year-on-year increase in staff costs of \$4.8 million, a year-on-year increase in technology operating costs of \$4.0 million, a year-on-year increase in the cost of devices and equipment of \$3.0 million, year-on-year increases in government and regulatory costs and commissions to sales agents of \$1.1 million and \$1.8 million respectively, a year-on-year increase in impairment of non-financial assets of \$1.8 million, and a year-on-year increase in other operating cost of \$5.5 million. The aggregate year on-year-increases for the period are partially offset by a year-on-year decrease in the aggregate cost of write-off of financial assets and net impairment losses on financial and contract assets of \$3.3 million, and a year-on-year decrease in interconnection and roaming costs of \$0.5 million.

Operating costs for the nine month period ended September 30, 2023 increased year-on-year by \$149.2 million (or 33.4%), to \$596.5 million in Q3 2023 compared to \$447.3 million in Q3 2022. Included in operating costs for the nine month period ended September 30, 2023, is an amount of \$262.1 million from MIC Tanzania, whereas the prior year comparative period includes only \$159.0 million of operating costs in respect of MIC Tanzania; this represents a year-on-year increase of \$103.1 million resulting from the change in scope.

The remaining year-on-year increase of \$46.2 million (or 16.0%), excluding the impact of the MIC Tanzania change of scope, is primarily comprised of a year-on-year increase in staff costs of \$13.2 million, a year-on-year increase in depreciation and amortization of \$10.6m, a year-on-year increase in technology operating costs of \$9.2 million, 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 \$3.3 million, a year-on-year increase in the cost of devices and equipment of \$4.4 million, a year-on-year increase in the impairment of non-financial assets of \$0.6 million, a year-on-year increase in other operating expenses of \$2.0 million, and year-on-year increases in government and regulatory costs, advertising and distribution costs, and commissions to sales agents of \$2.0 million, \$2.0 million, and \$3.5 million respectively. The aggregate year on-year-increases for the period are partially offset by year-on-year decreases in non-technical professional fees and interconnection and roaming costs of \$2.8 million and \$1.8 million, respectively.

The year-on-year increase in depreciation and amortization for the three month and nine month periods ended September 30, 2023, is primarily related to depreciation of right-of use assets, on account of higher lease values, and to the amortization of intangible assets related to our Tanzania acquisition. The year-on-year increase for the three month and nine month periods ended September 30, 2023 in respect of staff costs is primarily driven by a general increase in staff numbers (including additional staff at group-level positions), and an increase in average wages from annual uplifts, and increased welfare benefits, such as medical insurance.

The year-on-year increase in technology operating costs for the three month and nine month periods ended September 30, 2023, 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. Excluding the impact of MIC Tanzania, energy costs have increased by \$1.6 million and \$6.9 million year-on-year for the three month and nine month periods ended September 30, 2023. We also had year-on-year increases in maintenance costs of \$1.9 million and \$4.3 million for the three month and nine month periods respectively, primarily related to network maintenance in our Togo and Madagascar operations. These aggregate year-on-year increases are partially offset by decreases in bandwidth charges and transmission fees, which decreased by an aggregate of \$1.7 million and \$3.3 million for the three month and nine month periods ended September 30, 2023, respectively.

The year-on-year increase in the cost of devices and equipment for the three month and nine month periods ended September 30, 2023, is primarily driven by the increased sales of devices in our Tanzania and Madagascar operations, and increased sales of fiber installations and associated equipment, primarily in our Togo operations.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operating costs (continued)

The year-on-year decrease in the impairment of financial and contract assets for the three month and nine month periods ended September 30, 2023, mainly results from high levels of provisions for trade receivables and forgiveness of loans in the prior year, which were not repeated in the current year periods. These aggregate decreases are partially offset by increased credit loss provisions in respect of nanoloan customers and device finance customers which have increased year-on-year, as the value of nanoloans granted has increased year-on-year. The year-on-year increase in the write-off of financial assets is also primarily related to our nanoloan operations where loans which were deemed irrecoverable have been written off.

The year-on-year increases in government and regulatory costs and the cost of commissions to sales agents for the three month and nine month periods ended September 30, 2023, are primarily driven by increased activity in our Mobile and fixed-line communications and Digital and mobile financial services segments respectively, as reflected by the increase in revenue in those segments.

The year-on-year decrease in non-technical professional fees for the nine month period ended September 30, 2023, is driven by the acquisition costs in respect of the acquisition of MIC Tanzania; these costs were incurred in the prior year comparative periods, but not repeated again in the current year periods.

The year-on-year decrease in interconnection and roaming costs for the nine month period ended September 30, 2023 is primarily driven by our increased network coverage in our Tanzania and Togo markets, which results in less requirement for interconnections.

Other operating income, and non-operating income and expenses

Other operating income was \$5.6 million and \$15.5 million for the three month and nine month periods ended September 30, 2023, respectively, compared to \$3.9 million and \$9.4 million for the three month and nine month periods ended September 30, 2022, respectively. The year-on-year increases of \$1.7 million and \$6.1 million respectively, for the three month and nine month periods ended September 30, 2023 include an increase in the release of government grant income of \$2.3 million in both periods, as we have met the obligations under the government grants. Other income for the nine months ended September 30, 2023 also includes income from dividends received from an associate entity of \$2.9 million (for which the carrying value of the investment in associate was nil at the time of receipt).

Non-operating expenses amount to \$16.4 million in the three month and nine month periods ended September 30, 2023, compared to nil and \$5.9 million in the prior year comparative periods. The prior year comparative periods include a write-off of a related party loan receivable following a net settlement clean-up exercise in Q2 2022, which was not repeated in the current year periods. Non-operating expenses for the current year periods represents a one-off cost following the finalization of the purchase price of a historical business acquisition, which was subject to final assessment based on balances existing on the date of completion. As the final price was determined after the remeasurement period allowed by IFRS 3 (Business combinations), the impact of the increased price is reflected in profit or loss.

Net finance costs

Our net finance costs for the three month and nine month periods ended September 30, 2023 were \$48.9 million and \$121.3 million respectively, compared to \$33.0 million and \$73.8 million in the prior year comparative periods; representing year-on-year increases of \$15.9 million and \$47.5 million for the three month period and nine month period, respectively.

The year-on-year increase in net finance costs for Q3 2023 of \$15.9 million, is primarily driven by a year-on-year net unfavorable impact in foreign exchange of \$12.4 million, which reflects a net foreign exchange loss in the current year period of \$21.0 million compared to a net foreign exchange loss of \$8.6 million in the prior year comparative period.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Net finance costs (continued)

We also had a year-on-year increase of \$6.0 million in Q3 2023, relating to aggregate interest expense for leases and decommissioning provisions, owing to a higher value of lease liabilities and a one-off reversal of interest cost on decommissioning provisions in the prior year comparative period.

This aggregate year-on-year increase in finance costs in Q3 2023 is partially offset by a year-on-year favorable aggregate fair valuation impact in respect of derivative instruments of \$1.1 million; from a net fair valuation loss of \$1.5 million in the prior year comparative period, to a net fair valuation loss in the current year period of \$0.4 million.

The year-on-year increase in net finance costs of \$47.5 million for the nine month period ended September 30, 2023 includes a year-on-year net unfavorable impact in foreign exchange of \$30.2 million, which reflects a net foreign exchange loss in the current year period of \$43.4 million compared to a net foreign exchange loss of \$13.1 million in the prior year comparative period.

We also had a year-on-year increase of \$24.9 million in in the nine month period ended September 30, 2023 relating to aggregate interest expense for leases and decommissioning provisions, owing to a higher value of lease liabilities and a higher asset base; and a net year-on-year increase in interest expense for the Notes and bank loans of \$2.4 million (owing to the issue of the Notes part-way through Q1 2022).

The aggregate year-on-year increase in finance costs for the nine month period ended September 30, 2023 is partially offset by a year-on-year increase in interest earned on bank deposits of \$3.7 million, a year-on-year aggregate favorable impact resulting from fair valuation of derivatives of \$3.0 million, and a year-on-year decrease in withholding taxes on financing of \$0.5 million.

The year-on-year increase in foreign exchange losses for the three month and nine month periods ended September 30, 2023 primarily result from the devaluation of the Tanzanian Shilling and the Malagasy Ariary against the US Dollar and the Euro, during the period; resulting in foreign exchange losses in respect of foreign denominated borrowings, shareholder loans, and some supplier balances in our Tanzania and Madagascar markets.

Share of profit in joint ventures and associates

Our share of profit in joint ventures and associates increased year-on-year by \$6.2 million for the three month period ended September 30, 2023, and by \$2.4 million for the nine month period ended September 30, 2023.

The year-on-year increase for the three month period ended September 30, 2023 mainly results from increased profits from Telecom Reunion Mayotte and BNI Madagascar of \$0.2 million and \$1.1 million respectively, and from nil profit or loss recognized in respect of Maya Africa Holdings Ltd in the current year, compared to losses of \$4.9 million in the prior year comparative period.

The year-on-year increase for the nine month period ended September 30, 2023 mainly results from increased profits from Telecom Reunion Mayotte and BNI Madagascar of \$0.1 million and \$2.7 million respectively, partially offset by a decrease in profits related to Maya Africa Holdings Ltd of \$0.6 million in the current year period.

The investment in Maya Africa Holdings Ltd is carried at a value of nil, resulting in the recognition of nil profits or losses until such time as the net equity value of the entity increases above zero.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Income tax

Income tax charge decreased by \$11.8 million and by \$3.9 million year-on-year for the three month and nine month periods ended September 30, 2023, respectively.

The year-on-year decrease of \$11.8 million for Q3 2023, is comprised of year-on-year increases in deferred income tax credits of \$17.2 million, and a year-on-year decrease in withholding taxes of \$0.1 million, partially offset by a year-on-year increase in actual income tax expense of \$5.5 million.

The year-on-year decrease of \$3.9 million for the nine month period ended September 30, 2023, is comprised of year-on-year increases in deferred income tax credits of \$14.8 million, partially offset by a year-on-year increase in actual income tax expense of \$10.6 million, and by a year-on-year increase in withholding taxes of \$0.2 million.

The year-on-year increase in actual income tax for both the three month and nine month periods ended September 30, 2023, is primarily driven by the year-on-year increase in operating and taxable profits in our Madagascar and Togo operations, which are reflected by the increased year-on-year EBITDA for the same periods. The year-on-year increases also include the impact of the restructuring in Tanzania, as assets are transferred from Zanzibar Telecom Public Limited Company ("Zantel"), to MIC Tanzania.

The year-on-year increase in deferred income tax assets for both the three month and nine month periods ended September 30, 2023, is primarily driven by an increase in deferred tax assets related to unrealized foreign exchange losses in our Madagascar and Tanzania operations, which will be deductible once realized, and by deferred tax assets on tax losses in our Tanzania operations. This aggregate increase in deferred tax assets is partially offset by the deferred tax liability impact of the restructuring in Tanzania, as asset tax base costs are transferred from Zantel to MIC Tanzania and are compared against revised carrying values.

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 (i.e. when the borrowers or customers pay).

Profit for the period

Our profit for the period decreased by \$2.4 million year-on-year for the three month period ended September 30, 2023 and by \$18.6 million year-on-year for the nine month period ended September 30, 2023. The year-on-year decrease for both periods, is primarily driven by year-on-year increases in net finance costs, which more than offset the year-on-year increases in operating profits for both periods; and by a year-on-year increase in net non-operating expenses for both periods. The impact of the increased net finance costs and net non-operating expenses is partially offset by a year-on-year decrease in income tax expense and a year-on-year increases in share of profits from associates and joint ventures.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Adjusted EBITDA

Our Adjusted EBITDA for the three month period ended September 30, 2023 increased year-on-year by \$20.0 million (or 18.7%), to \$127.0 million in the three month period ended September 30, 2023, compared to \$107.0 million in the prior year comparative period.

Our Adjusted EBITDA for the nine month period ended September 30, 2023 increased year-on-year by \$82.2 million (or 30.8%), to \$349.4 million in the nine month period ended September 30, 2023, compared to \$267.2 million in the prior year comparative period; and includes an increase in Adjusted EBITDA of \$62.1 million from MIC Tanzania.

Our Adjusted EBITDA margins also increased year-on-year to 47.2% and 45.8% for the three month and nine month periods ended September 30, 2023 respectively, compared to 45.8% and 45.5% in the prior year comparative periods.

The year-on-year increase in Adjusted EBITDA for both periods reflects the year-on-year increase in operating profits (excluding non-cash operating costs such as depreciation and amortization), driven primarily by increased revenue for both periods; as discussed above. The year-on-year increases in revenue are partially offset by year-on-year increases in operating costs (excluding non-cash operating costs), resulting primarily from increased staff costs and from increases in technology operation costs.

Statements of cash flow and liquidity

The Group had cash and cash equivalents (net of bank overdrafts) of \$137.5 million as at September 30, 2023 (December 31, 2022: \$198.9 million), of which a total of \$63.7 million (December 31, 2022: \$132.8 million) was held in either USD or Euro.

Net cash generated from operating activities

Net cash generated from operating activities increased by \$56.0 million year-on-year for the three month period ended September 30, 2023. The year-on-year increase in operating profits resulted in a year-on-year increase of \$37.7 million in cash generated from operations before working capital changes. We also had a year-on-year positive cash flow impact of \$22.4 million in respect of working capital which reflected a net cash inflow in Q3 2023 of \$41.8 million compared to a net cash inflow of \$19.4 million in the prior year comparative period. We also had a year-on-year increase in interest received of \$0.4 million and a year-on-year decrease in taxes paid of \$1.9 million in the period. This positive aggregate operating cash flow impact of \$62.3 million is partially offset by a year-on-year increase in aggregate interest paid in respect of borrowings and leases of \$7.0 million.

Net cash generated from operating activities increased by \$69.0 million year-on-year for the nine month period ended September 30, 2023 (including MIC Tanzania), primarily as a result of increased operating profits, resulting in a year-on-year increase of \$78.6 million in cash generated from operations before working capital changes. We also had a positive cash flow impact of \$8.0 million in respect of working capital which reflected a net cash inflow in the current year period of \$6.5 million compared to a net cash outflow of \$1.5 million in the prior year comparative period, a year-on-year increase in interest received in respect of invested balances of \$3.0 million and a year on-year-decrease in tax paid of \$13.1 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 \$33.5 million, mainly related to increased lease liabilities balances, and to the Notes.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Statements of cash flow and liquidity (continued)

Net cash used in investing activities

Net cash outflows used in investing activities increased by \$4.4 million year-on-year for the three month period ended September 30, 2023, primarily due to cash outflows in respect of the purchase of the minority interest in Agou Holding SAS of \$22.5 million. This negative cash flow impact is partially offset by a year-on-year decrease in aggregate cash outflows for the purchase of property, plant and equipment and intangible assets of \$12.1 million, and a year-on-year increase in cash inflows in respect of government grants received of \$6.6 million.

Net cash outflows used in investing activities decreased by \$30.0 million year-on-year for the nine month period ended September 30, 2023, primarily due to a year-on-year decrease in aggregate cash utilized in the acquisition of subsidiaries, whereby the prior year reflects a cash outflow of \$77.8 million related to the purchase of MIC Tanzania. We also had a year-on-year increase in cash inflows in respect of government grants received of \$4.9 million. This positive year-on-year cash flow impact is partially offset by a year-on-year increase in aggregate cash outflows from the purchase of property, plant and equipment and intangible assets of \$25.8 million, a year-on-year decrease in cash refunded on loans to related parties of \$5.3 million, and a cash outflow in Q3 2023 in respect of the purchase of the minority interest in Agou Holding SAS of \$22.5 million.

The cash outflows from the purchase of property, plant and equipment and intangible assets in both periods mainly result from 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 \$5.4 million for the three month period ended September 30, 2023, compared with net cash outflows of \$10.2 million in the prior year comparative period; a year on year net cash outflow impact of \$4.8 million. This year-on-year decrease in net cash outflows is primarily related to a year-on-year net positive cash flow impact from receipt and repayment of borrowings (including the payment of loan costs), of \$7.9 million, and a year-on-year decrease in cash outflows from the payment of principal on lease liabilities of \$2.6 million (primarily representing the split of lease payments between interest and principal). This positive year-on-year cash flow impact is partially offset by a year-on-year increase in cash outflows for dividends paid of \$5.7 million.

We had net cash outflows from financing activities of \$57.0 million for the nine month period ended September 30, 2023, compared with net cash inflows of \$185.4 million in the prior year comparative period; a year on year net cash outflow impact of \$242.4 million. This year-on-year net cash outflow impact is primarily related to a year-on-year net cash outflow impact from receipt and repayment of borrowings (including the payment of loan costs), of \$178.1 million, primarily as a result of the issue of the Notes in the prior year comparative period. We also reflect a year-on-year increase in cash outflows for dividends paid of \$36.9 million, a year-on-year increase in cash outflows related to payment of principal on lease liabilities of \$22.2 million, and a year-on-year decrease in cash inflows from NCI loans of \$4.9 million.

Additional borrowings for the three month and nine month periods ended September 30, 2023 are primarily comprised of the utilization of letter of credit agreements entered into by MIC Tanzania, in order to fund capital expenditure. These letters of credit generally have a maturity of one year, but can be extended to one and a half years. We also drew down on additional facilities in Telecom Malagasy S.A. (primarily to replace existing facilities which have been repaid), and in Towerco of Africa Uganda (primarily to fund capital expenditure for new Shared Towers). Refer to note 14 for more information.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the three month and nine month periods ended September 30, 2023

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Revenue (Note 3)	269,028,726	233,470,084	762,831,234	586,876,931
Cost of devices and equipment (Note 5)	(7,029,281)	(4,069,945)	(21,235,056)	(10,636,529)
Cost of interconnection and roaming (Note 5)	(6,629,181)	(7,172,551)	(21,258,508)	(19,216,523)
Government and regulatory costs (Note 5)	(14,630,318)	(13,487,715)	(44,225,885)	(35,773,149)
Advertising and distribution costs (Note 5)	(3,362,675)	(3,420,448)	(10,495,109)	(7,850,606)
Commission to sales agents (Note 5)	(38,172,417)	(36,393,357)	(111,222,813)	(84,062,568)
Net impairment on financial and contract assets (Note 5)	(2,073,319)	(7,160,678)	(4,686,281)	(4,700,707)
Technology operation costs (Note 5)	(21,697,782)	(17,672,943)	(66,132,689)	(45,618,057)
Staff costs (Note 5)	(24,166,584)	(19,389,291)	(73,126,690)	(54,362,706)
Other operating expenses (Note 5)	(20,267,218)	(14,771,566)	(57,108,797)	(44,044,734)
Write-off of financial assets (Note 5)	(1,825,054)	-	(4,246,687)	-
Professional fees, non-technical (Note 5)	(7,154,334)	(6,989,955)	(17,581,813)	(18,321,627)
Depreciation and amortization (Note 5)	(55,755,666)	(48,509,552)	(163,311,598)	(124,820,717)
(Impairment)/reversal of impairment of non- financial assets (Note 5)	(793,942)	1,027,414	(1,906,174)	2,135,552
Other income (Note 4)	5,566,713	3,885,876	15,468,277	9,449,067
OPERATING PROFIT	71,037,668	59,345,373	181,761,411	149,053,627
Finance income (Note 6)	9,266,867	14,863,493	36,236,004	29,690,771
Finance costs (Note 6)	(58,139,062)	(47,870,879)	(157,492,525)	(103,483,657)
Non-operating income (Note 4)	342,403	260,499	852,852	519,001
Non-operating expenses (Note 4)	(16,378,489)	(28)	(16,378,489)	(5,874,857)
Share of profit/(loss) in joint ventures and associates	5,724,064	(504,608)	13,167,288	10,798,532
PROFIT BEFORE INCOME TAX	11,853,451	26,093,850	58,146,541	80,703,417
Income tax expense (Note 7)	(485,961)	(12,332,399)	(30,280,675)	(34,231,601)
PROFIT FOR THE PERIOD	11,367,490	13,761,451	27,865,866	46,471,816
Profit for the period attributable to:				
- Owners of the Company	3,914,610	7,107,394	13,962,000	27,240,261
- Non-controlling interest	7,452,880	6,654,057	13,903,866	19,231,555
	11,367,490	13,761,451	27,865,866	46,471,816

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the three month and nine month periods ended September 30, 2023

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
PROFIT FOR THE PERIOD	11,367,490	13,761,451	27,865,866	46,471,816
OTHER COMPREHENSIVE INCOME/(LOSS)				
<i>Items that may be re-classified to profit or loss</i>				
Exchange differences on translation of foreign subsidiaries	2,369,992	(16,753,207)	18,855,221	(31,905,928)
Exchange differences on translation of foreign joint ventures	(1,290,704)	(660,250)	(676,542)	(2,620,244)
Other comprehensive income/(loss) for the period, net of tax	1,079,288	(17,413,457)	18,178,679	(34,526,172)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	12,446,778	(3,652,006)	46,044,545	11,945,644
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
- Owners of the Company	3,810,309	(8,354,718)	29,416,373	(3,576,401)
- Non - controlling interest	8,636,469	4,702,712	16,628,172	15,522,045
	12,446,778	(3,652,006)	46,044,545	11,945,644

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	September 30, 2023 USD	December 31, 2022 USD
ASSETS		
Non-current assets		
Property, plant and equipment (Note 8)	754,927,946	670,042,389
Intangible assets (Note 9)	193,915,406	211,680,348
Interests in joint ventures and associates (Note 10)	63,909,702	61,522,220
Deferred tax assets	48,825,900	35,165,682
Trade and other receivables	30,023,477	35,138,045
Deposits receivable	2,087,906	2,168,923
Loans receivable	115,775	167,508
Right-of-use assets (Note 11)	482,926,595	392,172,617
Goodwill	198,408,271	196,215,765
Financial assets at fair value through profit or loss	10,101,433	9,912,153
Financial assets at fair value through OCI	17,320,449	18,590,788
Embedded derivative assets	500,000	6,422,975
Treasury bonds	1,337,452	1,803,607
	1,804,400,312	1,641,003,020
Current assets		
Inventories	26,238,087	23,227,898
Loan receivables	22,390,965	17,187,838
Trade and other receivables	215,752,863	160,390,000
Income tax receivable (Note 7)	6,679,662	9,841,120
Cash and cash equivalents (Note 12)	171,719,328	226,590,223
Restricted cash	302,397,322	277,344,579
	745,178,227	714,581,658
Total assets	2,549,578,539	2,355,584,678

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at September 30, 2023

	September 30, 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	(19,087,826)	(36,397,142)
Legal reserves	5,132,553	3,025,353
Translation reserves	(5,061,202)	(20,516,421)
Retained earnings	131,200,517	139,345,719
Equity attributable to owners of the Company	190,095,448	163,341,642
Non-controlling interest	92,740,120	99,967,254
Total equity	282,835,568	263,308,896
LIABILITIES		
Non-current liabilities		
Borrowings (Note 14)	248,470,896	262,969,286
Bond borrowings (Note 14)	413,959,911	411,774,204
Trade and other payables (Note 13)	75,043,038	61,125,648
Government grants	15,164,483	18,198,686
Provisions	45,507,782	45,853,429
Lease liability (Note 11)	454,617,500	380,496,338
NCl put option liability	-	36,951,071
Deposits payable	7,663,451	7,652,013
Deferred tax liability	14,509,342	16,608,944
Retirement benefit obligations	2,360,907	2,352,140
	1,277,297,310	1,243,981,759
Current liabilities		
Trade and other payables (Note 13)	755,826,628	690,586,504
Client savings accounts	2,514,720	1,330,778
Borrowings (Note 14)	68,746,729	42,828,908
Bond borrowings (Note 14)	3,808,402	12,713,368
Provisions	1,351,889	2,483,165
Lease liability (Note 11)	70,657,338	41,295,551
Bank overdraft (Note 12)	34,227,229	27,728,595
Dividend payable	18,522,810	21,695,814
Income tax payable (Note 7)	33,442,927	7,631,340
Swap Derivative Liability	346,989	-
	989,445,661	848,294,023
Total liabilities	2,266,742,971	2,092,275,782
Total equity and liabilities	2,549,578,539	2,355,584,678

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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 AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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	-	13,961,999	-	13,961,999	13,903,866	27,865,865
Other comprehensive income for the period, net of tax	-	-	15,454,374	15,454,374	2,724,306	18,178,680
Total comprehensive income for the period	-	13,961,999	15,454,374	29,416,373	16,628,172	46,044,545
Transactions with owners in their capacity as owners:						
Issue of shares	-	-	-	-	296,533	296,533
Purchase of minority interest [‡]	-	-	17,310,162	17,310,162	(10,107,769)	7,202,393
Transfer to legal reserves	-	(2,107,200)	2,107,200	-	-	-
Disposal of subsidiary	-	-	27,272	27,272	-	27,272
Dividend paid	-	(20,000,001)	-	(20,000,001)	(14,044,070)	(34,044,071)
Total transactions with owners	-	(22,107,201)	19,444,634	(2,662,567)	(23,855,306)	(26,517,873)
At September 30, 2023	1,372,564	131,200,517	57,522,367	190,095,448	92,740,120	282,835,568

* 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.

[‡] On July 20, 2023, the Group has acquired the non-controlling interest's 20% shareholding in Agou Holding SAS. The transaction resulted in the extinguishment of USD 9.8 million of loans owing to the non-controlling interest, the extinguishment of USD 32.4 million of put option liabilities, and the extinguishment of USD 2.7 million of call option assets. The difference between the aggregate consideration of USD 32.2 million, and the net liability position settled of USD 39.5 million, was recognized as a credit movement in equity, in restructuring reserves. This credit movement amounts to USD 7.3 million. The transaction has also resulted in the reclassification of USD 10.1 million of non-controlling interest within equity, with this amount being reclassified to restructuring reserves.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

For the three month and nine month periods ended September 30, 2023

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Cash flows from operating activities				
Cash flows from operations (Note 15)	181,318,274	121,314,011	340,824,279	254,180,228
Interest paid on lease liabilities	(21,760,267)	(16,864,343)	(44,336,015)	(25,250,823)
Interest paid on loans, bonds and other borrowings	(20,606,938)	(18,523,419)	(43,519,791)	(29,032,617)
Interest received	2,923,538	2,521,760	8,786,828	5,793,736
Tax paid	(3,277,677)	(5,194,321)	(14,003,558)	(27,065,786)
Net cash generated from operating activities	138,596,930	83,253,688	247,751,743	178,624,738
Cash flows from investing activities				
Acquisition of financial assets at fair value through profit or loss	(200,000)	(400,000)	(200,000)	(400,000)
Proceeds from disposal of property, plant and equipment	225,147	83,883	300,966	108,717
Proceeds from disposal of intangible assets	6,758	-	6,758	-
Purchase of property, plant and equipment	(100,260,676)	(108,985,513)	(219,055,780)	(205,797,155)
Purchase of minority interest	(22,459,407)	-	(22,459,407)	-
Acquisition of investment in subsidiaries (net of cash acquired) (Note 18)	-	-	4,155	(77,793,423)
Proceeds from disposal of subsidiary, net of cash disposed	-	-	(2,707)	-
Purchase of intangible assets	(6,920,836)	(10,287,836)	(29,234,156)	(16,729,173)
Dividend received from investment in joint ventures	-	-	12,945,792	12,555,028
Loan repaid by/(granted to) related parties	10,000	-	(10,000)	-
Repayment made by related parties	37,111	190,591	181,283	5,503,112
Net deposits refunded	27,475	991,645	275,531	427,133
Corporate bonds matured	155,516	141,425	456,954	446,137
Grants received	6,561,329	-	7,045,428	2,086,665
Dividend received	100,451	-	125,520	23,856
Net cash used in investing activities	(122,717,132)	(118,265,805)	(249,619,663)	(279,569,103)
Cash flows from financing activities				
Proceeds from issue of shares	196,969	-	296,533	-
Additional borrowings	21,350,311	-	57,220,782	457,783,297
Repayment of borrowings	(19,884,704)	(6,430,552)	(47,362,257)	(258,662,269)
Repayment of principal on lease liabilities	(1,067,382)	(3,730,860)	(29,053,578)	(6,903,799)
Dividend paid	(5,724,385)	-	(37,128,913)	(204,658)
Payment of bond transaction costs	-	-	-	(11,525,796)
Payment of loan transaction costs	-	-	(266,026)	-
Loan from non-controlling interest	-	-	-	4,915,000
Premium on settlement of swap derivative liability	(282,390)	-	(674,090)	-
Net cash flow (used in)/generated from financing activities	(5,411,581)	(10,161,412)	(56,967,549)	185,401,775
Net increase/(decrease) in cash and cash equivalents	10,468,217	(45,173,529)	(58,835,469)	84,457,410
Effect of exchange rate on cash and cash equivalents	(21,142,533)	8,669,503	(2,534,060)	10,069,877
Cash and cash equivalents at beginning of the period	148,166,415	242,983,301	198,861,628	111,951,988
Cash and cash equivalents at end of the period (Note 12)	137,492,099	206,479,275	137,492,099	206,479,275

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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 nine markets through subsidiaries and nonconsolidated joint ventures in Tanzania, Madagascar, Togo, Uganda, Democratic Republic of the Congo, Mauritius, Senegal, Réunion/Mayotte, and the 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 November 27, 2023.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Mobile services	155,837,247	144,189,222	447,299,064	364,369,086
Fixed services	18,637,102	16,131,287	51,486,421	46,876,321
Interconnection/Roaming/MVNO	9,451,437	9,700,966	30,108,367	26,120,591
Customer Equipment and Infrastructure	4,101,541	2,766,804	11,947,235	5,778,801
Operator Infrastructure services	7,309,811	7,345,199	21,527,419	19,533,252
Commissions received on electronic money activities	58,212,738	44,181,742	157,666,296	98,599,395
Content and value added services	3,464,243	3,666,885	10,229,077	6,751,088
Other revenue	775,663	1,163,697	2,546,412	3,125,012
Hosting and rental of sites	9,742,829	5,116,623	26,471,411	12,904,038
Trademark and license fees	94,712	103,000	248,612	206,081
Administration and general management fees	(151,458)	277,715	314,399	520,335
Digital solutions and other support services	1,552,861	(1,173,056)	2,986,521	2,092,931
	269,028,726	233,470,084	762,831,234	586,876,931

4. OTHER INCOME AND EXPENSES

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Other income				
Gain on disposal of property, plant, and equipment	160,721	10,254	160,721	10,254
Dividend Income	100,451	-	2,914,023	23,856
Reversal of provision for risks and charges	-	116,953	-	116,953
Release of government grant	4,780,089	2,438,241	9,747,908	7,454,483
Waiver of claims obtained	156,467	-	156,467	-
Trade payables waived	-	-	34,952	-
Other income	368,985	1,320,428	2,454,206	1,843,521
	5,566,713	3,885,876	15,468,277	9,449,067

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Non-operating income				
Amortization of deferred gain on sale of PPE	241,446	260,499	751,895	519,001
Gain on lease modification and termination of contract	100,957	-	100,957	-
	342,403	260,499	852,852	519,001

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. OTHER INCOME AND EXPENSES (CONTINUED)

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Non-operating expenses				
Loan receivable written off	-	-	-	(5,867,712)
Loss on lease modification	-	(28)	-	(7,145)
Post-acquisition M&A settlement	(16,378,489)	-	(16,378,489)	-
	(16,378,489)	(28)	(16,378,489)	(5,874,857)

5. OPERATING COSTS

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Cost of equipment, devices	5,284,560	2,789,312	16,136,173	7,378,384
Provision/(reversal of provision) for device inventories	34,085	(98,369)	138,834	492,070
Prepaid cards and accessories	1,710,636	1,379,002	4,960,049	2,766,075
Cost of devices and equipment	7,029,281	4,069,945	21,235,056	10,636,529
Interconnection fees	6,288,371	6,878,277	20,172,408	18,372,355
Roaming fees	340,810	294,274	1,086,100	844,168
Cost of interconnection and roaming	6,629,181	7,172,551	21,258,508	19,216,523
Telecom operator and regulatory fees	8,626,824	7,505,570	26,340,739	19,544,532
Frequency fees	2,715,653	2,932,774	8,765,973	7,781,445
Excise Duty	3,287,841	3,049,371	9,119,173	8,447,172
Government and regulatory costs	14,630,318	13,487,715	44,225,885	35,773,149
Advertising and distribution costs	3,362,675	3,420,448	10,495,109	7,850,606
Commission to sales agents	38,172,417	36,393,357	111,222,813	84,062,568
Impairment of financial assets	20,514	5,121,592	20,514	197,415
Impairment of loans to clients	748,688	-	2,790,745	-
Loss allowance on trade receivables	1,304,117	2,039,086	1,875,022	4,503,292
Net impairment on financial and contract assets	2,073,319	7,160,678	4,686,281	4,700,707
Transmission fees	1,415,344	3,669,287	7,026,279	7,288,607
Content and value added service (VAS) charges	2,775,686	559,751	4,823,341	1,563,521
Satellite and bandwidth charges	476,688	659,894	1,306,990	2,251,039
Site energy	6,916,583	5,311,934	21,928,508	14,417,882
Site and network repairs and maintenance	2,559,294	1,575,258	7,462,562	6,343,460
Professional fees, technical	2,190,084	2,019,077	6,804,414	3,654,391
Rental expenses for short term and low value leases, technical sites	230,118	65,710	443,188	286,156
Maintenance of Materials, software and Network	5,133,985	3,812,032	16,337,407	9,813,001
Technology operation costs	21,697,782	17,672,943	66,132,689	45,618,057

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING COSTS (CONTINUED)

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Payroll and social charges	21,812,238	18,277,389	67,776,133	51,449,105
Travel expenses	2,382,192	1,010,549	5,127,693	2,767,368
Training	63,636	73,822	185,777	73,875
(Reversal of provision)/provision for retirement benefit obligations	(91,482)	27,531	37,087	72,358
Staff costs	24,166,584	19,389,291	73,126,690	54,362,706
Write-off of financial assets	1,825,054	-	4,246,687	-
Professional fees, non-technical	7,154,334	6,989,955	17,581,813	18,321,627
Depreciation of property, plant & equipment	33,184,784	34,332,847	97,201,571	93,134,083
Amortization of intangible assets	8,555,885	4,265,009	23,691,990	9,464,824
Depreciation of rights of use assets	14,014,997	9,911,696	42,418,037	22,221,810
Depreciation and amortization	55,755,666	48,509,552	163,311,598	124,820,717
(Reversal of impairment)/Impairment of property, plant and equipment, and intangible assets	-	(1,055,971)	3,610,000	(1,266,483)
Reversal of impairment of interest in joint ventures	-	-	(54,029)	-
(Reversal of provision)/provision for depreciation on advances to suppliers	-	(1,939)	-	58,976
Impairment/(reversal of impairment) on inventory	793,942	30,496	(1,649,797)	(928,045)
Impairment/(reversal of impairment) of non-financial assets	793,942	(1,027,414)	1,906,174	(2,135,552)
Other operating expenses*	20,267,218	14,771,566	57,108,797	44,044,734
Total operating costs	203,557,771	178,010,587	596,538,100	447,272,371

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

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. FINANCE INCOME AND EXPENSE

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Finance income				
Foreign exchange gain	5,702,482	12,498,509	18,999,937	22,720,313
Interest income	2,712,496	2,415,432	9,384,605	5,691,233
(Loss)/gain on fair valuation of derivatives	(200,000)	-	5,330,702	-
Other finance income/(reversal of other finance income)	1,051,889	(50,448)	2,520,760	1,279,225
	9,266,867	14,863,493	36,236,004	29,690,771
Finance costs				
Foreign exchange loss	(26,667,277)	(21,021,391)	(62,439,540)	(35,902,106)
Interest on bank loans	(2,851,247)	(2,923,868)	(8,827,089)	(10,658,331)
Interest on listed bonds	(8,182,645)	(8,155,059)	(24,255,740)	(20,046,306)
Interest on loan and amount payable to related parties	(1,775,898)	(2,158,689)	(5,427,632)	(5,571,886)
Interest on bank overdraft	(596,294)	(297,486)	(1,532,957)	(898,057)
Interest on lease liabilities	(16,409,275)	(10,910,200)	(45,829,836)	(21,697,141)
(Interest expense)/reversal of interest expense on provision for dismantling costs	(101,528)	376,925	(1,182,391)	(394,279)
Withholding tax on financing	-	(130,842)	-	(458,000)
Loss on fair valuation of derivatives	(185,674)	(1,500,000)	(4,303,913)	(2,000,000)
Other interest charges	(1,369,224)	(1,150,269)	(3,693,427)	(5,857,551)
	(58,139,062)	(47,870,879)	(157,492,525)	(103,483,657)
Net finance costs	(48,872,195)	(33,007,386)	(121,256,521)	(73,792,886)

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
 MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX

a) Income tax expense

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Actual income tax	17,874,867	12,421,191	44,333,273	33,708,254
Withholding tax	573,847	674,104	2,063,911	1,818,371
Deferred tax credit	(17,962,753)	(762,896)	(16,116,509)	(1,295,024)
	485,961	12,332,399	30,280,675	34,231,601

As at September 30, 2023, the Company is liable to income tax in Mauritius on its chargeable income at the rate of 15%. 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 Madagascar, 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)

	September 30, 2023 USD	December 31, 2022 USD
At January, 1	(2,209,780)	9,709,590
Acquisition through business combination (Note 18)	9,622	6,338,613
Charge during the period/year	44,333,273	37,351,020
Tax paid	(14,003,558)	(53,248,957)
Withholding tax suffered	(854,938)	(2,021,280)
Translation difference	(511,354)	(338,766)
At September 30/December 31	26,763,265	(2,209,780)
<i>Analyzed as follows:</i>		
Income tax receivable	(6,679,662)	(9,841,120)
Income tax payable	33,442,927	7,631,340
	26,763,265	(2,209,780)

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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
Reclassification adjustments*	-	182,643	(182,643)	639,268	-	639,268
Reclassification from intangible assets**	139,085	-	5,915,973	-	-	6,055,058
Acquisition through business combinations (Note 18)	-	3,057,229	1,281,740	39,311	-	4,378,280
Additions	121,629	1,003,340	5,042,590	171,512	192,496,841	198,835,912
Transfers	4,387,162	35,507,874	129,178,533	388,693	(169,462,262)	-
Disposals and scrap	(497,070)	(209,345)	(6,358,473)	(174,420)	-	(7,239,308)
Provision for dismantling	-	1,501,627	301,457	-	-	1,803,084
Translation difference	(1,149,482)	(4,961,253)	(28,056,304)	(210,807)	(2,963,403)	(37,341,249)
At September 30, 2023	59,787,725	323,972,941	1,446,669,546	14,677,036	124,204,390	1,969,311,638

*Telma 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 and quarter ended 30 September 2023 respectively. Thus, reclassification adjustments have been made.

**MIC Tanzania has made some changes in the presentation of its intangible assets to property, plant and equipment on reviewing the nature of each intangible asset for the quarter ended 30 September 2023.

AXIAN TELECOM
 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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)
Reclassification adjustments*	-	(675,141)	(302,753)	338,626	-	(639,268)
Reclassification from intangible assets**	(129,104)	-	(5,060,249)	-	-	(5,189,353)
Charge for the year	(3,961,511)	(20,340,935)	(71,649,480)	(1,249,645)	-	(97,201,571)
Impairment	-	-	(3,610,000)	-	-	(3,610,000)
Disposals and scrap	493,228	100,360	6,351,842	153,633	-	7,099,063
Translation difference	673,822	2,177,217	14,254,965	189,637	-	17,295,641
At September 30, 2023	(47,662,128)	(147,504,014)	(1,005,816,739)	(13,400,811)	-	(1,214,383,692)
Net book value						
At September 30, 2023	12,125,597	176,468,927	440,852,807	1,276,225	124,204,390	754,927,946
At December 31, 2022	12,047,838	159,125,311	393,745,609	990,417	104,133,214	670,042,389

*Towerco of Africa and Telma 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 and nine month period ended September 30, 2023 respectively. Thus, reclassification adjustments have been made.

**MIC Tanzania has made some changes in the presentation of the intangible assets to property, plant and equipment on reviewing the nature of each intangible asset for the quarter ended 30 September 2023.

AXIAN TELECOM
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 FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 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
Reclassification adjustments*	13,856,130	(2,834,717)	-	-	-	-	(11,021,413)	-	-	-
Reclassification to PPE**	-	(6,051,335)	-	(3,723)	-	-	-	-	-	(6,055,058)
Acquisition through business combinations (Note 18)	-	-	-	-	-	-	-	745,360	-	745,360
Additions	766,110	6,467,000	6,275,737	-	-	791,678	9,104	-	-	14,309,629
Transfers to profit and loss***	152,748	254,696	(429,320)	-	-	-	-	-	-	(21,876)
Adjustments	234,541	-	-	-	-	-	-	-	-	234,541
Opening balance reclassification	-	-	-	-	-	(9,856)	9,856	-	-	-
Disposals and scrap	(6,758)	-	-	-	-	-	-	-	-	(6,758)
Translation difference	(886,842)	(5,448,090)	293,824	(1,113,023)	250,864	(25,608)	323,098	(3,725,795)	(1,211,731)	(11,543,303)
At September 30, 2023	42,935,052	214,308,655	26,325,294	17,134,776	13,668,517	2,060,034	14,311	46,060,109	14,837,163	377,343,911

*Telma has made changes in the presentation of the intangible assets on reviewing the nature of each intangible asset during the nine month period ended September 30, 2023. Thus, reclassification adjustments have been made.

**MIC Tanzania has made some changes in the presentation of the intangible assets to property, plant and equipment on reviewing the nature of each intangible asset for the quarter ended 30 September 2023.

*** Transfers to profit and loss relate to items incorrectly capitalised which have to the statement of profit and loss.

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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)
Reclassification adjustments*	(8,878,834)	1,641,483	-	(268)	-	-	7,237,619	-	-	-
Reclassification to PPE**	-	5,187,564	-	1,789	-	-	-	-	-	5,189,353
Amortization charge for the period	(2,827,051)	(6,467,384)	-	(1,807,708)	(675,394)	(120,006)	(361)	(9,241,352)	(2,552,734)	(23,691,990)
Opening balance reclassification	-	-	-	-	-	9,856	(9,856)	-	-	-
Adjustments	(234,541)	-	-	-	-	-	-	-	-	(234,541)
Translation difference	580,642	1,427,763	-	181,061	(32,292)	4,280	(87,839)	1,066,762	169,324	3,309,701
At September 30, 2023	(36,442,611)	(118,911,998)	-	(4,048,166)	(2,434,906)	(199,971)	(5,082)	(17,631,842)	(3,753,929)	(183,428,505)
Net book value										
At September 30, 2023	6,492,441	95,396,657	26,325,294	13,086,610	11,233,611	1,860,063	9,229	28,428,267	11,083,234	193,915,406
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

*Telma has made changes in the presentation of the intangible assets on reviewing the nature of each intangible asset during the nine month period ended September 30, 2023. Thus, reclassification adjustments have been made.

**MIC Tanzania has made some changes in the presentation of the intangible assets to property, plant and equipment on reviewing the nature of each intangible asset for the quarter ended 30 September 2023.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INTEREST IN JOINT VENTURES AND ASSOCIATES

	September 30, 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	13,167,288	14,364,751
Share of translation reserves	(676,546)	(1,494,415)
Reversal of impairment loss	54,029	-
Dividend received	(10,157,289)	(15,157,492)
Translation difference	-	(3,043,204)
At September 30/December 31	<u>63,909,702</u>	<u>61,522,220</u>

Details pertaining to the investment in joint ventures and associates at September 30, 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
			Sep 30, 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
Société 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.

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.

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11. RIGHT OF USE ASSETS AND LIABILITIES

	September 30, 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	44,797,915	27,754,222
Acquisition through business combination (Note 18)	-	363,617,784
Transfer from PPE	-	3,145,262
Disposals during the period/year	(667,427)	(3,347,314)
Remeasurements	119,133,339	2,170,505
Amortization charge during the period/year	(42,418,037)	(38,031,898)
Translation difference	(30,091,812)	(7,143,080)
At September 30/December 31	482,926,595	392,172,617
<i>Lease liabilities</i>		
At January, 1	421,791,889	51,253,868
Additions during the year	44,797,915	27,754,223
Acquisition through business combination (Note 18)	-	363,617,784
Disposals during the period/year	(768,384)	(4,398,983)
Remeasurements	119,133,339	2,170,505
Transfer from borrowings	-	3,225,922
Interest expense for the period/year	45,829,836	41,089,046
Principal paid on lease liabilities	(29,053,578)	(26,493,552)
Interest paid on lease liabilities	(44,336,015)	(28,891,851)
Translation difference	(32,120,164)	(7,535,073)
At September 30/December 31	525,274,838	421,791,889
<i>Of which non-current</i>	454,617,500	380,496,338
<i>Of which current</i>	70,657,338	41,295,551

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND CASH EQUIVALENTS

	September 30, 2023 USD	December 31, 2022 USD
Cash at bank	171,719,328	226,590,223
Bank overdraft	(34,227,229)	(27,728,595)
	<u>137,492,099</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

	September 30, 2023 USD	December 31, 2022 USD
<i>Non-current</i>		
Trade payables	1,102,063	47,223
Deferred revenue	16,280,203	18,478,298
Amounts payable to entities under common control*	523	1,111
Other payables	56,854,798	41,784,379
VAT payable	805,451	814,637
	<u>75,043,038</u>	<u>61,125,648</u>
<i>Current</i>		
Trade payables	228,883,960	183,166,245
Other payables	101,209,055	118,890,397
Deferred revenue	36,005,705	33,537,855
VAT payable	89,054,178	84,053,393
Mobile financial services creditors	291,964,363	266,545,706
Amounts payable to entities under common control*	8,709,367	4,392,908
	<u>755,826,628</u>	<u>690,586,504</u>
Total trade and other payables	<u>830,869,666</u>	<u>751,712,152</u>

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

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14. BORROWINGS

	September 30, 2023 USD	December 31, 2022 USD
Non-current		
Bank loans (a)	101,957,297	112,285,116
Listed bonds	413,959,911	411,774,204
Loans payable to related parties	146,513,599	150,684,170
	662,430,807	674,743,490
Current		
Bank loans	63,831,730	37,913,908
Listed bonds	3,808,401	12,713,368
Loans payable to related parties	4,915,000	4,915,000
	72,555,131	55,542,276
Total borrowings	734,985,938	730,285,766
(a) Bank loans		
Bank of Africa ("BOA")	12,317,248	18,281,826
Banque Malgache de L'Océan Indien ("BMOI")	15,484,894	9,300,751
BFV Société Générale ("BFV")	20,414,938	25,244,514
BNI Banque de l'Industrie ("BNI")	13,031,845	16,526,801
Société de Gestion et d'Intermédiation ("SGI")	14,095,398	17,820,193
Banque Togolaise pour le Commerce et l'Industrie ("BTCI")	5,130,119	8,573,158
Union Togolaise de Banque ("UTB")	13,322,271	14,495,305
Orabank ("ORB")	16,375,848	19,537,636
Stanbic Bank Uganda ("SBU")	24,662,001	19,688,605
CRDB Bank ("CRDB")	23,299,182	-
National Bank of Commerce ("NBC")	7,340,328	-
Accrued interest	314,955	730,235
Total bank loans	165,789,027	150,199,024
Loans payable within one year	63,831,730	37,913,908
Loans payable after one year	101,957,297	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%.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. BORROWINGS (CONTINUED)

Bank loans (continued)

1. Telecom Malagasy S.A.

During the nine month period ended September 30, 2023, Telecom Malagasy S.A. has drawn down an additional loan of MGA 35 billion (approximately USD 7.9 million) for capex financing for a period of 5 years at a variable rate of interest payable on a monthly basis. Telecom Malagasy S.A. has also made aggregate principal repayments amounting to MGA 31.4 billion (approximately USD 7.1 million) in the same period.

2. Towerco of Africa Madagascar Limited

During the nine month period ended September 30, 2023, Towerco of Africa Madagascar Limited has not drawn down any additional loans and has made aggregate principal repayments amounting to MGA 17.2 billion (approximately USD 3.9 million).

3. Togo Cellulaire S.A.

Togo Cellulaire S.A. has not drawn down additional loans during the nine month period ended September 30, 2023 and has made aggregate principal repayments amounting to FCFA 6.5 billion (approximately USD 10.8 million) in the same period.

4. Togo Telecom S.A.

Togo Telecom S.A. has not drawn down any additional loan amounts during the nine month period ended September 30, 2023 and made aggregate principal repayments amounting to FCFA 2.8 billion (approximately USD 4.7 million) in the same period.

5. Agou Holding SAS

As part of the acquisition of 20% of the non-controlling interest component of Agou Holding SAS by Axian Telecom, Agou Holding SAS made a repayment of FCFA 4.9 billion (approximately USD 8.0 million) to the previous non-control interest during the quarter ended 30 September 2023. This repayment is in relation to the extinguishment of the principal portion of a loan amounting to FCFA 5.8 billion (approximately USD 9.8 million) (inclusive of interests).

6. Towerco of Africa Uganda Limited

During the nine month ended 30 September 2023, TowerCo of Africa Uganda Limited drawn down an additional of UGX 18.2 billion (approximately USD 4.9 million) against the unutilised portion of its existing facility. The term of the loan facility is for a period of 7 years at a variable rate of interest payable on a quarterly basis. Towerco of Africa Uganda Limited did not make any principal repayments during the same period.

7. Honora Tanzania Public Limited Company (“Honora Tanzania Plc”)

During the nine month period ended September 30, 2023, Honora Tanzania Plc utilized a portion of its letter of credit facility with CRDB 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 to 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 nine months). For the nine month period ended September 30, 2023, Honora Tanzania Plc had utilized EUR 31.3 million against the facility (approximately USD 34.0 million). During the same period, Honora Tanzania Plc made repayments of EUR 9.8 million (approximately USD 10.7 million).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. BORROWINGS (CONTINUED)

6. Honora Tanzania Plc (continued)

During the three month period ended June 30, 2023, Honora Tanzania Plc contracted a letter of credit facility with the NBC which allows for a total facility of TZS 47.6 billion (the “NBC LC facility”). The NBC LC facility does not accrue contractual interest but attracts a quarterly commission fee amounting to 0.25% of the facility amount. The duration of each facility letter is for a maximum period of 2 years (initial period of 1 year with the possibility to extend for a further 1 year). For the nine month period ended September 30, 2023, Honora Tanzania Plc had utilized TZS 24.0 billion against the facility (approximately USD 10.0 million) and incurred costs of TZS 554.5 million (approximately USD 0.2 million). During the same period, Honora Tanzania Plc made repayments of TZS 5.6 billion (approximately USD 2.3 million).

7. Term facilities agreement

On July 19, 2023, Axian Telecom (as “Borrower”) entered into a Term Facilities Agreement with JPMorgan Chase Bank N.A. as lender, for which supplier credit guarantees are offered by EKN (The Swedish Export Credit Agency). The Term Facilities Agreement is comprised of two facilities:

- Facility A amounts to a total commitment of \$101.4 million and is repayable in 12 equal 6-monthly instalments beginning on November 2, 2023.
- Facility B amounts to a total commitment of \$56.3 million and is repayable in 12 equal 6-monthly instalments beginning on April 30, 2025.

The facilities accrue interest at the secured overnight financing rate (SOFR), plus a margin of 0.9% per annum, and interest is payable quarterly in arrear.

The facilities are also subject to a premium on each initial drawdown of between 5.0% and 6.0% of the amount drawn down against each of Facility A and Facility B. The premium is determined at the time of the first drawdown under each facility and is payable to EKN.

The purpose of the facilities is to reimburse our capital expenditure purchases in Tanzania and Madagascar, so long as those purchases are made from a qualifying exporter, and thereby to effectively finance past and future capital expenditure necessary to complete our ongoing network modernization programmes in Tanzania and Madagascar.

As at September 30, 2023, Axian Telecom had not drawn down any principal against this facility.

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	317,217,625	371,782,637	78,050,313	46,604,656	233,924,679	13,202,989
Listed bonds	417,768,313	528,412,500	30,975,000	30,975,000	466,462,500	-

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15. CASH FLOW FROM OPERATING ACTIVITIES

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Cash flows from operating activities:				
Profit before income tax	11,853,451	26,093,850	58,146,541	80,703,417
<i>Adjustments:</i>				
Amortization of right-of-use assets	14,014,997	9,911,696	42,418,037	22,221,810
Depreciation of property, plant and equipment	33,184,784	34,332,847	97,201,571	93,134,083
Amortization of intangible assets	8,555,885	4,265,009	23,691,990	9,464,824
Loss on disposal of property, plant and equipment	(184,066)	(42,222)	(160,721)	(10,254)
Release of deferred profits on sale of property, plant and equipment	(241,443)	(260,499)	(751,892)	(519,001)
Provision on litigations	(2,987,260)	(187,412)	(2,506,623)	(116,953)
Provision for short term risks on operating activities	-	(914,254)	-	-
Write-back of government grants	(4,780,089)	(2,438,241)	(9,747,908)	(7,454,483)
Share of (profit)/loss in associates and joint ventures	(5,724,064)	504,608	(13,167,288)	(10,798,532)
Interest expense on lease liability	16,409,275	10,910,200	45,829,836	21,697,141
Net interest expense/(expense reversal) on provision for dismantling costs	101,528	(376,925)	1,182,391	394,279
Other finance costs (excluding realised foreign exchange)	51,962,511	14,816,213	80,924,048	43,490,131
Finance income	(3,764,385)	(2,364,984)	(11,905,365)	(6,970,458)
Dividend income	(100,451)	-	(2,914,023)	(23,856)
Loss/(gain) on fair valuation of derivatives	385,674	1,500,000	(1,026,789)	2,000,000
Write-off of financial assets	1,825,054	-	4,246,687	5,867,712
Waiver of financial liabilities	-	-	(34,952)	-
Provision for impairment of receivables	1,304,117	1,166,883	1,875,022	838,735
Impairment of loans receivable and other financial assets	769,202	5,993,794	2,811,259	3,861,971
Provision/(reversal of provision) for slow moving inventories	793,942	30,496	(1,649,797)	(928,045)
(Reversal of provision)/provision for retirement benefits obligation	(91,482)	27,530	37,087	72,357
(Gain)/loss on lease modification	(100,957)	28	(100,957)	7,145
Reversal of impairment of investment in joint ventures	-	-	(54,029)	-
(Reversal of provision)/provision for impairment of property, plant and equipment and intangible assets	-	(1,055,971)	3,610,000	(1,266,483)
Post-acquisition M&A settlement	16,378,489	-	16,378,489	-
Cash generated from operating activities before working capital changes	139,564,712	101,912,646	334,332,614	255,665,540
Changes in working capital:				
(Increase)/decrease in inventories	(1,381,230)	2,598,706	(1,822,263)	(2,775,889)
(Increase)/decrease in trade and other receivables	(6,339,810)	6,524,940	(48,839,141)	(42,431,028)
Increase in trade and other payables	53,917,257	15,203,000	66,930,178	55,534,229
Increase in loans to customers	(5,266,175)	(3,599,485)	(11,007,826)	(10,686,825)
Increase in deposits from customers	823,520	288,289	1,230,717	488,286
Settlement of Litigations	-	(1,614,085)	-	(1,614,085)
Net cash generated from operating activities	181,318,274	121,314,011	340,824,279	254,180,228

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16. NON-IFRS MEASURES

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

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Profit for the period	11,367,490	13,761,451	27,865,866	46,471,816
<i>Adjustments:</i>				
Income tax expense	485,961	12,332,399	30,280,675	34,231,601
Finance income	(9,266,867)	(14,863,493)	(36,236,004)	(29,690,771)
Finance costs	58,139,062	47,870,879	157,492,525	103,483,657
Depreciation of property, plant and equipment	33,184,784	34,332,847	97,201,571	93,134,083
Amortization of right of use assets	14,014,997	9,911,696	42,418,037	22,221,810
Amortization of intangible assets	8,555,885	4,265,009	23,691,990	9,464,824
EBITDA	116,481,312	107,610,788	342,714,660	279,317,020
Share of (net profit)/loss in joint ventures and associates	(5,724,064)	504,608	(13,167,288)	(10,798,532)
(Reversal of impairment)/impairment of property, plant and equipment and intangible assets	-	(1,055,971)	3,610,000	(1,266,483)
Gain on disposal of property, plant and equipment and intangible assets	(160,721)	(10,254)	(160,721)	(10,254)
Other non-operating expense	16,378,489	-	16,378,489	-
Adjusted EBITDA	126,975,016	107,049,171	349,375,140	267,241,751

17. SEGMENTAL REPORTING

Business Segments

For the nine month period ended September 30, 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.

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17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the three month period ended September 30, 2023:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	204,683,413	11,475,580	52,951,444	(81,711)	269,028,726
Profit/(loss) for the period before tax	31,414,077	(8,101,678)	23,699,781	(35,158,729)	11,853,451
<i>Adjustments:</i>					
Finance income	(1,471,847)	(85,024)	(1,967,169)	(5,742,827)	(9,266,867)
Finance costs	37,343,139	2,211,588	569,502	18,014,833	58,139,062
Depreciation of property, plant and equipment	26,174,667	6,939,450	61,236	9,431	33,184,784
Amortization of right of use assets	13,280,103	365,562	310,545	58,787	14,014,997
Amortization of intangible assets	8,169,809	332,301	(2,572)	56,347	8,555,885
EBITDA	114,909,948	1,662,199	22,671,323	(22,762,158)	116,481,312
Share of net profit in joint ventures and associates	-	-	-	(5,724,064)	(5,724,064)
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(236,414)	75,693	-	-	(160,721)
Other non-operating expense*	-	-	-	16,378,489	16,378,489
Adjusted EBITDA	114,673,534	1,737,892	22,671,323	(12,107,733)	126,975,016

* Other non-operating expenses represents a one-off cost following the finalization of the purchase price of a historical acquisition.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

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

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	183,974,864	6,445,657	42,713,823	335,740	233,470,084
Profit/(loss) for the period before tax	50,917,600	(10,982,909)	13,500,638	(27,341,479)	26,093,850
<i>Adjustments:</i>					
Finance income	(7,526,335)	(1,229,275)	(1,808,823)	(4,299,060)	(14,863,493)
Finance costs	20,853,998	3,060,475	518,373	23,438,033	47,870,879
Depreciation of property, plant and equipment	28,387,841	5,886,016	57,559	1,431	34,332,847
Amortization of right of use assets	9,137,130	286,507	488,059	-	9,911,696
Amortization of intangible assets	3,949,310	297,493	18,206	-	4,265,009
EBITDA	105,719,544	(2,681,693)	12,774,012	(8,201,075)	107,610,788
Share of net loss in joint ventures and associates	-	-	-	504,608	504,608
Reversal of impairment of property, plant and equipment and intangible assets	(1,055,971)	-	-	-	(1,055,971)
Gain on disposal of property, plant and equipment and intangible assets	(10,254)	-	-	-	(10,254)
Adjusted EBITDA	104,653,319	(2,681,693)	12,774,012	(7,696,467)	107,049,171

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the nine month period ended September 30, 2023:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	584,577,191	31,471,495	146,273,595	508,953	762,831,234
Profit/(loss) for the period before tax	76,447,728	(24,547,249)	64,801,642	(58,555,580)	58,146,541
<i>Adjustments:</i>					
Finance income	(4,990,483)	(698,146)	(5,368,647)	(25,178,728)	(36,236,004)
Finance costs	97,221,595	7,651,285	1,186,415	51,433,230	157,492,525
Depreciation of property, plant and equipment	76,214,414	20,762,477	198,400	26,280	97,201,571
Amortization of right of use assets	40,116,295	1,180,680	946,618	174,444	42,418,037
Amortization of intangible assets	22,557,265	951,419	50,469	132,837	23,691,990
EBITDA	307,566,814	5,300,466	61,814,897	(31,967,517)	342,714,660
Share of net profit in joint ventures and associates	-	-	-	(13,167,288)	(13,167,288)
Impairment of property, plant and equipment and intangible assets	3,610,000	-	-	-	3,610,000
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(236,414)	75,693	-	-	(160,721)
Other non-operating expense*	-	-	-	16,378,489	16,378,489
Adjusted EBITDA	310,940,400	5,376,159	61,814,897	(28,756,316)	349,375,140

* Other non-operating expenses represents a one-off cost following the finalization of the purchase price of a historical acquisition.

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Segment assets	1,791,849,785	280,419,272	334,740,549	142,568,933	2,549,578,539
Segment liabilities	(1,168,287,621)	(201,594,930)	(294,467,624)	(602,392,796)	(2,266,742,971)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the nine month period ended September 30, 2022:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	475,805,382	15,952,106	94,438,002	681,441	586,876,931
Profit/(loss) for the period before tax	141,780,473	(25,761,910)	25,985,708	(61,300,854)	80,703,417
<i>Adjustments:</i>					
Finance income	(12,367,223)	(4,134,436)	(4,366,639)	(8,822,473)	(29,690,771)
Finance costs	42,445,486	8,714,930	733,429	51,589,812	103,483,657
Depreciation of property, plant and equipment	73,351,494	19,595,358	182,934	4,297	93,134,083
Amortization of right of use assets	20,558,136	1,175,615	488,059	-	22,221,810
Amortization of intangible assets	8,536,285	849,781	78,758	-	9,464,824
EBITDA	274,304,651	439,338	23,102,249	(18,529,218)	279,317,020
Share of net profit in joint ventures and associates	-	-	-	(10,798,532)	(10,798,532)
Reversal of impairment of property, plant and equipment and intangible assets	(1,266,483)	-	-	-	(1,266,483)
Gain on disposal of property, plant and equipment and intangible assets	(10,254)	-	-	-	(10,254)
Adjusted EBITDA	273,027,914	439,338	23,102,249	(29,327,750)	267,241,751

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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.

Sen Connect SA

On April 10, 2023, the Group acquired 100% of the share capital of Sen Connect SA, a company providing data center services in Senegal. The Group acquired the shares through its subsidiary Stellar IX data Centers Limited for a price of \$1.

The Group previously held a minority stake in Sen Connect SA of 40%, through its investment in its Senegalese associate, Maya Africa Holding Limited. The fair value of the Group's indirect equity interest in Sen Connect SA before the business combination amounted to USD nil, resulting in a gain of nil in the statement of consolidated statement of profit or loss prior to the disposal of the previously held interest. The total consideration was settled in cash on completion.

The assets and liabilities of Sen Connect SA at the date of acquisition are reflected in the table below at their draft fair values at the date of acquisition.

	Fair values Sen Connect SA USD
ASSETS	
Property, plant and equipment	4,378,279
Intangible assets	745,360
Deposits receivable	26,983
Trade and other receivables	6,719,839
Cash and cash equivalents	4,156
Total assets	11,874,617
LIABILITIES	
Deferred tax liability	330,505
Trade and other payables	14,248,827
Income tax liability	9,622
Total liabilities	14,588,954
Cost of investment	1
Fair value of previously held interest	-
Net (assets)/liabilities at date of acquisition	2,714,337
Goodwill	2,714,338

The Group has not yet completed its assessment of the fair values of assets and liabilities acquired. The values reflected above remain subject to change within the remeasurement period as allowed by IFRS 3.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

Sen Connect SA (continued)

	Fair values Sen Connect SA USD
Revenue - post acquisition	930,658
Net profit - post acquisition	245,896
The cash flows associated with the business acquisitions are as follows:	
<i>Cash outflow/(inflow) from acquisition of subsidiaries</i>	
Purchase consideration	1
Cash and cash equivalents acquired	(4,156)
Cash inflow from acquisition, net of cash acquired	(4,155)

MIC Tanzania Public Limited Company (2022)

On April 16, 2021, the Group entered into a share purchase agreement to acquire 98.5% of the issued and outstanding shares of MIC Tanzania Public Limited Company (now Honora Tanzania Public Limited Company and also referred to in these financial statements as "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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

MIC Tanzania Public Limited Company (2022) (continued)

	Fair values MIC Tanzania Public Limited Company and its subsidiaries USD
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
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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. SUBSEQUENT EVENTS

Agreement to acquire a further 40% stake in our joint venture in Senegal

In July 2023, the Company signed an agreement to acquire a further 40% equity interest in its joint venture business in Senegal ("Free in Senegal"). The transaction completed on October 2, 2023 resulting in the Group owning an 80% equity interest in Free in Senegal, allowing it to control and financially consolidate the operations from that date.

The purchase price for the transaction was EUR50.0 million. The transaction results in a change of control and will thus be accounted for under IFRS 3 (Business combinations). We have not yet completed the purchase price allocation exercise required by IFRS 3.

Purchase price adjustment for a historical acquisition

On October 17, 2023 the Group, as buyer, received a final determination in respect of items related to the purchase price for a historical acquisition, the result of which is an additional amount of \$16.4 million owing to the sellers. The determination is indicative of conditions existing at September 30, 2023 and the Group has therefore adjusted for the outcome of the determination and has accordingly recognized the additional liability.

The timing of the determination was more than 12 months following the completion date of the transaction, and the accounting for the additional consideration thus falls outside of the measurement period allowed as per IFRS 3 (Business combinations). The additional consideration amount has therefore been reflected in profit or loss as at September 30, 2023.

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

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PRO FORMA AND COMBINED FINANCIAL INFORMATION

On April 16, 2021, the Group entered into a share purchase agreement to acquire 98.5% of the issued and outstanding shares of MIC Tanzania Public Limited Company (Now Honora Tanzania Public Limited Company and also referred to in these financial statements as “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 September 30, 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 nine month period ended September 30, 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 TZS2,391.20/USD1 for the nine month period ended September 30, 2023. The average exchange rate used for the nine month period ended September 30, 2022 is TZS2,309.48/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 adjustments 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, the numbers presented for the nine month period ended September 30, 2022 will not agree to those previously reported in our Unaudited, condensed, consolidated financial statements for the three month and nine month periods ended September 30, 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

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PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results

**Condensed combined statements of profit or loss for the three month and nine month
 period ended September 30, 2023**

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Revenue	269,028,726	233,470,084	762,831,234	675,364,096
Cost of devices and equipment	(7,029,281)	(4,069,945)	(21,235,056)	(11,631,487)
Cost of interconnection and roaming	(6,629,181)	(7,172,551)	(21,258,508)	(23,119,921)
Government and regulatory costs	(14,630,318)	(13,487,715)	(44,225,885)	(41,360,419)
Advertising and distribution costs	(3,362,675)	(3,420,448)	(10,495,109)	(8,665,707)
Commission to sales agents	(38,172,417)	(36,393,357)	(111,222,813)	(105,766,504)
Net impairment losses on financial and contract assets	(2,073,319)	(7,160,678)	(4,686,281)	(5,078,755)
Technology operation costs	(21,697,782)	(17,672,943)	(66,132,689)	(50,972,827)
Staff costs	(24,166,584)	(19,389,291)	(73,126,690)	(60,447,047)
Write-off of financial assets	(1,825,054)	-	(4,246,687)	-
Professional fees	(7,154,334)	(6,989,955)	(17,581,813)	(22,180,606)
Depreciation and amortization (Impairment)/reversal of impairment of non- financial assets	(793,942)	1,027,414	(1,906,174)	2,135,552
Other operating expenses	(20,267,218)	(14,771,566)	(57,108,797)	(48,879,815)
Other income	5,566,713	3,885,876	15,468,277	9,453,264
OPERATING PROFIT	71,037,668	59,345,373	181,761,411	163,815,377
Finance income	9,266,867	14,863,493	36,236,004	29,702,472
Finance costs	(58,139,062)	(47,870,879)	(157,492,525)	(116,834,235)
Non-operating income	342,403	260,499	852,852	1,202,870
Non-operating expenses	(16,378,489)	(28)	(16,378,489)	(5,859,993)
Share of profit/(losses) in joint ventures and associates	5,724,064	(504,608)	13,167,288	10,798,532
PROFIT BEFORE INCOME TAX	11,853,451	26,093,850	58,146,541	82,825,023
Income tax expense	(485,961)	(12,332,399)	(30,280,675)	(38,871,968)
PROFIT FOR THE PERIOD	11,367,490	13,761,451	27,865,866	43,953,055
Profit for the period attributable to:				
- Owners of the Company	3,914,610	7,107,394	13,962,000	25,007,379
- Non-controlling interest	7,452,880	6,654,057	13,903,866	18,945,676
	11,367,490	13,761,451	27,865,866	43,953,055

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,391.20/USD1 for the nine month period ended September 30, 2023 (for the nine month period ended September 30, 2022: TZS2,309.48/USD1).

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PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results (continued)

**Condensed combined statements of other comprehensive income for the three month and
nine month period ended September 30, 2023**

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
PROFIT FOR THE PERIOD	11,367,490	13,761,451	27,865,866	43,953,055
OTHER COMPREHENSIVE INCOME/(LOSS)				
<i>Items that may be re-classified to profit or loss</i>				
Exchange differences on translation of foreign subsidiaries	2,369,992	(16,753,207)	18,855,221	(34,641,118)
Exchange differences on translation of foreign joint ventures	(1,290,704)	(660,250)	(676,542)	(2,620,244)
Other comprehensive income/(loss) for the period, net of tax	1,079,288	(17,413,457)	18,178,679	(37,261,362)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	12,446,778	(3,652,006)	46,044,545	6,691,693
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
- Owners of the Company	3,810,309	(8,354,718)	29,416,373	(8,217,671)
- Non - controlling interest	8,636,469	4,702,712	16,628,172	14,909,364
	12,446,778	(3,652,006)	46,044,545	6,691,693

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,391.20/USD1 for the nine month period ended September 30, 2023 (for the nine month period ended September 30, 2022: TZS2,309.48/USD1).

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PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results (continued)

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

	3 month period ended		9 month period ended	
	September 30, 2023 USD	September 30, 2022 USD	September 30, 2023 USD	September 30, 2022 USD
Profit for the period	11,367,490	13,761,451	27,865,866	43,953,055
<i>Adjustments:</i>				
Income tax expense	485,961	12,332,399	30,280,675	38,871,968
Finance income	(9,266,867)	(14,863,493)	(36,236,004)	(29,702,472)
Finance costs	58,139,062	47,870,879	157,492,525	116,834,235
Depreciation of property, plant and equipment	33,184,784	34,332,847	97,201,571	103,575,502
Amortization of right of use assets	14,014,997	9,911,696	42,418,037	30,104,560
Amortization of intangible assets	8,555,885	4,265,009	23,691,990	11,354,385
EBITDA	116,481,312	107,610,788	342,714,660	314,991,233
Share of (net profit)/loss in joint ventures and associates	(5,724,064)	504,608	(13,167,288)	(10,798,532)
(Reversal of impairment)/impairment of property, plant and equipment and intangible assets	-	(1,055,971)	3,610,000	(1,266,483)
Gain on disposal of property, plant and equipment and intangible assets	(160,721)	(10,254)	(160,721)	(44,615)
Other non-operating expense	16,378,489	-	16,378,489	(14,864)
Adjusted EBITDA	126,975,016	107,049,171	349,375,140	302,866,739

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,391.20/USD1 for the nine month period ended September 30, 2023 (for the nine month period ended September 30, 2022: TZS2,309.48/USD1).

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DEFINITIONS

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

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

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.