

AIRTEL MADAGASCAR SA

Statutory Auditor's Reports

For the year ended December 31, 2022

April 2023

DELTA AUDIT

Statutory Auditor's Report

For the year ended December 31, 2022

To the shareholders of Airtel Madagascar SA

Opinion

We have audited the financial statements of Airtel Madagascar SA, which comprise the Balance Sheet as at December 31, 2022, the Income Statement, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, as well as the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying annual financial statements showing a loss of MGA 134,992,316,673.31 present, fairly, in all material respects, the financial position of the Company as at December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with the accounting principles applied in Madagascar (PCG 2005).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this report. We are independent of Airtel Madagascar SA in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty with respect to the going concern assumption

We draw attention to note 3.1 of the financial statements which indicates that AIRTEL Madagascar SA has recorded a net loss of MGA 134.9 billion in 2022 against a net profit of MGA 70.6 billion in 2021 and the current liabilities of the company exceeded the total current assets by MGA 25.4 billion against MGA 23.6 billion in 2021.

As at 31st December 2022, the company's share capital is still absorbed by accumulated losses. The shareholders' general meeting on 31st May 2018 has already decided on the continuity of operations. Despite this decision, no financial restructuring has been carried out up to the date of this report. The continuation of the company's activities depends heavily on the financial support of its main shareholders.

Responsibilities of the management and those responsible for governance for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Malagasy General Chart of Accounts 2005, and for such internal control as management

DELTA AUDIT

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those responsible for governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Antananarivo, 14th April 2023

The Statutory Auditor

Delta Audit

Lovaniaina RANDRIANARIJAONA

Partner

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

AIRTEL MADAGASCAR S.A

BALANCE SHEET
(All amounts stated in MGA)
For the year ended 31 December 2022

ASSETS	NOTES	31 December 2022			31 December 2021	EQUITY AND LIABILITIES	NOTES	31 December 2022	31 December 2021
		Gross	Depreciation, amortization and provisions	Net	Net				
NON-CURRENT ASSETS						EQUITY			
Intangible assets		27,527,323,002.00	(20,038,382,797.53)	7,488,940,204.47	10,241,672,504.47	Issued capital		2,965,400,000.00	2,965,400,000.00
Property, plant and equipment (PP&E)		527,953,213,574.85	(422,140,984,964.36)	105,812,228,610.49	96,562,894,177.78	Premiums and reserves		2,400,000.00	2,400,000.00
PP&E in progress		11,425,375,548.07	-	11,425,375,548.07	5,312,113,124.27	Other equity - retained earnings		(461,955,413,482.52)	(532,647,941,449.86)
Non-current financial assets		843,356,420.92	(438,654,355.93)	404,702,064.99	569,207,821.56	Net income (loss) for the period		(134,992,316,673.31)	70,692,527,967.34
Total fixed assets	4.1	567,749,268,545.84	(442,618,022,117.82)	125,131,246,428.02	112,685,887,628.08	Total equity	4.6	(593,979,930,155.83)	(458,987,613,482.52)
Deferred tax asset	4.7	58,076,033,969.34	(55,945,039,841.76)	2,130,994,127.58	2,002,793,369.63	NON-CURRENT LIABILITIES			
Total non-current assets		625,825,302,515.18	(498,563,061,959.58)	127,262,240,555.60	114,688,680,997.71	Deferred income - investment subsidies			
CURRENT ASSETS						Deferred tax liabilities			
Inventories	4.2	1,631,619,283.89	(652,133,890.56)	979,485,393.33	580,951,674.37	Loans and borrowings	4.8	685,709,236,185.98	536,182,601,287.36
Trade receivables	4.3	22,092,893,979.12	(8,003,557,408.88)	14,089,336,570.24	14,965,037,978.39	Provisions	4.9	10,124,206,340.16	13,831,908,022.38
Other current assets	4.4	93,979,058,899.18	-	93,979,058,899.18	80,423,161,419.07	Total non-current liabilities		695,833,442,526.14	550,014,509,309.74
Cash and cash equivalents	4.5	5,481,993,376.80	-	5,481,993,376.80	3,071,185,242.46	CURRENT LIABILITIES			
Total current assets		123,185,565,539.00	(8,655,691,299.44)	114,529,874,239.57	99,040,336,314.29	Short term portion of loans and borrowings		-	-
						Trade payables	4.10	46,874,571,884.96	50,335,123,273.46
						Other current liabilities and deferred income	4.11	88,604,875,392.34	70,830,772,791.07
						Bank advances and overdrafts	4.5	4,459,155,147.56	1,536,225,420.25
						Total current liabilities		139,938,602,424.86	122,702,121,484.78
TOTAL ASSETS		749,010,868,054.18	(507,218,753,259.02)	241,792,114,795.16	213,729,017,312.00	TOTAL EQUITY AND LIABILITIES		241,792,114,795.16	213,729,017,312.00

The disclosures (pages 9 to 30) are an integral part of the financial statements.

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Income statement by nature
for the year ended 31 December 2022
(All amounts stated in MGA)

	Note	2 022	2 021
Services sold		138,328,127,076.15	123,576,800,431.62
Sale of goods		1,204,169,581.85	951,763,798.33
I - Sales for the period	5,1	133,532,296,658.00	124,528,564,229.95
Purchases consumed	5,2	(-) 34,458,271,579.39	(-) 30,849,686,021.96
External services	5,3	(-) 104,304,344,867.95	(-) 104,358,050,921.95
II - Consumption for the period		(-) 138,762,616,447.34	(-) 135,207,736,943.91
III - Operating added value (I-II)		(-) 5,230,319,789.34	(-) 10,679,172,713.96
Tax and levies	5,4	(-) 12,213,854,519.48	(-) 14,037,689,740.40
Payroll expenses	5,5	(-) 11,102,511,498.66	(-) 11,950,688,495.53
IV - Gross operating margin		(-) 28,546,685,807.48	(-) 36,667,550,949.89
Other operating income	5,6	534,245,410.76	173,033,319,815.73
Other operating expenses	5,7	(-) 3,501,490.16	(-) 10,449,419,519.17
Reversal of provisions	5,9	15,634,945,912.84	11,690,367,812.89
Depreciation, provisions and impairment charges	5,8	(-) 32,465,187,557.16	(-) 38,547,561,372.09
V - Operating profit or loss		(-) 44,846,183,531.20	99,059,155,787.47
Finance income	5,10	1,182,689,089.25	6,992,226,620.06
Finance costs	5,10	(-) 90,789,041,505.75	(-) 34,688,811,450.90
VI - Profit or loss from finance activities		(-) 89,606,352,416.50	(-) 27,696,584,830.84
VII - Profit or loss before tax		(-) 134,452,535,947.69	71,362,570,956.63
Deferred tax		128,200,757.95	(-) 47,080,168.15
Income tax		(-) 667,981,483.58	(-) 622,962,821.14
VIII - Profit or loss from ordinary activities		(-) 134,992,316,673.31	70,692,527,967.34
Expenses from non-ordinary activities		-	-
Income from non-ordinary activities		-	-
X - Net profit or loss for the period		(-) 134,992,316,673.31	70,692,527,967.34

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INCOME STATEMENT BY FUNCTION for the year ended 31 December 2022 (All amounts stated in MGA)

	Note	2 022	2 021
Revenue from ordinary activities		133,532,296,658.00	124,528,564,229.95
Cost of sales		(-) 34,458,271,579.39	(-) 30,849,686,021.96
<u>GROSS PROFIT</u>		99,074,025,078.61	93,678,878,207.99
Other operating income		534,245,410.76	173,033,319,815.73
Selling and distribution expenses		(-) 106,653,894,638.07	(-) 106,702,005,802.52
Administrative expenses		(-) 12,213,854,519.48	(-) 14,037,689,740.40
Other operating expenses		(-) 3,501,490.16	(-) 10,449,419,519.17
Personnel expenses		(-) 8,752,961,728.54	(-) 9,606,733,614.96
Depreciation and Amortisation charges		(-) 16,830,241,644.31	(-) 26,857,193,559.20
<u>OPERATING PROFIT OR LOSS</u>		(-) 44,846,183,531.20	99,059,155,787.47
Finance income		1,182,689,089.25	6,992,226,620.06
Finance costs		(-) 90,789,041,505.75	(-) 34,688,811,450.90
<u>PROFIT OR LOSS BEFORE TAX</u>		(-) 134,452,535,947.69	71,362,570,956.63
Deferred taxes		128,200,757.95	(-)47,080,168.15
Income tax		(-) 667,981,483.58	(-) 622,962,821.14
<u>PROFIT OR LOSS FROM ORDINARY ACTIVITIES</u>		(-) 134,992,316,673.31	70,692,527,967.34
Expenses from non-ordinary activities		-	-
Income from non-ordinary activities		-	-
NET PROFIT OR LOSS FOR THE PERIOD		(-) 134,992,316,673.31	70,692,527,967.34

The disclosures (page 9 to 30) are an integral part of the financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (All amounts stated in MGA)

	Note	Issued capital	Premium and reserves	Asset revaluation surplus	Retained earning and Net profit or loss	Total
Change in accounting policy						
Correction of errors						
Other income and expenses						
Allocation of earnings from 2016						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2017					(-) 34,857,226,569.71	(-) 34,857,226,569.71
Balance at 31 December 2017		2,965,400,000.00	2,400,000.00		(-) 290,544,862,072.55	(-) 287,577,062,072.55
Change in accounting policy						
Correction of errors						
Other income and expenses					911,144,578.37	911,144,578.37
Allocation of earnings from 2017						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2018					(-) 69,631,483,306.20	(-) 69,631,483,306.20
Balance at 31 December 2018		2,965,400,000.00	2,400,000.00		(-) 359,265,200,800.38	(-) 356,297,400,800.37
Change in accounting policy						
Correction of errors						
Other income and expenses						
Allocation of earnings from 2018						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2019					(-) 74,331,812,765.30	(-) 74,331,812,765.30
Balance at 31 December 2019		2,965,400,000.00	2,400,000.00		(-) 433,597,013,565.67	(-) 430,629,213,565.67
Change in accounting policy						
Correction of errors						
Other income and expenses					(-) 1,392,150,128.00	(-) 1,392,150,128.00
Allocation of earnings from 2019						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2020					(-) 97,658,777,756.19	(-) 97,658,777,756.19
Balance at 31 December 2020		2,965,400,000.00	2,400,000.00		(-) 532,647,941,449.86	(-) 529,680,141,449.86
Change in accounting policy						
Correction of errors						
Other income and expenses						
Allocation of earnings from 2020						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2021					70,692,527,967.34	70,692,527,967.34
Balance at 31 December 2021		2,965,400,000.00	2,400,000.00		(-) 461,955,413,482.52	(-) 458,987,613,482.52
Change in accounting policy						
Correction of errors						
Other income and expenses						
Allocation of earnings from 2021						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2022					(-) 134,992,316,673.31	(-) 134,992,316,673.31
Balance at 31 December 2022		2,965,400,000.00	2,400,000.00		(-) 596,947,730,155.83	(-) 593,979,730,155.83

The disclosures (page 9 to 30) are an integral part of the financial statements

STATEMENT OF CASH FLOWS

AIRTEL MADAGASCAR S.A

FOR THE YEAR ENDED 31 DECEMBER 2022 (All amounts stated in MGA)

	Note	2022	2021
<u>Operating activities</u>			
Profit or loss for the period		(-) 134,992,316,673.31	70,692,527,967.34
Adjusted for:			
Depreciation and impairments		32,465,187,557.16	38,547,561,372.09
Provision, reversal of provisions (except for current assets)		(-) 15,634,945,912.84	- 11,690,367,812.89
Movements in differed tax assets		128,200,757.95	47,080,168.15
Movements in inventories		(-) 1,050,667,609.04	- 32,779,299.45
Movements in trade and other receivables		(-) 5,090,739,001.63	69,732,496,241.43
Movements in trade and other payables		(-) 14,313,551,212.77	- 174,222,312,606.63
Exchange differences on borrowings		81,979,435,141.70	28,206,707,249.27
Variation in provisions		(-) 3,707,701,682.22	2,194,360,311.80
Other: Corrections to retained earnings		-	-
Partial contribution of assets		-	-
Deposits received		-	-
Capital gains and losses on disposals, net of tax		(-) 353,914,384.65	- 171,502,803,274.43
Net cash flow from operating activities (A)		(-) 32,200,312,110.02	- 148,027,529,683.3
<u>Investing activities</u>			
Purchase of property plant and equipment		(-) 35,859,009,238.87	- 13,312,315,769.97
Repayment of non-current financial assets		-	97,156,052,854.22
Proceeds from the disposal of PP&E		-	203,347,479,525.43
Interest earned from financial investments		-	-
Net cash flow from investing activities (B)		(-) 35,859,009,238.87	287,191,216,609.68
<u>Financing activities</u>			
Dividends paid to shareholders			-
Cash increase in share capital			
Repayment of loans and related interest		(-) 21,122,060,243.08	- 190,904,848,381.06
Proceeds from loans		88,669,260,000.00	34,608,021,919.60
Net cash flow from financing activities (C)		67,547,199,756.92	- 156,296,826,461.46
Net change in cash and cash equivalents for the period (A+B+C)		(-) 512,121,592.97	- 17,133,139,535.10
Opening cash and cash equivalents		1,534,959,822.21	18,668,099,357.31
Closing cash and cash equivalents		1,022,838,229.24	1,534,959,822.21
Change in cash and cash equivalents		(-) 512,121,592.97	- 17,133,139,535.10

The disclosures (page 9 to 32) are an integral part of the financial statements

AIRTEL MADAGASCAR S.A

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are stated in Ariary (MGA))

NOTE 1

CORPORATE INFORMATION

Airtel Madagascar SA was incorporated on July 16, 1997, and is headquartered at Immeuble S, lot II J 1 AA Morarano Alarobia, Antananarivo 101.

Its main shareholder is CELTEL MAURITIUS HOLDINGS LIMITED which is part of the BHARTI AIRTEL Group.

The Company's objective is to, directly or through its subsidiaries, develop and operate communications systems, particularly wired or wireless telephone or radiotelephone.

NOTE 2

KEY EVENTS OF THE FINANCIAL YEAR

a- Impact of Covid-19

The company Airtel Madagascar SA has still not been spared from the negative consequences of this pandemic. A pandemic that has slowed down economic activities in the country.

b. general situation

The year 2022 is marked by an increase in the number of subscribers by 6.8% following the change in the company's strategy, which led to a positive effect on the annual revenues for an increase of 7% as against the financial year 2021.

The different variations related to income are summarized below:

- Number of subscribers: +10.70%
- Voice revenue: +0.5%
- Roaming revenue: +264.9%
- Data revenue: +31.0%
- Gross Revenue GSM: +7.0%
- Primary Sales: +8.5%

In addition, the depreciation of the Ariary against the US dollar led to an increase in costs and had a significant impact on the company's financial results.

In terms of receivables, the company experienced difficulties in collecting outstanding payments from some of its Postpaid customers.

In the area of human resources, the number of employees was maintained, and no employee was dismissed.

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NOTE 2 (continues)

C- Broadening the range of products

- Proposal of attractive and competitive voice and internet offers.
- Promotion of alternative package sales channels, mainly for voice and data (Pretups and Airtel Money) in addition to digital media (My Airtel app and HBB portal). portal).
- Segmentation and intensification of customer loyalty programs.

d- Key events at the level of Functional Directors

- Corporate Management is still in the hands of the Customer Service Manager since June 2019, pending recruitment.

e - Tax control

A preliminary notification relating to fiscal year 2019 was received on 27th December 2022. The corresponding response was filed on 24th February 2023.

In addition, the 2020 and 2021 financial years are not yet fiscally time barred.

NOTE 3

SIGNIFICANT ACCOUNTING POLICIES

3.1 Going Concern Principle

For the fiscal year ending December 31, 2022, more than half of the company's share capital was absorbed by accumulated losses. At this date, AIRTEL Madagascar SA recorded a net loss of MGA 134.9 billion in 2022 against a net profit of MGA 70.6 billion in 2021, and the level of the company's current liabilities exceeded its total current assets by MGA 25.4 billion against MGA 23.6 billion in 2021.

The shareholders meeting of 31 May 2018 had already decided on the continuity of the company's operations. While waiting for the financial restructuring of the equity to be effective, shareholders continue to provide financial support to its subsidiary to ensure that it has sufficient liquidity until the restructuring is approved and implemented. This funding is part of the funding commitment contained in the "Letter of Comfort".

3.2 Accounting principles

The financial statements were prepared in accordance with the 2005 General Chart of Accounts (PCG 2005) and include the following items:

- The balance sheet;
- The income statement;
- The statement of changes in shareholders' equity;
- The statement of cash flows;
- The notes to the financial statements.

Balance sheet items are distinguished between "current" and "non-current".

The accounting is kept in Malagasy Ariary (MGA).

3.3 Intangible non-current asset

Intangible non-current assets are made up of licences and operating licences for telecommunication services.

AIRTEL MADAGASCAR S.A

NOTE 3 (continues)

They are stated at cost, excluding incidental and finance expenses. The operating licence is amortized on a straight-line basis over a period of 10 years.

3.4 Tangible non-current assets

The cost of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably.

Tangible non-current assets include constructions, IT equipment, materials, specialized equipment and facilities necessary for the operation of Airtel Madagascar's telecommunication services.

a) Initial measurement

Tangible fixed assets are valued at their purchase or production cost, and include acquisition costs, installation costs and decommissioning costs.

Software for network equipment is recorded as IT equipment. Software is depreciated on a straight-line basis over 3 years.

If equipment has not been put into use, it is recorded as non-current assets in progress.

Advances paid to suppliers of non-current assets are recorded as non-current assets in progress.

Safety parts and spare parts acquired at the same time as equipment and intended to be used in case of a breakdown or breakage in order to limit network interruption are capitalized once acquired.

b) Measurement subsequent to initial recognition

After initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Non-current assets are depreciated on a straight-line basis over their useful life from the date of first use. The amount depreciated is the cost of the asset less the estimated residual value.

Subsequent expenditures on property, plant and equipment or intangible assets already capitalized are expensed in the period in which they are incurred if they restore the asset's level of performance. If they increase the carrying amount of these assets, i.e. when it is probable that future economic benefits in excess of the original level of performance will flow to the entity, they are capitalized and added to the carrying amount of the asset.

As from the year 2022, the company's management has decided to align the depreciation rates applied to its property, plant and equipment with the depreciation rates allowed for tax purposes. The new rates applied new rates are as follows:

- Fixtures, fittings and installations	10%
- Transport equipment	20%
- Specialized complex installations	10%
- Materials and furniture	10%
- IT equipment	25%
- Pylons	10%
- Civil engineering	10%
- Battery	10%
- Generator	10%

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NOTE 3 (continues)

- Spare parts for technical installations 10%
- Optical fibre 10%
- Other non-current assets 10%

Safety parts are depreciated over the useful life of the asset or component to which they relate.

Subsequent expenditure relating to tangible or intangible assets already recognized as fixed assets are expensed in the year in which they are incurred if they restore the asset's level of performance. If they increase the carrying amount of these assets, that is when it is probable that future economic benefits, greater than the original level of performance, they are recognized as fixed assets and added to the carrying amount of the asset.

c) Impairment of non-current assets

An impairment is recorded when there is an indicator of a loss of value. This is done to align the asset's net book value to its actual value (determined as the higher of market value and value in use).

Non-capitalized fixed assets in progress are subject to impairment loss depending on their age:

Type of non-current assets in progress and their age	Active	Passive Technical equipment			Advances paid to non-current asset suppliers
		Equipment already on the sites	Work/services already done on sites	Warehouse	
0 to 6 months	0%	0%	0%	0%	0%

- Active technical equipment are equipment that contribute directly to the functioning of technical sites, for example antennae, Base Transceiver Station (BTS).

3.5 Finance leases

Equipment obtained as part of finance leases are recorded as non-current assets. Finance leases are leases that transfer almost all risks and rewards inherent to the ownership of the assets to AIRTEL MADAGASCAR S.A. with or without the transfer of ownership at the end of the contract.

The leased item is recognized as an asset in the balance sheet at fair value, or if it is lower, the present value of minimum lease payments. The obligation to pay future rent is recognized for the same amount as a finance liability.

During the contract, rents are recorded by distinguishing between interest and principal repayment of the debt. The leased asset is depreciated in the books of the lessee in line with general rules concerning non-current assets.

As of 31 December 2022, there are no recorded finance lease assets.

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3.6 Non-current financial assets

Non-current financial assets consist mainly of deposits and cautions paid to the service providers of Airtel Madagascar S.A. Loss of value is constituted when the deposit is not recovered one year after the date of termination of the contract

3.7 Inventories

Airtel Madagascar SA's inventories are made up of smart phones, modems and SIM cards.

The cost of inventories includes the purchase price, customs duties and other taxes, transportation, handling and other costs directly attributable to the acquisition of the inventories.

The Company uses the FIFO method to determine the cost of inventories.

A 100% write down of the value is recorded for items older than 6 months. Sim Cards are impaired at 100%.

3.8 Receivables

Receivables are recognized at their nominal value. An allowance is recorded based on late payments. An allowance for the whole amount is recorded for receivables outstanding for more than 90 days except for interconnection receivables, which are totally allowed for when outstanding for over 270 days.

3.9 Investment securities

Investment securities are recognized at cost. If their market value at closing date is lower than cost, a provision is recorded to reduce the book value to the realizable value.

3.10 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate of the month the transaction took place. Receivables, liabilities as well as bank accounts in foreign currencies are valued at the closing rate. The difference resulting from the adjustment at closing is recorded as foreign exchange gains or losses.

3.11 Provisions for risk and charges

A provision for risk and charges is recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If these conditions are not met, no provision for risk and charges is recognized.

At the financial statement closing date, litigation involving the Company were assessed. Provisions were determined and recorded for litigations where it was probable that there will be an outflow of resources.

A provision for the decommissioning costs of sites was recorded based on statistical calculations.

3.12 Revenue

Revenue from the sale of recharge cards is recognized when the call credits are used up. Credits not used up at closing are recorded as "Deferred income".

For post-paid clients, revenue is recognized at the end of each month based on billed usage.

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The use of Airtel's network by other operators is re-billed and recorded as revenue from interconnection and roaming services.

The sale of phones and sim cards are recognized as revenue once delivery is complete.

3.13 Taxes

AIRTEL MADAGASCAR S.A. is subject to the provisions of the General Tax Code. The Company is subject to the following main taxes:

- Income tax.
- Value added tax (VAT) ;
- VAT on foreign suppliers.
- Royalty tax;
- Registration fees.

In addition, the Company must collect:

- Capital gains tax;
- Withholding tax on salaries.
- Withholding tax on the income of foreign service providers.

According to texts regulating the communications sector in Madagascar, the Company pays the following taxes to the Communication Technologies Regulatory Authority (ARTEC):

- Frequency fees based on the total number of routes, channels and beams used.
- Control fees.
- Regulatory charges which comprise contributions to the development fund and the actual tax on regulation. These taxes are based on a percentage of revenue.
- Tax on the sale of terminals.

3.14 Deferred taxes

Deferred taxes resulting from the following are recorded in the balance and the income statement:

- The temporary difference between the accounting recording of revenue or expenses and their inclusion in the taxable base of a subsequent period in the foreseeable future.
- Tax deficits or tax credits carried forward to the extent that their allocation to taxable profits or future taxes is probable in the foreseeable future.

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NOTE 4 BALANCE SHEET

4.1 Non-current assets

The table showing the changes in non-current assets is detailed as follows

Non-current assets and accumulated depreciation/amortization rollforward schedule (All amounts stated in MGA)

	Gross Value					Accumulated Depreciation and Impairment					Net Book Value	
	01 January 2022	Acquisition 2022	Reclassification	Disposals/Transfers/ Others	31 December 2022	01 January 2022	Depreciation expense	Reclassification	Disposals/Transfers/ Others	31 December 2022	01 January 2022	31 December 2022
Intangible Non-current Assets												
License GSM	27 527 323 002,00	-	-	-	27 527 323 002,00	17 285 650 497,53	2 752 732 300,00			20 038 382 797,53	10 241 672 504,47	7 488 940 204,47
Other intangible non-current assets	-	-	-	-	-	-	-			-	-	-
	27 527 323 002,00	-	-	-	27 527 323 002,00	17 285 650 497,53	2 752 732 300,00	-	-	20 038 382 797,53	10 241 672 504,47	7 488 940 204,47
Tangible Non-current Assets												
Fixtures, fittings and installations	3 618 467 908,64	-	-	-	3 618 467 908,64	3 618 275 990,59	34 062,55			3 618 310 053,14	191 918,05	157 855,50
Transport Material	439 772 635,80	-	-	-	439 772 635,80	439 772 635,80	-			439 772 635,80	-	-
Specialized complex installations	404 037 399 864,52	21 148 532 594,98	-	-	425 185 932 459,50	313 965 250 413,98	17 803 275 900,68			331 768 526 314,66	90 072 149 450,54	93 417 406 144,84
Office furniture and equipment	21 523 206 017,31	1 510 912 587,44	-	-	23 034 118 604,75	19 277 133 992,12	583 869 052,08			19 861 003 044,20	2 246 072 025,19	3 173 115 560,55
IT furniture	68 202 936 025,40	7 471 985 940,76	-	-	75 674 921 966,40	63 958 455 241,40	2 494 917 675,16			66 453 372 916,56	4 244 480 784,00	9 221 549 049,60
Machinery and equipment	-	-	-	-	-	-	-			-	-	-
	497 821 782 451,67	30 131 431 123,18	-	-	527 953 213 574,85	401 258 888 273,89	20 882 096 690,47	-	-	422 140 984 964,36	96 562 894 177,78	105 812 228 610,49
Tangible Non-current Assets in progress	5 312 113 124,27	36 244 693 546,98	-	30 131 431 123,18	11 425 375 548,07					-	5 312 113 124,27	11 425 375 548,07
Financial Non-current Assets	841 882 841,49	1 473 579,43	-	-	843 356 420,92	272 675 019,93	165 979 336,00	-	-	438 654 355,93	569 207 821,56	404 702 064,99
TOTAL	531 503 101 419,43	66 377 598 249,59	-	30 131 431 123,18	567 749 268 545,84	418 817 213 791,35	23 800 808 326,47	-	-	442 618 022 117,82	112 685 887 628,08	125 131 246 428,02

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4.1 non-current assets (continued)

- Intangible fixed assets

Intangible fixed assets comprise the licence given by ARTEC, that was renewed in 2015 for a period of 10 years.

- Tangible fixed assets

The main acquisitions of fixed assets during the year relate to specialized complex installations that improve and extend AIRTEL's network coverage as well as computer equipment.

The total number of sites increase from 591 as of December 31, 2022 compared to 590 as of December 31, 2021.

The disposal of fixed assets is mainly explained by the sale of obsolete network equipment materials and IT equipment.

- Capital work in progress (CWIP)

Capital work in progress is essentially made up of equipments for the 130 sites that are being set up.

- Financial assets

The following table breaks down non-current financial assets as at 31 December 2022 and 2021 (in MGA):

		31 December 2022	31 December 2021
		MGA	MGA
Deposits: Rents	a)	843,356,420.92	841,882,841.49
Value loss on deposits and cautions paid	b)	(-) 438,654,355.93	(-) 272,675,019.93
		404,702,064.99	569,207,821.56

a) The deposits paid consist mainly of deposits paid to the lessors SOMAPIM and FIRST IMMO relating to the buildings rented by Airtel Madagascar SA.

b) This is a loss of value on deposits and guarantees paid which are not recovered two years after the termination of the lease.

4.2 Inventories

Inventories are made up of SIM cards, recharge cards and mobile phones and breaks down as follows at 31 December 2022 and 2021 (in MGA):

		31 December 2022	31 December 2021
- Mobile phones	a)	583,955,622.47	983,041,342.17
- SIM cards	b)	1,047,663,661.42	147,252,764.61
		1,631,619,283.89	1,130,294,106.78
- Allowance for obsolescence		(-) 182,718,122.86	(-)402,089,667.80
Losses on the value of SIM Card		(-) 469,415,767.70	(-)147,252,764.71

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979,485,393.33

580,951,674.37

4.2 Inventories (continues)

- The decrease in the value of mobile phones and modems is explained by the inventory sales following a new strategy.
- The increase in the value of SIM card stocks is mainly related to the purchase of 700,000 sim cards during the last quarter of 2022.

Inventory levels in the warehouse at year ends 2022 and 2021 are as follows (in units):

	<u>31 December 2022</u>	<u>31 December 2021</u>
- SIM cards	582,659	373 109
- Modems	3,550	705
- Phones	2,074	22 374

4.3 Trade receivables and related accounts

Trade receivables and related accounts are as follows on 31 December 2022 and 2021 (in MGA):

		<u>31 December 2022</u>	<u>31 December 2021</u>
- Trade receivables - local	a)	18,916,952,696.13	19,065,697,337.13
- Trade receivables - foreign		2,393,702,157.54	3,237,832,769.65
- Unbilled revenue		782,239,125.45	608,465,005.54
		<u>22,092,893,979.12</u>	<u>22,911,995,112.32</u>
- Allowance for doubtful debts	b)	(-) 8,003,557,408.88	(-) 7,946,957,133.93
		<u>14,089,336,570.24</u>	<u>14,965,037,978.39</u>

- Trade receivables - local are detailed as follows (in MGA) at December 31, 2022 and 2021

	<u>31 December 2022</u>	<u>31 December 2021</u>
Interconnection customers	7,046,738,782.48	10,821,556,623.51
Roaming Customers	699,093,456.59	364,083,862.16
Distributor customers	1,291,702,609.46	1,310,161,562.2
Post-paid customers	9,229,929,981.43	5,319,951,486.27
Other customers	649,487,866.17	1,249,943,802.99
	<u>18,916,952,696.13</u>	<u>19,065,697,337.13</u>

The decrease of interconnection clients is mainly due to the receipts from clients of Telma SA.

On the other hand, arrears under the "postpaid customers" heading rose sharply compared with last year due to leaseline arrears of MGA 5,134,612,936.3 at 31 December 2022 compared with MGA 290,383,000.18 at 31 December 2021.

4.3 Trade receivables and related accounts (continues)

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b) Impairment losses on doubtful receivables of MGA 8,003,557,408.88 mainly relate to receivables (excluding interconnections) aged over 90 days, which are provisioned at 100%.

4.4 Other non-current assets

Other non-current assets break down as follows at 31 December 2022 and 2021 (in MGA):

	<u>31 December 2022</u>	<u>31 December 2021</u>
- Employee receivables	30,918,860.82	49,313,334.32
- Advance Income Tax a)	20,590,154,921.22	20,912,592,237.22
- Groupe Receivables b)	7,013,127,677.15	7,266,699 793.02
- Sundry receivables c)	27,357,808,842.75	20,039,338,116.15
- Prepaid expenses	2,093,034,280.92	2,837,767,845.73
- Deductible VAT d)	5,926,781,389.40	6,068,923,267.94
-Vat Credit	30,967,232,926.92	23,248,526,824.69
	<u>93,979,058,899.18</u>	<u>80,423,161,419.07</u>

a) Interim tax payments of MGA 20,590,154,921.46 consist of the bi-monthly instalments paid during the year for MGA bimonthly instalments paid during the financial year for MGA 311,481,410.57, instalments paid in customs for MGA 34,062,857.00, the balance of the income tax credit at 31 December 2021 amounting to MGA 20,741,923,381.43 net of tax corresponding to the minimum MGA 667,981,483.28 corresponding to the minimum levy for the 2022 financial year;

b) The "Group debtors" item of MGA 7,013,127,677.15 mainly comprises receivables from Airtel Mobile Commerce Madagascar SA relating to the transfer of expenses advanced by the company and lease line receivables with Bharti Airtel India.

c) Sundry debtors" of MGA 27,357,808,842.75 mainly comprise the amount still to be recovered from Helios Towers Madagascar Limited of MGA for MGA 16,133,726,336.19 and to Nokia for MGA 5,666,357,238.78.

d)Deductible VAT relates in particular to VAT on invoices from Madagascar Towers SA and Telma Mobile SA not yet paid by Airtel Madagascar SA as at December 31, 2022.

e) VAT credits are mainly related to deductible VAT on payments of Helios Towers Madagascar SA invoices by Airtel Madagascar SA.

4.5 Cash and cash equivalents

The detail of these accounts is as follows at 31 December 2022 and 2021 (in MGA):

	<u>31 December 2022</u>	<u>31 December 2021</u>
- Cash at banks	4,874,246,621.58	2,806,243,127.25
- Term deposits	607,746,755.22	264,942,115.21
	<u>5,481,993,376.80</u>	<u>3,071,185,242.46</u>

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The increase in cash and cash equivalents is explained by the receipt of a loan of USD 21,000,000 received from CELTEL MAURITIUS HOLDING LIMITED, which enabled Airtel Madagascar SA to pay its main suppliers.

4.6 Equity

The detail of these accounts is as follows at 31 December 2022 and 2021 (in MGA):

		<u>31 December 2022</u>	<u>31 December 2021</u>
Equity	a	2,965,400 000.00	2,965,400 000.00
Premiums and reserves		2,400,000.00	2,400,000.00
Other equity - Retained earnings	b	(-) 461 955 413,482.52	(-) 532 647 941,449.86
Net profit or Loss		134,992,316,673.31	70,692,527,967.34
		<u>(-) 593,979,930,155.83</u>	<u>(-) 458,987,613,482.52</u>

a. Share capital

The share capital of MGA 2,965,400,000.00 as of December 31, 2022 is made up of 14,827 fully paid-up shares with a par value of MGA 200,000 each. As of December 31, 2022, the share capital is distributed as follows:

Shareholders	Percentage	Number of shares	Amount in MGA
Celtel Mauritius Holdings Limited	63.20	9,371	1,874,200,000
Bharti Airtel Madagascar Holdings B.V.	36.87	5,454	1,090,800,000
Bharti Airtel Africa BV	0.92	1	200,000
Tina Uneken	0.01	1	200,000
Total	100	14,827	2,965,400,000

b. Retained earnings

Following the decisions of the Ordinary General Meeting of 25 April 2022, the result of MGA's 2021 fiscal year deficit of 70,692,527,967.34 was entirely allocated in retained earnings

4.7 Deferred tax asset

Deferred taxes are analysed as follows as at 31 December 2022 and 2021 (in MGA)

	<u>31 December 2022</u>	<u>31 December 2021</u>
Opening balance	2,002,793,369.63	2,049,873,537.78
Deferred tax on:		
- Losses carried forward	20,642,600,839.30	-
- Depreciation and amortisation	a) 35,302,439,002.46	-30,582,121,904.75
- Provisions on current assets	2,130,994,127.58	2,002,793,363.63
- Provisions for deferred taxes	(-) 55,945,039,841.76	(-) 30,582,121,904.75
Closing balance	<u>2,130,994,127.58</u>	<u>2,002,793,369.63</u>

Deferred tax assets relating to tax losses carried forward and deferred depreciation have been fully provided for. Financial performance projections show that Airtel Madagascar SA will not record a taxable profit over the next few years. The break down at 31 December 2022 (in MGA) is as follows:

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Periods	Tax losses	Tax depreciation and amortization	Deferred depreciation and amortization	Tax losses carried forward after deferred depreciation and amortization	DT on deferred depreciation and amortization	DT on tax losses carried forward
2015	62 574 495 852,71	36 726 810 841,03	36 726 810 841,03	-	4 239 261 090,40	
2016	36 631 387 671,77	43 740 934 945,30	36 631 387 671,77	-	7 326 277 534,35	
2017	939 369 934,70	36 536 048 069,41	939 369 934,70	-	187 873 986,94	
2018	43 055 230 229,76	33 061 118 809,17	33 061 118 809,17	9 994 111 420,59	6 612 223 761,83	
2019	55 957 609 408,57	30 814 977 140,19	30 814 977 140,19	25 142 632 268,38	6 162 995 428,04	
2020	86 638 974 697,74	30 267 450 515,89	30 267 450 515,89	56 371 524 181,86	6 053 490 103,18	
2021	-107 038 773 259,85			-107 038 773 259,85		
2022	126 814 589 685,07	23 601 585 488,57	23 601 585 488,57	103 213 004 196,50	4 720 317 097,71	20 642 600 839,30
	305 572 884 220,48	234 748 925 809,56	192 042 700 401,32	87 682 498 807,47	35 302 439 002,46	20 642 600 839,30
					TOTAL	55 945 039 841,76

4.8 Loans and borrowings

Loans and borrowings at 31 December 2022 and 2021 (in MGA) are as follows:

		<u>31 December 2022</u>	<u>31 December 2021</u>
- Loans	a)	684,762,294,501.23	535,229,126,207.28
- Deposits	b)	946,941,684.75	953,475,080.08
		<u>685,709,236,185.98</u>	<u>536,182,601,287.36</u>

a) The loans are mainly made up of:

		<u>31 December 2022</u>	<u>31 December 2021</u>
- Celtel Mauritius Holding Limited	i)	479,833,194,296.21	357,161,119,026.26
- HSBC	ii)	200,789,100,000.00	178,049,700,000.00
		<u>685,709,236,185.98</u>	<u>536,182,601,287.36</u>

i) Financial liabilities to CELTEL MAURITIUS HOLDING LIMITED amounting to USD 107,538,176.84 or MGA 479,833,194,296.21 at the end of 2022 against USD 0,268,337.19 or MGA 357,161,119,026.26 at the end of 2021, including cumulative interest of interest of USD 28,313,558.28. The increase results from the loan received during the 2022 financial year of USD 21,000,000 by CELTEL MAURITIUS HOLDING LIMITED. A partial repayment of of USD 2,821,500 was made during 2022.

Pursuant to the amendment dated 19 June 2018 with retroactive effect to 01 July 2017, the interest rate was reduced to interest rate has been reduced to 0%, with the result that interest relating to the 2022 financial year is nil.

All sums due in respect of principal or interest on the loans are repayable before repayable before 31 December 2026, the final maturity date, unless otherwise agreed in writing between the parties.

ii) Amounts owed to HSBC Bank (Mauritius) for USD 45,000,000.00 (MGA 200,789,100,000) at the end of the year 2022. This is a loan received during the financial year 2019 under the contract signed with HSBC Bank (Mauritius) Limited with the following characteristics:

- Effective date: December 28, 2018
- Purpose:
 - o refinancing or replacement of any existing debt and the related fees, taxes and expenses

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- working capital requirements, debt service, operating or capital expenditures or any other corporate purpose related to its business
- Interest is payable monthly at Libor + . 360 Bps
- Guarantor: Bharti Airtel International (Netherlands) BV.
- During the 2022 financial year, monthly interest was paid but no repayment of principal has been made. The initial contract dated 28 December 2018, amended on 21 May 2019 was further amended on 04 July 2020 and on 12 February 2021, the repayment date scheduled for 31 December 2021 was postponed to 30 June 2023.

b) Deposits are essentially made up of deposits made by post-paid customers. They were reclassified into non-current liabilities as they are refunded to customers only after several years.

4.9 Provisions

The detail of these accounts is as follows at 31 December 2022 and 2021 (in MGA):

	<u>31 December 2022</u>	<u>31 December 2021</u>
-Provision	10,124,206,340.16	13,831,908,022.38
	<u>10,124,206,340.16</u>	<u>13,831,908,022.38</u>

These are provisions recorded to cover risks to which the Company is exposed.

4.10 Trade payables and related accounts

The detail of these accounts is as follows at 31 December 2021 and 2021 (in MGA):

		<u>31 December 2022</u>	<u>31 December 2021</u>
- Trade payables	a)	12,758,329,275.71	22,099,930,645.8
- Trade payables – accruals	b)	19,141,775,962.90	23,616,749,119.93
- Fixed assets vendors	c)	14,974,466,646.35	4,618,443,507.73
		<u>46,874,571,884.96</u>	<u>50,335,123,273.46</u>

a) Trade Payables

Trade payables mainly comprise debts not yet settled by Airtel Madagascar SA to by Airtel Madagascar SA on 31 December 2022 to:

- Telma Mobile SA for MGA 2,211,432,639.97,
- Helios Towers Madagascar SA for MGA 2,390,318,180.57,
- Nokia for MGA 925,204,548.67 and
- The Telecommunications Regulatory Body - ARTEC for MGA 319.396.500,00.

b) Trade payables - accruals

The decrease in this item is mainly explained by the reduction in the amount of invoicing corresponding to transactions with Helios Towers Madagascar SA amounting to MGA 4,769,547,292.

c) Fixed assets vendors

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Fixed asset suppliers mainly comprise amounts owed to strategic suppliers, namely strategic suppliers, namely NOKIA (MGA 9,483,926,682.72), NEC (MGA 886,193,771.83) and Ericsson for MGA 577,253,659.84.

4.11 Other current liabilities and deferred income

The breakdown is as follows as at 31 December 2022 and 2021 (in MGA):

		31 December 2022	31 December 2021
- Trade receivables - credits	a)	3,909,273,460.34	432,173,412.36
- Employee payables	b)	2,422,195,804.25	1,691,457,857.4
- Sundry payables		90,993,886.34	147,991,938.94
- Partners' current accounts	c)	64,324,914,905.99	53,696,109,253.97
- CNaPS, contributions owed		91,153,242.76	75,362,514.77
- State, taxes payables	d)	11,641,790,747.18	8,217,908,282.46
- Other current liabilities and deferred income	e)	6,124,553,345.48	6,569,769,531.17
		88,604,875,392.34	70,830,772,791.07

a) Accounts payable represent revenue pending clarification with the bank and deposits paid by subscribing customers.

b) This item corresponds in particular to provisions for leave not taken by employees and provisions for annual bonuses.

c) The "Partners' current accounts" item consists mainly of debts to Group companies, including Group companies, including BHARTI AIRTEL AFRICA B.V., BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V" and AIRTEL AFRICA SERVICES (UK) LIMITED for technical assistance services under the Technical Assistance Services Agreement for a total of Services Agreement" for a total of MGA 42,776,731,849.50 at the end of 2022 against MGA 31,468,480,304.36 at the end of 2021.

d) This account balance is made up of VAT collected, non-resident Income tax, Capital gains tax, and excise duties;

e) Deferred revenue is made up of scratch cards and virtual cards not used by prepaid customers as of December 31, 2022.

NOTE 5

INCOME STATEMENT

5.1 Revenue

This section is analysed as follows on December 31, 2022 and 2021 (in MGA):

		31 December 2022	31 December 2021
- Services sold	a)	122,709,339,792.07	111,543,269,188.09

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- Interconnection services	b)	13,278,614,745.00	17,707,379,275.75
- Roaming services	c)	2,556,581,310.73	900,182,224.44
- Sales of terminals	d)	1,204,169,581.85	951,763,798.33
- Discounts	e)	(-) 6,216,408,771.65	(-) 6,574,030,256.66
		133,532,296,658.00	124,528,564,229.95

a) The increase in sales of services is mainly due to the change in the company's sales strategy in the market.

b) Interconnection services relate to billings for the users of Airtel Madagascar SA's network to other telephone operators. The decrease is due to the reduction in incoming calls from other operators during the year.

c) The roaming services have increased due to the rise in the number of visitors to the country in 2022 despite the economic impact of the Covid-19 pandemic in the country.

d) The sales of terminals have increased due to higher quantities sold on the market.

e) Discounts are granted to distributors (for the sales of sim cards and recharge cards).

5.2 Purchases consumed

The breakdown of this section is as follows as at 31 December 2022 and 2021 (in MGA):

		31 December 2022	31 December 2021
- Consumables		27,323,110.78	68,403,979.36
- Telephone and satellite charges	a)	19,630,833,055.29	15,119,106,622.92
- Interconnection and roaming	b)	8,561,680,825.51	11,877,817,705.62
- Water and electricity		1,490,118,250.43	1,363,106,281.55
- Fuel and lubricants		510,967,950.08	309,895,627.44
- Various accessories		254,262,144.69	196,338,700.32
- Recharges		376,982,323.59	220,964,264.98
- Phones	c)	1,700,270,369.35	875,194,057.68
- SIM cards		1,905,833,549.67	818,858,782.09
		34,458,271,579.39	30,849,686,021.96

a) This account balance is made of mainly of satellite and submarine fiber bandwidth royalties. The increase is due to the rise in internet capacity.

b) Interconnection services relate to the billings for the use of Airtel Madagascar SA's network to other telephone operators. The decrease is due to the decrease in outgoing calls from Airtel Madagascar SA subscribers to subscribers of other operators during the year.

c) The increase is due to the rise in terminal sales.

5.3 External services

The details are as follows at 31 December 2022 and 2021 (in MGA):

		31 December 2022	31 December 2021
- Rents	a)	19,805,679,752.61	19,239,211,275.02
- Maintenance and repairs		1,985,605,814.89	1,431,978,215.51

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- Insurance premiums		217,136,576.50	157,266,016.01
- Documentation		120,817,003.67	110,874,915.14
- External staff		912,228,623.57	485,968,550.91
- Fees and commissions	b)	73,919,943,186.59	76,911,935,935.27
- Advertising and PR	c)	4,010,368,581.79	2,579,075,430.07
- Freight and transport on purchases			
- Travel, missions, and receptions	d)	1,615,735,716.58	1,219,113,190.50
- Communication costs	e)	921,599,349.91	836,948,497.58
- Bank charges		757,910,093.44	1,196,243,192.79
- Other external services		37,320,168.40	115,435,703.15
		104,304,344,867.95	104,358,050,921.95

a) This item comprises the cost of renting offices and warehouses and the rental of technical sites of Towerco of Madagascar (TOM).

b) This item includes fees paid to Helios Towers Madagascar SA relating to the management and maintenance of passive infrastructures by the maintenance of passive infrastructures, fees paid to strategic service providers (Ericsson, Nokia, Afro Egypt, ...) and maintenance commissions paid to IBM.

c) The increase in this item is due to the continuation and relaunch of promotions on the company's offers and products.

d) The increase in travel, mission and reception expenses is explained by the numerous field visits to the regions.

e) The rise in communication costs is explained by the increase in charges for Value Added Services (VAS).

5.4 Taxes and levies

Taxes are analyzed as follows on December 31, 2022, and 2021 (in MGA):

	<u>31 December 2022</u>	<u>31 December 2021</u>
- Municipal tax	6,303,220.00	9,218,200.00
- Registration fees and stamp duties	771,845,338.73	49,527,208.99
- ARTEC fees	7,982,162,509.60	8,212,448,940.82
- Other taxes	3,453,543,451.15	5,766,495,390.59
	12,213,854,519.48	14,037,689,740.40

The decrease relates in particular to the reversal of the excess on ARTEC's estimated fees.

5.5 Payroll expenses

The details are as follows on 31 December 2022 and 2021 (in MGA):

<u>31 December 2022</u>	<u>31 December 2021</u>
-------------------------	-------------------------

AIRTEL MADAGASCAR S.A

- Salaries and wages	8,692,194,871.38	8,308,192,572.72
- Employee health insurance	1,216,908,280.19	1,104,343,087.32
- Employer contributions	330,450,661.78	304,329,917.92
- Other payroll expenses	862,957,685.31	2,175,768,905.92
	11,102,511,498.66	11,950,688,495.53

The increase in personnel costs is mainly related to the increase in annual salaries

5.6 Other operating income

The details are as follows at 31 December 2022 and 2021 (in MGA):

	31 December 2022	31 December 2021
Other income	534,245,410.76	173,033,319,815.73
	534,245,410.76	173,033,319,815.73

In 2021, the realized capital gain on the sale shares held by Airtel Madagascar SA in the capital of Madagascar Towers SA was recorded under this item.

5.7 Other operating expenses

The breakdown is as follows at 31 December 2022 and 2021 (in MGA):

	31 December 2022	31 December 2021
- Losses on receivables	-	522,236,874.24
- Other expenses	3,501,490.16	9,927,182,644.94
	3,501,490.16	10,449,419,519.18

In 2021, the estimated additional costs to be paid by Airtel Madagascar SA to Helios Towers Madagascar Holding Limited for MGA 9,823,484,835.81 provided for in the share transfer agreement between the two entities was recorded under "Other expenses".

5.8 Depreciation, provisions and impairment charges

The breakdown is as follows at 31 December 2022 and 2021 (in MGA):

	31 December 2022	31 December 2021
- Depreciation and amortization of:		
* intangible fixed assets	2,752,732,300.00	2,752,732,300.00
* tangible fixed assets	20,848,853,188.57	26,991,691,870.33
- Provision for bad debts	8,863,602,068.59	8,803,137,201.76
	32,465,187,557.16	38,547,561,372.09

Impairment losses on receivables are mainly impairment losses on roaming and postpaid receivables and loss of value on stocks

5.9 Reversal of impairment losses

This balance relates in particular to the reversal of impairment losses on bad debts and inventories for a total of MGA 15,634,945,912.89.

AIRTEL MADAGASCAR S.A

5.10 Profit or loss from finance activities

The breakdown is as follows at 31 December 2022 and 2021 (in MGA):

Finance income

	<u>31 December 2022</u>	<u>31 December 2021</u>
- Exchange gains	1,151,418,881.36	3,592,679,241.63
- Interest from current bank accounts	31,270,207.89	3,399,547,378.43
	<u>1,182,689,089.25</u>	<u>6,992,226,620.06</u>

Finance costs

	<u>31 December 2022</u>	<u>31 December 2021</u>
- Other interest expense	10,767,156,055.60	6,853,448,525.40
- Exchange losses	80,021,885,450.15	27,835,362,925.50
a)	90,789,041,505.75	34,688,811,450.90
Financial result	<u>(-89,606,352,416.50)</u>	<u>(-27,696,584,830.84)</u>

a) The fall in the financial result is due to the depreciation of the national currency MGA against the US dollar for the 2022 financial year. This is due to the downturn in the local economy following the Covid-19 pandemic. The impact is significant for Airtel Madagascar SA because of the USD-denominated loans taken out by the Company and foreign currency contracts with the majority of the Company's service providers.

- Average rate 1 USD in 2022 = MGA 4,461.98

- Average rate 1 USD in 2021 = MGA 3,956.66

NOTE 6

OTHER INFORMATIONS

6.1 Related parties

At 31 December 2022, the balance of the current account with CELTEL MAURITIUS HOLDING LIMITED amounted to MGA 3,199,412,160.15. This balance comprises "Trademark Licence and Royalty fees" and "Technical services fees". No payments made during the year.

In addition, at 31 December 2022, the current account of BHARTI AIRTEL AFRICA B.V. and of BHARTI AIRTEL INTERNATIONAL (NETHERLANDS) B.V. amounted to MGA 42,776,731,849.50. This balance includes fees for technical assistance services and interest, as well as expenses incurred on behalf of AIRTEL MADAGASCAR SA.

	1 January 2022	Additions	Payments	31 December 2022
BARTHI AIRTEL AFRICA B. V	758,181,875.96	96,830,272.39	-	855,012,148.35
BARTHI AIRTEL INTERNATIONAL	30,710,298,428.40	11,211,421,272.75	-	41,921,719,701.15
Total	31,468,480,304.36	11,308,251,545.14	-	42,776,731,849.50

Transactions with other related parties (AIRTEL AFRICA B.V, AIRTEL TANZANIA, AIRTEL TCHAD, AIRTEL INDIA, etc.) mainly comprise reimbursements of travel expenses and advances on training costs, as well as "One Network" and roaming transactions.

AIRTEL MADAGASCAR S.A

6.2 Average number of employees

	31 December 2022			31 December 2021
	Permanent	Fixed term contracts	Total	Total
Expatriates	0	2	2	2
Local executive staff	60	0	60	65
Local non-executive staff	44	0	44	44
Total	104	2	106	111

NOTE 7

CONTINGENT LIABILITIES

Notification for the tax control of the periods 2017 and 2018.

The initial notification for tax control of the periods 2017 and 2018 was received on 24 December 2021. The total amount of the adjustments in this notification is MGA 25,368,371,077 and concern Income Tax, Value Added Tax, failure to keep regular accounts and sales without invoices.

Airtel Madagascar SA's response to this initial notification was filed on 23 March 2022.

In addition, Madagascar Towers SA was the subject of a preliminary notification of an on-the-spot audit in respect of the 2017 and 2018 financial years by the tax authorities in respect of 2017 and 2018. Any tax adjustments (fines and penalties) arising from this audit will be borne by Airtel Madagascar SA, which still holds the shares in Madagascar Towers SA for the years audited, and which Helios Towers Madagascar Holding Limited will also have the possibility to re-invoice them to Airtel Madagascar SA in accordance with the terms of the share transfer agreement between these two parties.

For these two notifications, Airtel Madagascar SA considers that it has all the arguments with supporting documents to defend itself against the heads of reassessment mentioned in the initial notifications.

Tax adjustment notification for the financial year 2019

The initial notification relating to the 2019 tax audit was received on 27 December 2022. The total amount of adjustments in this notification is MGA 2,730,150,424 and concern in particular:

- Insufficient Income Tax (IR) declarations compared with declarations of Value Added Tax declarations.
- Failure to withhold and/or remit Intermittent Income Tax in the case of non-residents.
- Abusive deduction of Value Added Tax on imports.
- Regularisation of Value Added Tax on non-application of the pro rata deduction.

AIRTEL MADAGASCAR S.A

In addition, the 2020 and 2021 tax years are not yet fiscally barred.

NOTE 9

OFF-BALANCE SHEET COMMITMENTS

Outstanding purchase orders at year end amount to MGA 45.97 billion for OPEX and MGA 20.38 billion for CAPEX.

BALANCE SHEET
Year ended on December 31, 2022
(Amounts are expressed in MGA)

ASSETS	NOTES	Decembre 31, 2022			Decembre 31, 2021 Net amount	SHAREHOLDERS' EQUITY & LIABILITIES	NOTES	December 31, 2022	December 31, 2021
		Gross amount	Amortization and depreciation	Net amount					
NON CURRENT ASSETS									
						EQUITY			
						Issued capital	2,965,400,000.00	2,965,400,000.00	
						Premiums and reserves	2,400,000.00	2,400,000.00	
						Other equity - retained earnings	461,955,413,482.52	532,647,941,449.86	
						Net income (loss) for the period	134,992,316,673.31	70,692,527,967.34	
						Total equity	593,979,930,155.83	458,987,613,482.52	
Intangible assets		27,527,323,002.00	20,038,382,797.53	7,488,940,204.47	10,241,672,504.47				
Property, plant and equipment (PP&E)		527,953,213,574.85	422,140,984,964.36	105,812,228,610.49	96,562,894,177.78				
PP&E in progress		11,425,375,548.07	-	11,425,375,548.07	5,312,113,124.27				
Non-current financial assets		843,356,420.92	438,654,355.93	404,702,064.99	569,207,821.56				
Total fixed assets	4.1	567,749,268,545.84	442,618,022,117.82	125,131,246,428.02	112,685,887,628.08				
Deferred tax asset	4.6	58,076,033,969.34	55,945,039,841.76	2,130,994,127.58	2,002,793,369.63				
Total non current assets		625,825,302,515.18	498,563,061,959.58	127,262,240,555.60	114,688,680,997.71				
						Deferred income - investment subsidies	-	-	
						Deferred tax liabilities	-	-	
						Loans and borrowings	685,709,236,185.98	536,182,601,287.36	
						Provisions	10,124,206,340.16	13,831,908,022.38	
						Total non-current liabilities	695,833,442,526.14	550,014,509,309.74	
CURRENT ASSETS						CURRENT LIABILITIES			
Inventories	4.2	1,631,619,283.89	652,133,890.56	979,485,393.33	580,951,674.37	Short term portion of loans and borrowings	-	-	
Trade receivables	4.3	22,092,893,979.12	8,003,557,408.88	14,089,336,570.24	14,965,037,978.39	Trade payables	46,874,571,884.96	50,335,123,273.46	
Other current assets	4.4	93,979,058,899.18	-	93,979,058,899.18	80,423,161,419.07	Other current liabilities and deferred income	88,604,875,392.34	70,830,772,791.07	
Cash and cash equivalents	4.5	5,481,993,376.80	-	5,481,993,376.80	3,071,185,242.46	Bank advances and overdrafts	4,459,155,147.56	1,536,225,420.25	
Total current assets		123,185,565,539.00	8,655,691,299.44	114,529,874,239.56	99,040,336,314.29	Total current liabilities	139,938,602,424.86	122,702,121,484.78	
TOTAL ASETS		749,010,868,054.17	507,218,753,259.02	241,792,114,795.16	213,729,017,312.00	TOTAL EQUITY AND LIABILITIES	241,792,114,795.16	213,729,017,312.00	

The notes from pages 9 to 25 form an integral part of the financial statements.

PROFIT AND LOSS STATEMENT
Year ended on December 31, 2022
(Amounts are expressed in MGA)

	Note	2022	2 021
Services sold		132,328,127,076.15	123,576,800,431.62
Sale of goods		1,204,169,581.85	951,763,798.33
I - Sales for the period	5,1	133,532,296,658.00	124,528,564,229.95
Purchases consumed	5,2	- 34,458,271,579.39	- 30,849,686,021.96
External services	5,3	- 104,304,344,867.95	- 104,358,050,921.95
II - Consumption for the period		- 138,762,616,447.34	- 135,207,736,943.91
III - Operating added value (I-II)		- 5,230,319,789.34	- 10,679,172,713.96
Tax and levies	5,4	- 12,213,854,519.48	- 14,037,689,740.40
Payroll expenses	5,5	- 11,102,511,498.66	- 11,950,688,495.53
IV - Gross operating margin		- 28,546,685,807.48	- 36,667,550,949.89
Other operating income	5,6	534,245,410.76	17,303,331,981,573.00
Other operating expenses	5,7	- 3,501,490.16	- 10,449,419,519.17
Reversal of provisions	5,9	15,634,945,912.84	11,690,367,812.89
Depreciation, provisions and impairment charges	5,8	- 32,465,187,557.16	- 38,547,561,372.09
V - Operating profit or loss		- 44,846,183,531.20	99,059,155,787.47
Finance income		1,182,689,089.25	6,992,226,620.06
Finance costs		- 90,789,041,505.75	- 34,688,811,450.90
VI - Profit or loss from finance activities	5,10	- 89,606,352,416.50	- 27,696,584,830.84
VII - Profit or loss before tax		- 134,452,535,947.69	71,362,570,956.63
Deferred tax		128,200,757.95	47,080,168.15
Income tax		- 667,981,483.58	- 622,962,821.14
VIII - Profit or loss from ordinary activities		- 134,992,316,673.31	70,692,527,967.34
Expenses from non-ordinary activities		-	-
Income from non-ordinary activities		-	-
X - Net profit or loss for the period		134,992,316,673.31	70,692,527,967.34

Income statement by function
for the year ended 31 December 2022
(All amounts stated in MGA)

Description	Note	2022	2021
Revenue from ordinary activities		133,532,296,658.00	124,528,564,229.95
Cost of sales	-	34,458,271,579.39	30,849,686,021.96
<u>GROSS PROFIT</u>		99,074,025,078.61	93,678,878,207.99
Other operating income		534,245,410.76	173,033,319,815.73
Selling and distribution expenses	-	106,653,894,638.07	106,702,005,802.52
Administrative expenses	-	12,213,854,519.48	14,037,689,740.40
Other operating expenses	-	3,501,490.16	10,449,419,519.18
Personnel expenses	-	8,752,961,728.54	9,606,733,614.96
Depreciation and amortization charges	-	16,830,241,644.31	26,857,193,559.20
<u>OPERATING PROFIT OR LOSS</u>		- 44,846,183,531.20	99,059,155,787.47
Finance income		1,182,689,089.25	6,992,226,620.06
Finance costs	-	90,789,041,505.75	34,688,811,450.90
<u>PROFIT OR LOSS BEFORE TAX</u>		- 134,452,535,947.69	71,362,570,956.63
Deferred taxes		128,200,757.95	47,080,168.15
Income tax	-	667,981,483.58	622,962,821.14
<u>PROFIT OR LOSS FROM ORDINARY ACTIVITIES</u>		- 134,992,316,673.31	70,692,527,967.34
Expenses from non-ordinary activities		-	-
Income from non-ordinary activities		-	-
NET PROFIT OR LOSS FOR THE PERIOD		- 134,992,316,673.31	70,692,527,967.34

NET CHANGES IN FIXED ASSETS
(All amounts stated in MGA)

	Gross values					Accumulated depreciation and amortization/ Impairment					Net book value	
	1 January 2022	Additions 2022	Reclassification ns	Disposals/Transfers/ Others	31 December 2022	1 January 2022	Additions 2022	Reclassification ns	Disposals/Transfers/ Others	31 December 2022	1 January 2022	31 December 2022
Intangible assets												
GSM Licence	27,527,323,002.00	-	-	-	27,527,323,002.00	17,285,650,497.53	2,752,732,300.00	-	-	20,038,382,797.53	10,241,672,504.47	7,488,940,204.47
Other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
	27,527,323,002.00	-	-	-	27,527,323,002.00	17,285,650,497.53	2,752,732,300.00	-	-	20,038,382,797.53	10,241,672,504.47	7,488,940,204.47
Property plant and equipment												
Fixtures, fittings and installations	3,618,467,908.64	-	-	-	3,618,467,908.64	3,618,275,990.59	34,062.55	-	-	3,618,310,053.14	191,918.05	157,855.50
Transport equipment	439,772,635.80	-	-	-	439,772,635.80	439,772,635.80	-	-	-	439,772,635.80	-	-
Specialised complex installations	404,037,399,864.52	21,148,532,594.98	-	-	425,185,932,459.50	313,965,250,413.98	17,803,275,900.68	-	-	331,768,526,314.66	90,072,149,450.54	93,417,406,144.84
Office furniture and equipment	21,523,206,017.31	1,510,912,587.44	-	-	23,034,118,604.75	19,277,133,992.12	583,869,052.08	-	-	19,861,003,044.20	2,246,072,025.19	3,173,115,560.55
IT equipment	68,202,936,025.40	7,471,985,940.76	-	-	75,674,921,966.16	63,958,455,241.40	2,494,917,675.16	-	-	66,453,372,916.56	4,244,480,784.00	9,221,549,049.60
Materials and tools	-	-	-	-	-	-	-	-	-	-	-	-
	497,821,782,451.67	30,131,431,123.18	-	-	527,953,213,574.85	401,258,888,273.89	20,882,096,690.47	-	-	422,140,984,964.36	96,562,894,177.78	105,812,228,610.49
PP&E in progress	5,312,113,124.27	36,244,693,546.98	-	30,131,431,123.18	11,425,375,548.07	-	-	-	-	-	5,312,113,124.27	11,425,375,548.07
Financial assets	841,882,841.49	1,473,579.43	-	-	843,356,420.92	272,675,019.93	165,979,336.00	-	-	438,654,355.93	569,207,821.56	404,702,064.99
TOTAL	531,503,101,419.43	66,377,598,249.59	-	30,131,431,123.18	567,749,268,545.84	418,817,213,791.35	23,800,808,326.47	-	-	442,618,022,117.82	112,685,887,628.08	125,131,246,428.02

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts stated in MGA)

	Note	2022	2021
<u>Operating activities</u>			
Profit or loss for the period	-	134,992,316,673.31	70,692,527,967.34
Adjusted for:			
Depreciation and impairments		32,465,187,557.16	38,547,561,372.09
Provision, reversal of provisions (except for current assets)	-	15,634,945,912.84	11,690,367,812.89
Movements in differed tax assets	-	128,200,757.95	47,080,168.15
Movements in inventories	-	1,050,667,609.04	32,779,299.45
Movements in trade and other receivables	-	5,090,739,001.63	69,732,496,241.43
Movements in trade and other payables	-	14,313,551,212.77	174,222,312,606.63
Exchange differences on borrowings		81,979,435,141.70	28,206,707,249.27
Variation in provisions	-	3,707,701,682.22	2,194,360,311.80
Other: Corrections to retained earnings		0.00	-
Partial contribution of assets		-	-
Deposits received		-	-
Capital gains and losses on disposals, net of tax	-	353,914,384.65	171,502,803,274.43
Net cash flow from operating activities (A)	-	32,200,312,110.02	148,027,529,683.32
<u>Investing activities</u>			
Purchase of property plant and equipment	-	35,859,009,238.87	13,312,315,769.97
Repayment of non-current financial assets			97,156,052,854.22
Proceeds from the disposal of PP&E			203,347,479,525.43
Interest earned from financial investments		-	-
Net cash flow from investing activities (B)	-	35,859,009,238.87	287,191,216,609.68
<u>Financing activities</u>			
Dividends paid to shareholders		-	-
Cash increase in share capital		-	-
Repayment of loans and related interest	-	21,122,060,243.08	190,904,848,381.06
Proceeds from loans		88,669,260,000.00	34,608,021,919.60
Net cash flow from financing activities (C)	-	67,547,199,756.92	156,296,826,461.46
Net change in cash and cash equivalents for the period (A+B+C)	-	512,121,592.97	17,133,139,535.10
Opening cash and cash equivalents		1,534,959,822.21	18,668,099,357.31
Closing cash and cash equivalents		1,022,838,229.24	1,534,959,822.21
Change in cash and cash equivalents	-	512,121,592.97	17,133,139,535.10

	31-12-2022		31-12-2021
	MGA		MGA
Equity securities	0	a)	0
Loans to Madagascar Towers SA	0	b)	0
Loans to Airtel Mobile Commerce SA	0	c)	0
Deposits: Rents	843,356,420.92		841,882,841.49
	843,356,420.92		841,882,841.49
- Loss of value on Deposits	- 438,654,355.93		- 272,675,019.93
	404,702,064.99		569,207,821.56

IMMOS TABLE

NOTES ANNEXES

4.2. Inventories

	31-12-2022		31-12-2021
	MGA		MGA
- Mobile phones	583,955,622.47	a)	983,041,342.17
SIM cards	1,047,663,661.42	b)	147,252,764.61
	1,631,619,283.89		1,130,294,106.78
- Allowance for obsolescence	- 652,133,890.56		- 549,342,432.41
	979,485,393.33		580,951,674.37

4.3. Trade receivables and related accounts

	31-12-2022		31-12-2021
	MGA		MGA
- Trade receivables - local	18,916,952,696.13	a)	19,065,697,337.13
- Trade receivables - foreign	2,393,702,157.54		3,237,832,769.65
Suppliers invoices receivable	782,239,125.45		608,465,005.54
	22092893979		22,911,995,112.32
Allowance for doubtful debts	- 8,003,557,408.88	b)	- 7,946,957,133.93
	14,089,336,570.24		14,965,037,978.39

4.4. Other non-current assets

	31-12-2022		31-12-2021
	MGA		MGA
- Suppliers, accounts receivable	-		-
- Employee receivables	30,918,860.82		49,313,334.32
- Sundry debtors	54,961,091,441.13	a)	48,218,630,146.39
- Prepaid expenses	2,093,034,280.92	b)	2,837,767,845.73
-Vat Credit	30,967,232,926.92	c)	23,248,526,824.69
- Deductible VAT	5,926,781,389.40	d)	6,068,923,267.94
	93,979,058,899.18		80,423,161,419.07

4.5. Cash and cash equivalents

	31-12-2022		31-12-2021
	MGA		MGA
- Cash at banks	4,874,246,621.58		2,806,243,127.25
- Term deposits	607,746,755.22		264,942,115.21
- Cash at hand	5,481,993,376.80		3,071,185,242.46

4.7. Deferred tax asset

	31-12-2022	31-12-2021
	MGA	MGA
Opening balance	2,002,793,369.63	2,049,873,537.78
Deferred tax on:		
- Losses carried forward	20,642,600,839.30	0.00
- Depreciation and amortisation	35,302,439,002.46	30,582,121,904.75
- Provisions on current assets	2,130,994,127.58	2,002,793,369.63
- Provisions for deferred taxes	- 55,945,039,841.76	- 30,582,121,904.75
Closing balance	2,130,994,127.58	2,002,793,369.63

4.8 Loans and borrowings

	31-12-2022	31-12-2021
	MGA	MGA
- Loans	a) 684,762,294,501.23	535,229,126,207.28
- Deposits	b) 946,941,684.75	953,475,080.08
	685,709,236,185.98	536,182,601,287.36

4.9. Provisions

	31-12-2022	31-12-2021
	MGA	MGA
-Provision	10,124,206,340.16	13,831,908,022.38
	10,124,206,340.16	13,831,908,022.38

4.10. Trade payables and related accounts

	31-12-2022	31-12-2021
	MGA	MGA
- Trade payables	a) 12,758,329,275.71	22,099,930,645.80
- Trade payables – accruals	b) 19,141,775,962.90	23,616,749,119.93
- Fixed assets vendors	c) 14,974,466,646.35	4,618,443,507.73
	46,874,571,884.96	50,335,123,273.46

4.11. Other current liabilities and deferred income

	31-12-2022	31-12-2021
	MGA	MGA
- Trade receivables - credits	a) 3,909,273,460.34	432,173,412.36
- Employee payables	b) 2,422,195,804.25	1,691,457,857.40
- Sundry payables	90,993,886.34	147,991,938.94
- Partners' current accounts	c) 64,324,914,905.99	53,696,109,253.97
- CNPS, contributions owed	91,153,242.76	75,362,514.77
- State, taxes payables	d) 11,641,790,747.18	8,217,908,282.46
- Other current liabilities and deferred income	e) 6,124,553,345.48	6,569,769,531.17
	88,604,875,392.34	70,830,772,791.07

5.1. Revenue

	Financial Period 2022	Financial Period 2021
	MGA	MGA
- Services sold	a) 122,709,339,792.07	111,543,269,188.09
- Interconnection services	b) 13,278,614,745.00	17,707,379,275.75
- Roaming services	c) 2,556,581,310.73	900,182,224.44
- Sales of terminals	d) 1,204,169,581.85	951,763,798.33
- Discounts	e) - 6,216,408,771.65	- 6,574,030,256.66
	133,532,296,658.00	124,528,564,229.95

5.2. Purchases consumed

	Financial Period 2022	Financial Period 2021
	MGA	MGA
- Consumables	27,323,110.78	68,403,979.36
- Telephone and satellite charges	a) 19,630,833,055.29	15,119,106,622.92
- Interconnection and roaming	b) 8,561,680,825.51	11,877,817,705.62
- Water and electricity	1,490,118,250.43	1,363,106,281.55
- Fuel and lubricants	510,967,950.08	309,895,627.44
- Various accessories	254,262,144.69	196,338,700.32
- Recharges	376,982,323.59	220,964,264.98
- Phones	c) 1,700,270,369.35	875,194,057.68
- Sim cards	1,905,833,549.67	818,858,782.09
	34,458,271,579.39	30,849,686,021.96

5.3. External Services

	Financial Period 2022	Financial Period 2021
	MGA	MGA
- Rents	a) 19,805,679,752.61	19,239,211,275.02
- Maintenance and repairs	1,985,605,814.89	1,431,978,215.51
- Insurance premiums	217,136,576.50	157,266,016.01
- Documentation	120,817,003.67	110,874,915.14
- External staff	912,228,623.57	485,968,550.91
- Fees and commissions	b) 73,919,943,186.59	76,911,935,935.27
- Advertising and PR	c) 4,010,368,581.79	2,579,075,430.07
FREIGHT and transport on purchases	-	-
- Travel, missions and receptions	d) 1,615,735,716.58	1,293,113,190.50
- Communication costs	e) 921,599,349.91	836,948,497.58
- Bank charges	757,910,093.44	1,196,243,192.79
- Other external services	37,320,168.40	115,435,703.15
	104,304,344,867.95	104,358,050,921.95

5.4. Taxes and levies

	Financial Period 2022	Financial Period 2021
	MGA	MGA
- Municipal tax	6,303,220.00	9,218,200.00
- Registration fees and stamp duties	771,845,338.73	49,527,208.99
- ARTEC fees	7,982,162,509.60	8,212,448,940.82
- Other taxes	3,453,543,451.15	5,766,495,390.59
	12,213,854,519.48	14,037,689,740.40

5.5. Payroll expenses

	Financial Period 2022 MGA	Financial Period 2021 MGA
- Salaries and wages	8,692,194,871.38	8,308,192,572.72
- Employee health insurance	1,216,908,280.19	1,162,397,098.97
- Employer contributions	330,450,661.78	304,329,917.92
- Other payroll expenses	862,957,685.31	2,175,768,905.92
	11,102,511,498.66	11,950,688,495.53

5.6. 5.6Other operating income

	Financial Period 2022 MGA	Financial Period 2021 MGA
- Other income	534,245,410.76	173,033,319,815.73
	534,245,410.76	173,033,319,815.73

5.7. Other operating expenses

	Financial Period 2022 MGA	Financial Period 2021 MGA
- Losses on disposal of assets	a) 0.00	522,236,874.24
- Bad debt losses	0.00	0.00
- Other expenses	3,501,490.16	9,927,182,644.93
	3,501,490.16	10,449,419,519.17

5.8 Depreciation, provisions and impairment charges

	Financial Period 2022 MGA	Financial Period 2021 MGA
- Depreciation and amortization of :		
* intangible fixed assets	2,752,732,300.00	2,752,732,300.00
* tangible fixed assets	20,848,853,188.57	26,991,691,870.33
- Provision for bad debts	8,863,602,068.59	8,803,137,201.76
	32,465,187,557.16	38,547,561,372.09

5.10 Profit or loss from finance activities

Finance income

	Financial Period 2022 MGA	Financial Period 2021 MGA
- Exchange gains	1,151,418,881.36	3,592,679,241.63
- Interest from current bank accounts	31,270,207.89	3,399,547,378.43
	1,182,689,089.25	6,992,226,620.06

Finance costs

	Financial Period 2022 MGA	Financial Period 2021 MGA
- Other interest expense	10,767,156,055.59	6,853,448,525.40
- Exchange losses	a) 80,021,885,450.15	27,835,362,925.50
	90,789,041,505.74	34,688,811,450.90
Financial result	-89,606,352,416.49	-27,696,584,830.84

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts stated in MGA)**

	Note	Issued capital	Premium and reserves	Asset revaluation surplus	Retained earning and Net profit or loss	Total
Balance at 31 December 2019		2,965,400,000.00	2,400,000.00		- 433,597,013,565.67	- 430,629,213,565.67
Change in accounting policy						
Correction of errors					- 1,392,150,128.00	- 1,392,150,128.00
Other income and expenses						
Allocation of earnings from 2019						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2020					- 97,658,777,756.19	- 97,658,777,756.19
Balance at 31 December 2020		2,965,400,000.00	2,400,000.00		- 532,647,941,449.86	- 529,680,141,449.86
Change in accounting policy						
Correction of errors						
Other income and expenses						
Allocation of earnings from 2020						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2021					70,692,527,967.34	70,692,527,967.34
Balance at 31 December 2021		2,965,400,000.00	2,400,000.00		- 461,955,413,482.52	- 458,987,613,482.52
Change in accounting policy						
Correction of errors						
Other income and expenses						
Allocation of earnings from 2021						
Cash dividends						
Issue of share capital (by offsetting liabilities)						
Reduction of share capital						
Profit or loss for the year 2022					- 134,992,316,673.31	- 134,992,316,673.31
Balance at 31 December 2022		2,965,400,000.00	2,400,000.00		- 596,947,730,155.83	- 593,979,930,155.83