

MOLDCELL S.A.

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

Prepared in accordance with International Financial Reporting Standards (IFRS)

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Independent Auditor's Report

To the Shareholders of Moldcell SA

Our Opinion

In our opinion, separate financial statements presents fairly, in all material respects, the separate financial position of Moldcell SA (the "Company") as at 31 December 2022, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and Decision of the Government of the Republic of Moldova no. 238 / 29.02.2008 on the application of IFRS on the territory of the Republic of Moldova ("Decision") and the Law on accounting and financial reporting no. 287 / 15.12.2017 ("Law 287/2017").

What we have audited

The Company's separate financial statements comprise:

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law regarding audit activity no. 271 dated 15 December 2017 (the "Law 271/2017"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the separate financial statements" section of our report.

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

Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law 271/2017 that are relevant to our audit of the financial statements in the Republic of Moldova. We have fulfilled our other ethical responsibilities in accordance the IESBA Code and the ethical requirements of the Law 271/2017.

Reporting on other information including the Management Report

Management is responsible for the other information. The other information comprises Management Report, but does not include the separate financial statements and our auditor's report thereon.

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



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

With respect to the Management Report our responsibility is to consider whether the Management Report was prepared in accordance with Law 287/2017, article 23.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements;
- the Management Report has been prepared in accordance with Law 287/2017, article 23.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, Decision and Law 287/2019, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the separate financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Law 271/2017 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 the separate financial statements.

As part of an audit in accordance with ISAs and Law 271/2017, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting





estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of
ICS PricewaterhouseCoopers Audit SRL
Audit firm registered with the Public register of audit firms under no. 1902025

Doina Birsan
Financial Auditor
Qualification Certificate AG no 000023 dated 22.02.2022
Registered with the Public register of auditors under no. 2202037



Chişinău, 26 May 2023

MOLDCELL S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	660,568,286	679,138,627
Intangible assets	6	425,986,785	555,279,170
Right-of-use assets	5	120,734,019	163,486,835
Contract assets	7	17,875,731	8,468,315
Contract acquisition costs	7	16,094,775	12,609,470
Investment in Associate		16,000	16,000
Deferred Tax Asset	25	4,192,002	3,223,816
Total non-current assets		1,245,467,598	1,422,222,233
Current assets			
Inventories	8	68,121,123	67,638,178
Trade and other receivables	9	77,227,509	68,956,632
Other current assets	10	33,800,530	31,138,319
Cash and cash equivalents	11	44,932,789	39,200,465
Contract assets	7	84,360,751	61,932,700
Contract acquisition costs	7	16,781,851	13,494,648
Total current assets		325,224,553	282,360,942
TOTAL ASSETS		1,570,692,151	1,704,583,175
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	12	380,002,000	190,001,000
(Accumulated loss)		(161,133,585)	(94,404,282)
Total equity		218,868,415	95,596,718
Non-current liabilities			
Borrowings from related parties	13	910,000,250	-
Other non-current liabilities	14	70,372,328	146,059,564
Non-current lease liabilities	14.1	70,255,352	105,414,834
Asset retirement obligation	15	22,745,088	21,679,060
Total non-current liabilities		1,073,373,018	273,153,458
Current liabilities			
Borrowings from related parties	13	-	1,064,712,000
Trade and other payables	16	205,617,053	193,970,495
Current lease liabilities	16.1	72,833,665	77,150,504
Total current liabilities		278,450,718	1,335,832,999
TOTAL LIABILITIES		1,351,823,736	1,608,986,457
TOTAL EQUITY AND LIABILITIES		1,570,692,151	1,704,583,175

The financial statements were approved on 25 May 2023


Carolina Bugaian
General Manager




Cenk Erguden
Finance Director

The accompanying notes attached form an integral part of these financial statements.

MOLDCELL S.A.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

	Note	2022	2021
Revenue from contracts with customers	17	1,309,286,217	1,187,816,061
Cost of sales	18	(915,253,620)	(808,160,065)
Gross profit		394,032,597	379,655,996
Selling, marketing and customer service	19	(180,307,508)	(185,320,400)
General and administrative expenses	20	(139,922,088)	(144,294,944)
Other income	22	40,324,759	27,447,186
Other gains/(losses)	24	(92,280,595)	(26,710,583)
Operating gain/ (loss)		21,847,165	50,777,255
Financial costs	23	(89,544,654)	(104,567,291)
Loss for the year before tax		(67,697,489)	(53,790,036)
Income tax (expense)/benefit	25	968,186	(1,862,201)
Loss for the year		(66,729,303)	(55,652,237)
Total comprehensive loss		(66,729,303)	(55,652,237)

The financial statements were approved on 25 May 2023


Carolina Bugaian
General Manager



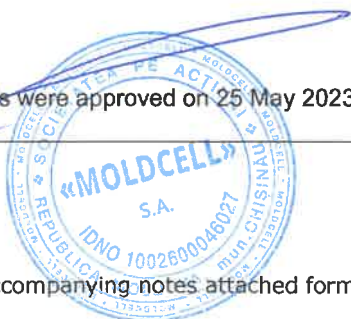

Cenk Erguden
Finance Director

MOLDCELL S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

	Note	2022	2021
Cash flow from operating activities			
Net loss before tax		(67,697,489)	(53,790,036)
Income tax (expense)/benefit	25	968,186	(1,862,201)
Loss for the period		(66,729,303)	(55,652,237)
Adjustments for:			
Depreciation and amortization of Property, Plant and Equipment and Intangible assets	21	249,740,615	257,789,645
Loss on disposal of property, plant & equipment and intangible assets	24	352,250	1,064,535
Net Bad debts expenses	9	17,700,891	23,081,038
Discount for lease liabilities/cancelation of agreements	22	(10,325,921)	(1,578,092)
Amortization of Right of use assets	5,2	52,427,697	50,403,914
Depreciation of Contract acquisition costs	19	20,875,551	16,256,851
Impairment for Contract assets	19	2,570,321	(3,626,668)
Interest income on Contract asset, bank accounts	23	(8,267,915)	-
Provision for Asset retirement obligation and stock of goods	15	824,659	160,080
Interest expense	23	97,812,569	104,567,291
Income tax expense/(benefits)	25	(968,186)	1,862,201
Net foreign exchange loss	24	91,928,346	25,646,048
Operating cash flows before working capital changes		447,941,574	419,974,606
Increase of Inventories		(1,223,231)	(14,224,756)
Increase of Trade and other receivables		(38,864,489)	(24,650,095)
Increase of Other assets		(49,123,736)	(8,244,515)
Increase/(Decrease) of Trade and other payables		3,671,501	(30,473,845)
Changes in working capital		(85,539,955)	(77,593,211)
Income tax paid	25	(4,000,000)	-
Interest paid on borrowings	13	(75,620,130)	(94,800,782)
Interest paid on lease liabilities	14.1	(13,880,317)	(16,581,826)
Net cashflows generate by operating activities		268,901,172	230,998,787
Cash flows from investing activities			
Acquisition of property, plant and equipment		(97,134,899)	(86,255,871)
Acquisition of intangible assets		(65,615,978)	(52,891,986)
Interest received		424,296	427,995
Net cashflows used in investing activities		(162,326,581)	(138,719,862)
Cash flows from financing activities			
Repayment of principal	13	(51,768,632)	(35,333,600)
Payment for leases	14.1	(48,062,485)	(49,866,304)
Net cashflows used in financing activities		(99,831,477)	(85,199,904)
Net increase/(decrease) in cash and cash equivalents		6,743,114	7,079,021
Cash and cash equivalents – as beginning of the year		39,200,465	32,509,495
Effect of movement in exchange rates on cash held		(1,010,790)	(388,051)
Cash and cash equivalents at 31 December		44,932,789	39,200,465

The financial statements were approved on 25 May 2023.

Carolina Bugaian
General Manager




Cenk Erguden
Finance Director

The accompanying notes attached form an integral part of these financial statements.

MOLDCELL S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

	Issued capital	Statutory Reserves	Other reserves	Retained Earnings	Total
Balance at 1 January 2021	190,001,000	-	-	(38,752,045)	151,248,955
Total comprehensive loss				(55,652,237)	(55,652,237)
Balance at 31 December 2021	190,001,000	-	-	(94,404,282)	(95,596,718)
Shareholder contribution (Note 12)	190,001,000	-	-		190,001,000
Total comprehensive loss		-	-	(66,729,303)	(66,729,303)
Balance at 31 December 2022	380,002,000			(161,133,585)	218,868,415

The financial statements were approved on 25 May 2023.


Carolina Bugaian
General Manager


Cenk Enguden
Finance Director

The accompanying notes attached form an integral part of these financial statements.

222,630,427MOLDCELL S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

1. GENERAL INFORMATION

Moldcell SA ("the Company"), a company registered in the Republic of Moldova, was established on 19 October 1999 to operate one of the three Global System for Mobile communication 900 ("GSM") systems in the Republic of Moldova. At inception the Company was licensed ("the license") by the Ministry of Transportation and Communications to provide both voice and data services over its mobile network in the 900 MHz frequency range. The Company had obtained a 3G and 4G licenses in 2008 and 2012 respectively. In 2014, Moldcell has acquired three licenses on usage of frequencies from 800 MHz, 900 MHz and 1800 MHz spectrum. All spectrum licenses have a 15 years validity.

On 31 December 2022 the Company's shareholders were as follows:

- (i) CG Cell Technologies DAC, (hereinafter "CG Cell"), a legal entity registered in Ireland, with 99% of share capital, and
- (ii) Molfintur SRL (hereinafter "Mofintur"), a limited liability entity registered in the Republic of Moldova, IDNO 1002600042937, with 1% of share capital.

The sole shareholder of Molfintur SRL is CG Cell.

The ultimate beneficial owners of CG Cell Technologies DAC are Rahul Chaudhary and Varun Chaudhary.

The address of the registered office of the Company is Belgrad Street, no.3, Chisinau, MD - 2060 Republic of Moldova. The number of employees as at 31 December 2022 was 331 (31 December 2021: 335). The Company also involves outsourced personnel in its retail and customer channel network as at 31 December 2022 was 116 (31 December 2021: 124).

The Board of Directors formulates operational policies of the Company and supervises their implementation. The Board is composed of three members appointed by the General Meeting of Shareholders.

The composition of the Board of Directors of the Company was established from the following members:

January 2022 –June 2022

- Mr. İtler Terzioğlu, Chairman of the Board;
- Mr. Nirvana Kumar Chaudhary, Member of the Board;
- Mr. Amit Kumar Jhunjhunwala, Member of the Board.

July 2022 –December 2022

- Mr. Nirvana Kumar Chaudhary, Chairman of the Board;
- Mr. Amit Kumar Jhunjhunwala, Member of the Board;
- Mr. Rahul Chaudhary, Member of the Board;
- Mr. Barkin Mehmet Secen, Member of the Board.

Moldcell S.A. is the parent Company of Moldcell Technology S.R.L., a 100% subsidiary acting in information technology industry. Moldcell Technology S.R.L. is resident of Moldova IT Park since September 4, 2018.

On August 24, 2020 the company founded a non-profit organization Foundation Moldcell Moldova, which aims to invest and implement projects with positive impact on society, to contribute to improving life in Moldova through digital transformation with the use of technologies. The Foundation supports social and educational projects for the benefit of citizens and for the development of the country.

222,630,427MOLDCELL S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

The Republic of Moldova has certain characteristics of an emerging market, Legal and tax regulatory frameworks continue to develop and are subject to frequent changes and various interpretations (Note 29). The year 2022 was marked by a slight recovery of the economy, the relaunch of external financing, the operating environment has been impacted by the start of the war in Ukraine. The conflict has disrupted trade and transportation, brought energy crisis, which hyped the inflation to 29% in December 2022. The effects of these crises were felt mostly by low-income families, whose consumption baskets will increase the share of heating and electricity costs. At the same time the 2 black outs that happened in November have been an additional reason to attract additional investment in the network resilience and reliability which has improved its status for 2023. The hybrid war has increased the cybersecurity threats due to which the Company has focused on revisiting the protection measure by firewalls, encryption and other security protocols. The flow of refugees was another challenge due to which the network capacity at the borders was upgraded.

The Company's management continued to take all necessary steps to ensure the sustainability of the Company's operations and to support its customers and employees:

The Company has made all necessary investments to ensure the required capacity and resilience of the network. Thus, in 2022, 147 million MDL (2021: 140 million MDL) were invested, of which 57 million MDL in the expansion of the radio network, 44 million MDL in the core network, 12 million MDL in the transmission network, 10 million MDL in the fixed internet network, and other investments including various IT investments and new products and services development.

The planned technical works (Network Operation Centre, Field Maintenance, Launch, IT Infrastructure) were carried out as usual. The diesel generators are being supplied and prepared to maintain the main centers in the event of a power failure. In general, the traffic situation has been characterized by an increasing trend. During the year 2022, there were 2 network incidents caused by black-outs in November the network downtime has been reported to the Regulator within the terms prescribed in the frequency licenses.

The Company managed to finance its working capital needs from its own sources, and liquidity monitoring remained the main objective of the Company. The Company's receivables continued to be collected without significant delays, while in 2022 the Company improved its control over the timely collection and careful monitoring of overdue balances. During 2022, the Group did not contract and does not intend to contract any external financing from banks, other than the existing shareholders' loan.

In terms of performance, in 2022 revenues increased considerably (about 10%), with both revenue from service sales and an increase in device sales. Total expenditure (commercial and distribution expenditure as well as general and administrative expenditure) has declined by 3% compared to previous year, despite the increase in energy costs the Company has taken considerable cost saving measures.

However due to depreciation of local currency causing operational foreign exchange loss in 2022, the Company recorded a lower operating profit than 2021, coming to 21,8 million MDL from 50,8 million MDL.

Due to the economic shocks caused by the considerable price increase of energy sources, the inflationary environment, as well as the disruption of value chains caused by the war in Ukraine at the time of the signing of these separate financial statements (see Note 29 for more details), the current level of uncertainty about the further evolution of the situation and the necessary regulatory or governmental interventions in this respect remains high. The Company's management is not in a position to predict with accuracy and reasonable certainty the impact of the crisis on the Company's financial and operational situation and its overall business in the future. However, management will continue to monitor the situation closely and consider additional contingency measures in the event that the period of disruption continues and business is further adversely affected compared to the current scenario.

222,630,427MOLDCELL S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These separate financial statements (hereinafter "financial statements") of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). The Company will also prepare consolidated financial statements.

These financial statements have been prepared on a historical cost basis. The financial statements provide comparative information in respect of the previous period.

The financial statements are presented in Moldovan Lei (MDL) and all values are rounded to the nearest MDL, except when otherwise indicated.

2.2 Going concern

The financial statements have been prepared on a going concern basis, assuming that the Company will continue in operation for the foreseeable future.

In 2022 the Company recorded an operating profit 21.8 million MDL compared to an operating profit of over 50 million MDL in 2021. The net loss for the current year (66.7 million MDL) and past year (55.7 million MDL) is due to high financial costs (interest related to the borrowings, lease liabilities and licenses 90 million MDL for the current year and 104.6 million MDL for the past year) and loss on FX differences (92.2 million MDL for the current year and 25.6 million MDL for the past year).

During 2022 the Company's share capital was increased to 380 million MDL, however with the net loss of the current year the net assets are below the size of the share capital, but the Company closely monitors this. In January 2023, the situation was remedied by reducing the nominal value of shares from 2 MDL do 1MDL, i. e. the net assets are above the share capital.

As at 31 December 2022, the Company has net current assets of 46.7 million MDL, compared to net current liabilities of 1,053.5 million MDL which at the end of 2021 mainly consists due to the shareholder's borrowing. The shareholder's borrowing with due date in May 2022 was extended in February 2022 up to 2030. The Company generates sufficient cash flow from operating activities of 248.8 million MDL (2021: 231 million MDL) to enable the Company to finance its investment and financing activities (all interest due and some principal).

Management has conducted a review of the financial position, liquidity and performed an impairment analysis and concluded that the Company has sufficient reason to consider going concern as an appropriate basis of reporting. Based on the forecast, the Company will grow turnover by over 4% in 2023 and continue at 6% in the foreseeable 5-year future, deriving from the initiatives described above, as well as continue to invest at similar levels. This will continue to generate sufficient cash flow for the Company's operations and investment programs. In the first quarter of 2023, the Company generated net income growth of 8%, which provides sufficient reason to consider the forecasted 4% growth as moderate. The impairment test performed did not highlight the need for an impairment provision based on the forecast scenario.

The Company's management continuously monitors internal and external factors that may have an impact on business continuity. These are sources of funding, customer loyalty, market share, new services launched - all of which are comprehensively covered in the business strategy, which is regularly reviewed.

Based on the above and subsequent events assessment (Note 29), management of the Company considers the going concern assumption is fully supported.

MOLDCELL S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

2.3 Adoption of new and revised Standards

New and amended standards and interpretations

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not yearly adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IASB standards or interpretations of the IASB effective for the first time for periods beginning or after 1 January 2023.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).

These narrow scope amendments clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right at the end of the reporting period to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations regarding the subsequent exercise of the right to defer settlement do not affect the classification of liabilities. The right to defer exists only if the entity meets any relevant conditions at the end of the reporting period. A liability is classified as current if a condition is not met on or before the reporting date, even if a waiver of that condition is obtained from the creditor after the end of the reporting period. Conversely, a loan is classified as long-term if a loan covenant is breached only after the reporting date. In addition, the amendments include clarification of the classification requirements for debts that a company could pay off by converting them into equity.

'Settlement' is defined as extinguishing a debt with cash, other resources embodying economic benefits or an entity's own equity instruments.

There is an exception for convertible instruments that could be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, "Making Materiality Judgements" was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023 and early application is permitted. The amendments provide guidance for applying the materiality when is reasonable for disclosures in accounting policies. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are also added to the Practice Statement to assist in applying the concept of materiality when is reasonable for disclosures in accounting policies. The amendments have not yet been adopted by the EU.

MOLDCELL S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to SIRF 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

These amendments address an inconsistency between the requirements in SIRF 10 and those in IAS 28 in relation to the sale or contribution of assets between an investor and the associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a bargain. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are held by a subsidiary.

IAS 12 Income Taxes: Deferred Tax Assets and Liabilities Arising from a Single Transaction (Amendments).

The amendments are effective for annual periods beginning on or after 1 January 2023 and early application is permitted. In May 2021, the Board issued amendments to IAS 12, which reduce the scope of the initial recognition exception in IAS 12 and specify how companies should account for deferred tax for transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to deductible and taxable equal temporary differences. It applies only if the recognition of a lease asset and a lease liability (or a decommissioning liability and a decommissioning asset) gives rise to deductible and taxable temporary differences that are not equal. The changes have not yet been adopted by the EU.

Amendments to IAS 8: Definition of accounting estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Company is currently assessing the impact of the amendments on its financial statements.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

The Company's functional currency is the Moldovan lei (MDL).

These financial statements are presented in Moldovan lei (MDL), which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Other gains/(losses) line from separate statement of profit or loss and other comprehensive income.

Exchange rates of MDL with USD and Euro (EUR) were as follows:

	31 December 2022			31 December 2021		
	USD	EUR	GBP	USD	EUR	GBP
Closing Rate	19.1579	20.3792	23.0402	17,7452	20,0938	23,9321
Average Rate	18.9032	19.8982	23.3620	17,6816	20,9255	24,3281

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2.5. Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6. Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of accumulated depreciation, Land is not depreciated. Depreciation on other assets is calculated on a straight-line method to allocate cost after removing the residual value, as follows:

Type	Years
Buildings	30
Network equipment	10
Other	3-5

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Company's policy is to capitalize interest costs during the construction period of significant additions to property, plant and equipment. The Company has not capitalized any interest to date relating to network equipment amounts in "Construction in progress" as none of them qualifies for the definition of "qualifying asset" as set out below.

The Company's defines a qualifying asset for interest capitalization an asset the construction of which takes 12 months or more.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized within "Other gains / (loss)", in the separate statement of profit or loss and other comprehensive income.

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2.7. Asset retirement obligation

The Company records obligations associated with decommissioning of items of property, plant and equipment as liabilities when these obligations are incurred, as a consequence of installing these items and capitalizes the respective decommissioning costs by recognizing an increase in the carrying amount of the related items of property, plant and equipment. These decommissioning costs are depreciated on a straight-line basis over the 10 years, which is in line with the useful life of the network equipment described in Note 2.6. The provision for decommissioning costs recognized in these financial statements relate to the Company's leased sites, where it is required to dismantle its equipment and restore the sites to their previous condition, upon expiration of the lease contracts.

2.8. Intangible assets

Intangible assets comprise licenses, purchased rights to use frequency spectrum and acquired software are valued at cost less accumulated amortization. Licenses primarily consist of the frequencies usage of 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz license rights acquired from the National Regulatory Agency for Electronic Communications and Information Technology.

The intangibles capitalized related to the right of use of 800MHz/900MHz/1800Mhz frequencies and MNP prescribed by the license contract are recognized at the consideration to be paid deriving from the license contract.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.9).

All intangible asset are amortized on a straight-line basis over the contractual useful life of assets, as follows:

Type	Years
3G and 4G licenses of 2100 MHz and 2600 MHz frequencies	15
800MHz/900MHz/1800Mhz frequencies	15
Software and other intangible assets	1 -10

2.9. Impairment of non-financial assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, Intangible assets not yet available for use are tested annually for impairment.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.10. Financial instruments

Financial assets and financial liabilities are recognized in the Company's separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

2.10.1 Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in Note 2.20.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding.

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This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified at amortized cost.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (Note 4.1);
- Trade receivables, including contract assets (Note 9).

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss (trade receivables and contract assets). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment of trade receivables is described in Note 7 and Note 9.

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2.10.2 Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost.

The Company's financial liabilities include trade and other payables, borrowings, and leasing liabilities.

(ii) Subsequent measurement

Financial liabilities at amortized cost (trade payables and borrowings)

This is the category most relevant to the Company. After initial recognition, trade payables and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the separate statement of profit or loss and other comprehensive income.

This category generally applies to trade and other payables and interest-bearing loans and borrowings. For more information, refer to Note 16.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statement of profit or loss and other comprehensive income.

2.10.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Please see the related disclosure in Note 16.

2.11 Inventories

Inventories are stated at the lower of cost and estimated net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimate of selling price in the ordinary course of the business, less applicable variable selling expenses.

2.12 Trade receivables

Trade receivables are amounts due from customers, dealers and distributors, interconnection and roaming partners. Trade receivables are recognized initially at original invoice amount (fair value) and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. The nominal value of one share is 2 MDL.

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2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as noncurrent liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax law enacted at the balance sheet date in Republic of Moldova, where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. For the period ended 31 December 2022, the income tax rate was 12% (31 December 2021: 12%).

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.18 Pensions and other post-retirement benefits

The Company, in the normal course of business, makes payments to the Republic of Moldova State fund on behalf of its employees for pension, health care and unemployment benefit. All employees of the Company are members of the State pension plan.

The Company does not operate any other pension scheme and, consequently, has no further obligation in respect of pensions. In addition, the Company is not obliged to provide further benefits to employees.

2.19 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect

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to any one item included in the same class of obligations may be small.

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

2.20 Revenue from contracts with customers

The Company derives revenue principally from mobile telephony services. The Company earns mobile service revenues from customer usage of the Company's network (services billed to customers), interconnections and roaming services, as well as sales of equipment sold as standalone or as part of the bundled agreements. Mobile service revenues are earned from voice, SMS, data and other value added services. Revenues are recognized at fair value, normally being the sales value, adjusted for rebates and discounts granted and sales-related taxes. The Company has generally concluded that it is the principal in its sales arrangements.

There are both revenues from products and services sold separately and from products and services sold as a bundle.

Revenues are recognized based on a single principle based five-step model which is applied to all contracts with customers:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligation in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligation in the contract;
- Step 5: Recognize revenue when the entity satisfies the performance obligation.

Revenues are allocated to performance obligations (equipment and services) in proportion to stand-alone selling prices of the individual items. Revenue is recognized when (at a point in time) or as (over a period of time) the performance obligations are satisfied, which is determined by the manner in which control passes to the customer.

Revenues are measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. For variable consideration accumulated experience is used to estimate and provide for the variable consideration, and revenues are only recognized to the extent that it is highly probable that a significant reversal will not occur.

(i) Service revenues

Service revenues are recognized over time, in the period in which the service is performed, based on actual traffic or over the contract term, as applicable. Revenues from voice and data services are recognized when the services are used by the customer. Subscription fees are recognized as revenues over the subscription period. Sales relating to prepaid phone cards, primarily mobile, are deferred as a contract liability and recognized as revenues based on the actual usage of the cards.

Interconnect revenues are derived from calls and other traffic that originate in other domestic fixed and mobile operators' networks but use the Company's network.

The Company pays a proportion of the call revenue it collects from its customers to other domestic fixed and mobile operators' for calls and other traffic that originate in the Company's network but use other domestic fixed and mobile operators' networks.

These interconnect revenues and expenses are recognized in profit or loss at the time when the call is received in the Company's network (and respectively in the other operators' network). Also, the revenues and costs of these transit calls are stated gross in the financial statements as the Company is the principal supplier of these services using its own network freely defining the pricing of the services, and recognized in the period of related usage.

Invoices for mobile subscriptions, interconnect traffic and other services are normally paid monthly, over the contract period.

(ii) Revenues from sale of the standalone devices (equipment)

Revenues from the standalone devices sales are recognized at the point in time when control is transferred to the customer, which normally is on delivery and when accepted by the customer. If the customer has the right to return the equipment, the amount of revenues recognized are adjusted for expected returns, estimated based on historical data.

Devices are paid for upfront or in instalments, when the Company provides the customer with financing. For those agreements under which the client pays in instalments the Company recognizes financial income.

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(iii) Bundled services and products

The Company may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple promises). The Company accounts for each individual product and service separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. When the transaction price is determined for bundles that includes services (e.g. a mobile subscription), the minimum non-cancellable contract term is considered. When applicable, the transaction price is adjusted for financing components. There are usually no or few other variable components in the transaction price. The transaction price is allocated to each equipment and service accounted for as a separate performance obligation, based on their relative stand-alone selling price, per each contract. For most performance obligations, the stand-alone selling prices are directly observable.

In some cases the offerings include non-refundable upfront fees such as activation fees. Payments for such fees are included in the transaction price, and, if not related to the satisfaction of a performance obligation, are allocated to other performance obligations identified in the contract.

Devices that can be used only in connection with services provided by the Company and that have no other significant function for the customer than delivering the service, e.g. routers, are not accounted for as a separate performance obligation. In such arrangements, the transaction price is allocated to the performance obligations identified, i.e. no part of the transaction price is allocated to the devices. Any consideration received upfront, when the equipment is delivered, is recognized as a contract liability and recognized as revenues when or as the identified performance obligations are satisfied.

(iv) Other revenue related transactions

Under customer loyalty programs, customers are entitled to certain discounts (award credits) relating to services and goods provided by the Company. The loyalty program provides the customers with a material right which is accounted for as a separate performance obligation. The transaction prices are allocated between the services and goods provided, and the award credits based on relative stand-alone selling prices. The stand-alone selling price for the award credits is estimated based on the discount granted when the award credit is redeemed and the likelihood of redemption, which is based on past practice. A contract liability is recognized until the award credits are redeemed or expire.

Some contracts contain a financing component because the timing of payments provides the customer or the Company with a benefit of financing. When determining the transaction price for such agreements, the Company adjusts the promised amount of consideration for the effects of the time value of money. The Company uses the practical expedient to not calculate and account for significant financing component if the period between the transfer of a good or service to a customer and payment is 12 months or less.

(v) Contract assets

The Company distinguishes between contract assets and receivables based on whether receipt of the consideration is conditional on something other than passage of time. Contract assets primarily relate to transactions where the Company satisfies a performance obligation to transfer equipment that is part of a bundles to the customer, but the right to payment for the equipment is dependent on the Company satisfying another performance obligation in the contract, for example a mobile subscription.

The contract assets are transferred to receivables when the right becomes unconditional, i.e. when only the passage of time is required before payment of consideration is due.

(vi) Contract liabilities

Contract liabilities primarily relate to prepayments received from customers such as prepaid cards, prepaid subscriptions, loyalty programs and variable considerations. These are presented under "Accounts payable and other payables" financial statement line item.

(vii) Contract acquisition costs

The Company pays sales commission to its dealers and employees for each contract that they obtain for bundled sales of equipment and other services. If expected to be recovered, sales commissions and other related costs for obtaining a specific contract are capitalized and deferred over the period which the Company expects to provide services to the customer. The asset is amortized on a straight-line basis. The amortization is classified as an operating expense in the statement of comprehensive income as part of cost of sales. The Company applies the optional practical expedient to immediately expense costs to obtain a contract if the amortization period of the asset that would have been recognized is one year or less. These are recognized directly within cost of sales.

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2.21 Leases

(i) The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract, The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

Applying IFRS 16, for all leases, the Company:

- a) Recognizes right-of-use assets and lease liabilities in the separate statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments;
- b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the separate statement of profit or loss and other comprehensive income;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognized in the separate statement of financial position is set-up based on contract currency, contract maturity and average market interest rates as follows:

- Lease contracts in EUR and USD with a maturity of less than 5 years;
- Lease contracts in EUR and USD with a maturity of greater than 5 years;
- Lease contracts in MDL with a maturity of less than 5 years;
- Lease contracts in MDL with a maturity of more than 5 years.

The primary source of information is statistics around weighted average interest rate on new granted loans to legal entities by local Moldovan banks as summarized by National Bank of Republic of Moldova on a monthly basis.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in separate statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (unwind effect) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any significant remeasurements during the current and prior periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37.

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There are 6 categories of ROU assets recognized. Depreciation is calculated on a straight-line basis to allocate cost to their residual value over the estimated useful life of assets, as follows:

Type	Years
Land	15
Roof tops	6
Towers collocation	8
Shops and warehouse	4
Cars	3
Cash-in terminals	4

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Note 2.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

(ii) The Company as lessor

The Company enters into lease agreements as a lessor with respect to some of its properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.22 Dividend and profit distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's shareholders.

In accordance with Republic of Moldovan legislation, the Company distributes profits as dividends or transfers them to reserves (statutory reserve accounts) on the basis of separate financial statements prepared in accordance with Republic of Moldova Accounting Rules.

The statutory accounting reports of the Company are the basis for profit distribution and other appropriations, Republic of Moldova legislation identifies the basis of distribution as the net profit.

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3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge risk exposures.

(i) Market Risk

In common with other countries in the region the Republic of Moldova economy is undergoing profound changes and there is a significant degree of uncertainty surrounding its future direction. Additionally, the telecommunications market in the country may be affected by other factors such as domestic political developments in Republic of Moldova, changes in technology, regulatory requirements and increasing competition.

• Currency risk

The Company operates in a developing economy with significant volatility of exchange rates. Some exchange restrictions and controls exist relating to converting MDL into other currencies. At present, there is no market for conversion of MDL into foreign currencies outside of Republic of Moldova.

Sensitivity analysis to currency risk

The Company performed a sensitivity analysis to currency risk at which it is reasonably exposed at 31 December 2022, showing how separate statement of comprehensive income could have been affected as a result of possible changes in currency rates.

The tables below show the currencies for which the Company has significant exposure to currency risk as at 31 December 2022 and as at 31 December 2021, for the balance sheet items that are sensitive to the currency rates' modifications in general so and its influence on the Company's equity.

The analysis demonstrates the effect of reasonably possible changes in currency rates against Republic of Moldova Lei with all other variables held constant:

31 December 2022	Effect of Increase in currency rates, +10%	Effect of Increase in currency rates, -10%
USD	(95,931,697)	95 931,697
EUR	(10,829,180)	10,829,180
31 December 2021	Effect of Increase in currency rates, +10%	Effect of Increase in currency rates, -10%
USD	(109,137,905)	109,137,905
EUR	(20,712,580)	20,712,580

The tables below summarize the Company's exposure to foreign currency exchange rate risk at 31 December 2022 and 31 December 2021, included in the table are the Company's assets and liabilities at carrying amounts, categorized by currency.

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31 December 2022

Amounts expressed in MDL

FINANCIAL ASSETS	Note	Carrying value, Total	USD	EUR	GBP	MDL
Trade and other receivables	9	77,227,509	13,002,300	3,539,078	-	60,686,131
Other current assets	10	7,406,896	-	-	-	7,406,896
Cash and cash equivalents	11	44,932,789	16,804,507	462,105	-	27,666,177
Total financial assets		129,567,194	29,806,807	4,001,183	-	95,759,204
NON-FINANCIAL ASSETS						
Other current assets	10	26,393,634	4,056,533	314,491	-	22,022,610
Total non-financial assets		26,393,634	4,056,533	314,491	-	22,022,610
Total financial and non-financial assets		155,960,828	33,863,340	4,315,674	-	117,781,814
FINANCIAL LIABILITIES						
Loans from related parties	13	910,000,250	910,000,250	-	-	-
Trade and other payables	16	139,874,819	44,601,743	15,425,943	2,175	79,844,958
Lease liability	14.1,	143,089,017	4,714,978	22,493,527	-	115,880,512
Other long term liabilities	16.1	70,372,328	-	70,372,328	-	-
Total Financial liabilities		1,263,336,414	959,316,971	108,291,797	2,175	195,725,470
NON-FINANCIAL LIABILITIES						
Trade and other payables		65,736,462	-	-	-	65,736,462
Total non-financial liabilities		65,736,462	-	-	-	65,736,462
Total financial and non-financial liabilities		1,329,072,876	959,316,971	108,291,797	2,175	261,461,933

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31 December 2021

Amounts expressed in MDL

	Note	Carrying value, Total	USD	EUR	GBP	MDL
FINANCIAL ASSETS						
Trade and other receivables	9	68,956,632	2,824,176	3,133,009	-	62,999,447
Other current assets	10	5,469,468	-	-	-	5,469,468
Cash and cash equivalents	11	39,200,465	997,206	75,069	-	38,128,190
Total financial assets		113,626,565	3,821,382	3,208,078	-	106,597,105
NON-FINANCIAL ASSETS						
Other current assets	10	25,668,851	1,878,444	1,000,176	-	22,790,231
Total non-financial assets		25,668,851	1,878,444	1,000,176	-	22,790,231
Total financial and non-financial assets		139,295,416	5,699,826	4,208,254	-	129,387,336
FINANCIAL LIABILITIES						
Loans from related parties	13	1,064,712,000	1,064,712,000	-	-	-
Trade and other payables	16	121,696,865	19,999,080	24,340,568	751	77,356,466
	14.1,					
Lease liability	16.1	182,565,338	6,667,970	36,725,665	-	139,171,703
Other long term liabilities	14	146,059,563	-	146,059,563	-	-
Total Financial liabilities		1,515,033,766	1,091,379,050	207,125,796	751	216,528,169
NON-FINANCIAL LIABILITIES						
Trade and other payables		72,273,630	-	-	-	72,273,630
Total non-financial liabilities		72,273,630	-	-	-	72,273,630
Total financial and non-financial liabilities		1,587,307,396	1,091,379,050	207,125,796	751	288,801,799

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• **Cash flow and fair value interest rate risk**

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from borrowings from related parties, Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During 2022 and 2021, the Company's fixed rate borrowings were denominated in USD.

The fair value of borrowing and accrued interest is disclosed in the Note 3.3.

(ii) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade receivables and contract assets, including outstanding receivables and committed transactions. There are no formal procedures for the credit risk of cash and cash equivalents and trade receivables.

Cash and cash equivalents are placed with a limited number of local financial institutions. Despite the fact that these banks do not have international credit ratings, they are considered as reliable counterparts, as these have stable positions in the financial market of the Republic of Moldova.

The Company has policies in place to ensure that sales of products and services are made to customers and distributors with an appropriate credit history. Customers that fail to settle their liabilities for mobile services provided are disconnected until the debt is paid.

The carrying amount of accounts receivable, net of provision for impairment of receivables, represents the maximum amount exposed to credit risk. The Company has no significant concentrations of credit risk since the customers portfolio is diversified among a large number of customers, both private individuals and companies. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Company beyond the provisions already recorded.

The table below shows major balances with the local banks at the balance sheet dates:

	31 December 2022	31 December 2021
B.C. Mobiasbanca-O.T.P. Group	36,433,330	34,586,767
B.C. Moldindconbank S.A.	2,018,182	1,262,666
B.C. EximBank S.A.	1,370	1,838
B.C. Moldova-Agroindbank S.A.	630,698	6,316
B.C. Victoriabank S.A.	66,221	1,692
Total cash balance at banks	39,149,801	35,859,279

(iii) Liquidity risk

The table below analyses the Company's financial liabilities and assets into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow.

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Table below summarizes total contractual undiscounted cash flows for all financial assets and liabilities.

31 December 2022	Carrying value	Contractual cash flows	1 – 3 Months	3 months to 1 year	1 – 5 years	>5 years
Financial liabilities						
Trade and other payables	139,874,819	139,874,819	104,416,925	35,351,774	106,120	
Other long term liabilities	70,372,328	98,960,185	12,264,431	2,890,659	53,518,616	30,286,479
Lease liabilities	143,089,017	215,025,285	15,992,890	47,978,670	141,536,394	9,517,331
Interest bearing loans and borrowings	910,000,250	1,233,200,380	14,787,504	44,362,512	530,600,065	643,450,299
	1,263,336,414	1,687,060,669	147,461,750	130,583,615	725,761,195	683,254,109
Financial assets						
Trade and other receivables	77,227,509	77,227,509	77,227,509	-	-	-
Other current assets	7,406,896	7,406,896	7,406,896	-	-	-
	84,634,405	84,634,405	84,634,405			
Liquidity GAP						
Cumulative GAP		(1,602,426,264)	(62,827,345)	(130,583,615)	(725,761,195)	(683,254,109)
			(62,827,345)	(193,410,960)	(919,172,155)	(1,602,426,264)

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31 December 2021	Carrying value	Contractual cash flows	1 – 3 Months	3 months to 1 year	1 – 5 years	>5 years
Financial liabilities						
Trade and other payables	121,696,865	121,696,865	95,512,727	26,078,018	106,120	-
Other long term liabilities	146,059,563	206,802,471	16,120,744	12,640,076	107,395,580	70,646,071
Lease liabilities	182,565,338	215,025,285	15,992,890	47,978,670	141,536,394	9,517,331
Interest bearing loans and borrowings	1,064,712,000	1,133,918,280	41,523,768	1,092,394,512	-	-
	1,515,033,766	1,677,442,901	169,150,129	1,179,091,276	249,038,094	80,163,402
Financial assets						
Trade and other receivables	68,956,632	68,956,632		-	-	-
Other current assets	5,469,468	5,469,468	3,269,468	-	2,200,000	-
	74,426,100	74,426,100	72,226,100	-	2,200,000	-
Liquidity GAP						
Cumulative GAP		(1,603,016,801)	(96,924,029)	(1,179,091,276)	(246,838,094)	(80,163,402)
			(96,924,029)	(1,276,015,305)	(1,522,853,399)	(1,603,016,801)

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3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt. There are no other formal capital risk management policies in place.

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

	31 December 2022	31 December 2021
Total borrowings	910,000,250	1,064,712,000
Total lease liabilities	144,089,017	182,565,338
Less: cash and cash equivalents	(44,932,789)	(39,200,465)
Net debt	1,008,156,478	1,208,076,873
Total equity	218,868,415	95,596,718
Total capital	1,227,024,893	1,303,673,591
Gearing ratio	82%	93%

The reduction of the debt ratio in 2022 is due to the fact that on 15.11.2022 the shareholders converted the amount of 190,000,021 lei from the loan into to increase the value of the capital and subsequently cover this losses of the previous years.

3.3 Financial instruments at amortized cost

The accounting policies for financial instruments have been applied to the line items below:

		Financial assets at amortized cost	
		31 December 2022	31 December 2021
Assets	Note		
Trade and other receivables	9	77,227,509	68,956,632
Other current assets	10	7,406,896	3,269,468
Bank deposit	10	-	2,200,000
Cash and cash equivalents	11	44,932,789	39,200,465
		129,567,194	113,626,565
		Financial liabilities at amortized cost	
		31 December 2022	31 December 2021
Liabilities			
Trade payables	16	139,874,819	121,696,865
Other non-current liabilities	14	70,372,328	146,059,563
Lease liabilities	14.1, 16.1	143,089,017	182,565,338
Borrowings	13	910,000,250	1,064,712,000
		1,263,336,414	1,515,033,766

The quality of financial assets is assessed based on the historical data of third parties.

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Fair value of financial assets and liabilities

The Company uses the following hierarchy to determine and disclose the fair values of financial instruments:

- Level 1: Active market quoted prices for the same instrument
- Level 2: quoted market prices for similar assets or debts or other valuation techniques where all input data is based on observable market data; and
- Level 3: Assessment techniques where all input data is not based on observable market data.

The table below summarizes the carrying amounts and the fair values for each class of assets and liabilities of the Company as at 31 December 2022 and 31 December 2021.

31 December 2022	Carrying amount	Level 2 fair value	Level 3 fair value
	(MDL)	(MDL)	(MDL)
Assets			
Trade and other receivables	77,227,509	-	77,227,509
Other current assets	7,406,896	-	7,406,896
Cash and cash equivalents	44,932,789	-	44,932,789
Total	129,567,194	-	129,567,194
Liabilities			
Borrowings from related parties	910,000,250	-	910,000,250
Trade and other payables	139,874,819	-	139,874,819
Lease liabilities	143,089,017	-	143,089,017
Other non-current liabilities	70,372,328	-	70,372,328
Total	1,263,336,414	-	1,263,336,414
31 December 2021	Carrying amount	Level 2 fair value	Level 3 fair value
	(MDL)	(MDL)	(MDL)
Assets			
Trade and other receivables	68,956,632	-	68,956,632
Other current assets	3,269,468	-	3,269,468
Bank deposits	2,200,000	-	2,200,000
Cash and cash equivalents	39,200,465	-	39,200,465
Total	113,626,565	-	113,626,565
Liabilities			
Borrowings from related parties	1,064,712,000	1,041,940,468	-
Trade and other payables	121,696,865	-	121,696,865
Lease liabilities	182,565,338	-	182,565,338
Other non-current liabilities	146,059,563	-	146,059,563
Total	1,515,033,766	1,041,940,468	430,321,766

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3.4 Fair value estimations

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies.

The fair value of the Company's financial assets did not materially differ from their carrying amount at 31 December 2022 and 31 December 2021. The carrying value less impairment provision of trade receivables is assumed to approximate their fair values (Note 3.3).

At 31 December 2022 and 31 December 2021, the fair value of financial liabilities, except for the borrowing, which are estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments with the same remaining maturity, did not materially differ from the carrying amount of these financial liabilities.

Fair value of the borrowing from the parent is estimated and disclosed in the Note 3.3.

3.5 Operating Environment of the Company

The Company, through its operations, has a significant exposure to the economy of Republic of Moldova.

The Republic of Moldova displays certain characteristics of an emerging market. Management is unable to predict all developments, which could have an impact on the economy and consequently what effect, if any, they could have on the separate statement financial position of the Company. The tax, currency and customs legislation in Republic of Moldova is subject to varying interpretations and frequent changes. The future economic direction of the Republic of Moldova is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments (see further information in Note 1.1 and Note 29 for subsequent events).

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates

International Financial Reporting Standards require that in preparing the financial statements, management of the Company make estimates and assumptions that affect the reported amounts of assets and liabilities and required disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, as follows:

(a) Estimates concerning useful lives of property, plant and equipment due to constant technology advances - useful lives are disclosed in Note 2.6 and depreciation charge for the year is disclosed in Note 5. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation charge.

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and are reviewed on an annual basis for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure cannot be depreciated over a period that extends beyond the expiry of the associated license under which services are provided.

(b) In relation of the carrying value of long term assets, a number of significant assumptions and estimates are involved when measuring value in use and fair value less costs of disposal based on the expected future discounted cash flows attributable to an asset, for example with respect to factors such as market growth rates, revenue volumes, market prices for telecommunication services, costs to maintain and develop communication networks and working capital requirements. Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses using historical trends, general market conditions, industry trends and forecasts and other available information.

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Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Annually, the Company performs an impairment test to determine whether the carrying values of its non-current assets and particularly the property, plant, equipment and intangible assets are supported by their recoverable value.

The Company defined the cash generated unit ("CGU") the whole Company.

The fair value less cost to sell was estimated by management through a discounted cash-flow model, using cash-flow projections from the financial budgets approved by senior management covering a five - year period from the balance sheet date.

Impairment test as at 31 December 2022

The yearly average growth rate for the revenue in the five-year plan was 6% with an average EBITDA growth rate of 7.6% per year. The terminal value was estimated in perpetuity, based on the net cash-flow of 2027 and using a 15.7 % growth factor. The discount rate was based on the Company's calculated weighted average cost of capital ("WACC") and was adjusted for the impact of the Company considered specific risks and the recent increase in cost of financing. The resulting discount rate was of 22.4%.

Based on this exercise, a headroom of MDL 831 million resulted as at 31 December 2022, therefore no impairment was recorded as of this date.

Sensitivity analysis

Had the Company adjusted the yearly average revenue growth factor from 6% to 5%, with all other variables held constant, the headroom would have been MDL 196 million.

Had the Company adjusted the yearly average revenue growth factor from 6% to 7%, with all other variables held constant, the headroom would have been MDL 1,305 million.

Had the Company adjusted the yearly EBITDA downward by 10% in all years including the terminal year, with all other variables held constant, the headroom would have been MDL 358 million.

Had the Company adjusted the yearly EBITDA upward by 10% in all years including the terminal year, with all other variables held constant, the impairment would have been MDL 1,304 million.

Had the Company adjusted the WACC downward 22.4% to 21.4% in all years including the terminal year, with all other variables held constant, the headroom would have been MDL 1,116 million.

Had the Company adjusted the WACC upward by 22.4 % to 23.4 % in all years including the terminal year, with all other variables held constant, the headroom would have been MDL 618 million.

Impairment test as at 31 December 2021

The yearly average growth rate for the revenue in the five-year plan was 6,5% with an average EBITDA growth rate of 9,4% per year. The terminal value was estimated in perpetuity, based on the net cash-flow of 2025 and using a 6,9 % growth factor. The discount rate was based on the Company's calculated weighted average cost of capital ("WACC") and was adjusted for the impact of the Company considered specific risks and the recent increase in cost of financing. The resulting discount rate was of 15%.

Based on this exercise, a headroom of MDL 1,575 million resulted as at 31 December 2021, therefore no impairment was recorded as of this date.

Sensitivity analysis

Had the Company adjusted the yearly average revenue growth factor from 6,5% to 5,5%, with all other variables held constant, the headroom would have been MDL 1,053 million.

Had the Company adjusted the yearly average revenue growth factor from 6,5% to 7,5%, with all other variables held constant, the headroom would have been MDL 2,117 million.

Had the Company adjusted the yearly EBITDA downward by 10% in all years including the terminal year, with all other variables held constant, the headroom would have been MDL 1,004 million.

Had the Company adjusted the yearly EBITDA upward by 10% in all years including the terminal year, with all other

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variables held constant, the impairment would have been MDL 2,823 million.

Had the Company adjusted the WACC downward 15% to 14% in all years including the terminal year, with all other variables held constant, the headroom would have been MDL 1,921 million.

Had the Company adjusted the WACC upward by 15 % to 16 % in all years including the terminal year, with all other variables held constant, the headroom would have been MDL 1,304 million.

(c) Determining the lease term requires management judgment as the estimated lease term includes the non-cancellable period of the lease together with both periods covered by extension options, if the lessee is reasonably certain to exercise that option, and periods covered by termination options if the lessee is reasonably certain not to exercise that option. The threshold for reasonably certain is deemed to be higher than "more likely than not", but lower than "virtually certain" in IAS 37 "Provisions, contingent liabilities and contingent assets". Extension and termination options are included in a number of Company's lease contracts throughout all asset classes across the Company. When determining the lease term, the Company considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option, such as strategic plans, assessment of future technology changes, the importance of the underlying asset to Company's operations and/or costs associated with not extending or not terminating the lease.

Extension options (or periods after termination options) are only included in the lease term if the Company is reasonably certain that the lease will be extended (or not terminated).

The assessment is reviewed whether a significant event or a significant change in circumstances has occurred which affects this assessment. During the current financial year, the Company revised the lease terms to reflect the effect of exercising extension and termination options and there was no financial effect from the reassessment.

In determining the duration of leases of land/ground, network infrastructure, office buildings, and retail stores, which are the most relevant lease contracts in the Company, the following are the most relevant factors that are considered:

- When determining whether an extension of a lease contract is reasonably certain, in addition to any significant penalties for terminating (or not extending) the lease, business plans and the business model are considered, e.g., cost/benefit analysis, significance of the property for the underlying operations, replacement or usage of additional technology, as well as the availability and cost of alternative locations;
- Often leasehold improvements can be used in alternative locations, In many cases, the costs of moving or replacing the asset or initial construction costs are not the main factor considered when determining whether to extend or not to extend the lease;
- For lease contracts related to the network, management has generally extended the lease term to match the remaining useful life of the network, up to 15 years. The non-cancellable lease term for network related assets range from 2 to 4 years. For the rest of the assets, the Company has used the non-cancellable lease terms.

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5 PROPERTY, PLANT AND EQUIPMENT AND ROU ASSETS

5.1 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Network equipment	Other fixed assets	Work in progress	Total
Balance at 1 January 2022	39,397,192	568,342,790	10,585,848	60,812,797	679,138,627
Additions	260	179,801	-	97,440,300	97,620,361
Transfers	907,329	69,115,204	6,918,067	(76,940,600)	-
Gross value of disposals	-	(97,634,763)	(4,416,021)	(528,296)	(102,579,080)
Depreciation charge	(2,214,498)	(107,868,662)	(5,071,830)	-	(115,352,990)
Depreciation of disposals	-	97,358,796	4,382,572	-	101,741,368
Balance at 31 December 2022	37,892,283	529,493,166	12,398,636	80,784,201	660,568,286
Cost	79,373,747	1,882,671,645	91,419,473	80,784,201	2,134,249,066
Accumulated depreciation	(41,481,464)	(1,353,178,479)	(79,020,837)	-	(1,473,680,780)
Net book value at December 31, 2022	37,892,283	529,493,166	12,398,636	80,784,201	660,568,286

	Land and buildings	Network equipment	Other fixed assets	Work in progress	Total
Balance at 1 January 2021	41,374,585	595,603,730	10,393,215	66,030,419	713,401,949
Additions	136,646	-	-	87,494,315	87,630,961
Transfers	348,833	86,472,482	5,588,180	(92,409,495)	-
Gross value disposals	-	(33,001,799)	(7,633,747)	(302,442)	(40,937,988)
Depreciation charge	(2,462,872)	(113,510,481)	(4,722,217)	-	(120,695,570)
Depreciation of disposals	-	32,778,858	6,960,417	-	39,739,275
Balance at 31 December 2021	39,397,192	568,342,790	10,585,848	60,812,797	679,138,627
Cost	78,466,158	1,911,011,403	88,917,427	60,812,797	2,139,207,785
Accumulated depreciation	(39,068,966)	(1,342,668,613)	(78,331,579)	-	(1,460,069,158)
Net book value at December 31, 2021	39,397,192	568,342,790	10,585,848	60,812,797	679,138,627

The cost of assets completely depreciated and still in use at December 31, 2022 MDL 827,349,189 (December 31, 2021: MDL 751,221,378).

All assets of the Company, including Property, Plant and Equipment are pledged to the loan facility agreement concluded between CG Cell and BC Mobiasbanca- OTP Company SA.

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Work in progress of Property Plant and Equipment included:

	31 December 2022	31 December 2021
Network equipment before use	65,381,893	47,607,298
Non-operational fixed assets before use	1,187,504	541,065
Spare parts to be installed	12,847,542	10,610,160
Equipment installation services	1,367,262	2,054,274
Total	80,784,201	60,812,797

5.2 RIGHT OF USE ASSETS

	Land	Roof tops	Towers co - location	Buildings for shops and warehouse	Cars	Cash -in terminals	Total
Cost							
At 1 January 2022	10,388,217	96,288,015	94,979,526	95,926,658	9,208,437	870,643	307,661,496
Lease additions	480,820	5,852,680	1,567,494	3,973,267	2,942,175		14,816,436
Cancelled lease agreements(*)	(316,295)	(2,450,124)	-	(772,945)	(1,602,191)		(5,141,555)
At 31 December 2022	10,552,742	99,690,571	96,547,020	99,126,980	10,548,421	870,643	317,336,377
Accumulated depreciation							
At 1 January 2022	1,977,090	46,226,937	34,448,463	55,976,180	5,056,227	489,764	144,174,661
Charge for the year	687,418	15,824,666	12,222,470	20,747,853	2,727,617	217,673	52,427,697
At 31 December 2022	2,664,508	62,051,603	46,670,933	76,724,033	7,783,844	707,437	196,602,358
Carrying amount at 1 January 2022	8,411,127	50,061,078	60,531,063	39,950,478	4,152,210	380,879	163,486,835
Carrying amount at 31 December 2022	7,888,234	37,638,968	49,876,087	22,402,947	2,764,577	163,206	120,734,019

(*)Lease agreements were cancelled as a result of various reasons: change in ownership of the leased asset; change in type of rent agreement in respect of the Government agencies and entities. The impact in profit or loss from right of use assets derecognition was of 424,296 MDL in 2022 (1,337,037 MDL in 2021) and it was recognized under Other gains/ (losses) line. In 2022 69 contracts related to right of use assets were terminated.

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5.2 RIGHT OF USE ASSETS (continued)

	Land	Roof tops	Towers co - location	Buildings for shops and warehouse	Cars	Cash -in terminals	Total
Cost							
At 1 January 2021	10,491,573	95,581,874	93,907,656	83,434,054	4,848,381	870,643	289,134,181
Lease additions	415,201	3,745,663	1,257,242	20,802,175	4,360,056	-	30,580,337
Cancelled lease agreements(*)	(518,557)	(3,039,522)	(185,372)	(8,309,571)	-	-	(12,053,022)
At 31 December 2021	10,388,217	96,288,015	94,979,526	95,926,658	9,208,437	870,643	307,661,496
Accumulated depreciation							
At 1 January 2021	1,303,995	31,078,715	22,441,383	35,790,678	2,883,885	272,091	93,770,747
Charge for the year	673,095	15,148,222	12,007,080	20,185,502	2,172,342	217,673	50,403,914
At 31 December 2021	1,977,090	46,226,937	34,448,463	55,976,180	5,056,227	489,764	144,174,661
Carrying amount at 1 January 2021	9,187,578	64,503,159	71,466,273	47,643,376	1,964,496	598,552	195,363,434
Carrying amount at 31 December 2021	8,411,127	50,061,078	60,531,063	39,950,478	4,152,210	380,879	163,486,835

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6 INTANGIBLE ASSETS

Balance at 1 January 2022

	Licenses	Software assets	Other intangible assets	Intangible assets in progress	Advances	Total
Balance at 1 January 2022	479,941,575	66,191,536	4,102,742	1,201,375	3,841,942	555,279,170
Additions	-	-	-	100,306,780	(3,840,134)	96,466,646
Transfers	45,043,490	41,338,149	5,793,733	(92,175,372)	-	-
Gross value disposals	(108,257,271)	(1,278,812)	-	-	-	(109,531,083)
Amortization charge	(74,451,400)	(57,927,650)	(2,008,576)	-	-	(134,387,626)
Amortization disposals	16,885,866	1,273,812	-	-	-	18,159,678

Balance at 31 December 2022

Balance at 31 December 2022	359,162,260	49,602,035	7,887,899	9,332,783	1,809	425,986,785
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Cost

Cost	989,218,896	398,244,955	10,190,529	9,332,783	1,809	1,406,988,972
Accumulated depreciation	(630,056,636)	(348,642,920)	(2,302,631)	-	-	(981,002,187)

Net book value at December 31, 2022

Net book value at December 31, 2022	359,162,260	49,602,035	7,887,899	9,332,783	1,809	425,986,785
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Balance at 1 January 2022

Balance at 1 January 2022	550,833,849	81,492,305	5,141,312	2,012,515	1,278	639,481,259
Additions	-	-	-	49,051,600	3,840,664	52,892,264
Transfers	10,658,168	38,393,882	810,690	(49,862,740)	-	-
Gross value disposals	(11,926,274)	(125,745,109)	(7,003,968)	-	-	(144,675,351)
Amortization charge	(81,550,442)	(53,694,651)	(1,848,982)	-	-	(137,094,075)
Amortization disposals	11,926,274	125,745,109	7,003,690	-	-	144,675,073

Balance at 31 December 2021

Balance at 31 December 2021	479,941,575	66,191,536	4,102,742	1,201,375	3,841,942	555,279,170
Cost	1,052,432,677	358,180,618	4,396,797	1,201,375	3,841,942	1,420,053,409
Accumulated amortization	(572,491,102)	(291,989,082)	(294,055)	-	-	(864,774,239)

Net book value at December 31, 2021

Net book value at December 31, 2021	479,941,575	66,191,536	4,102,742	1,201,375	3,841,942	555,279,170
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The outflows related to licenses (cost value and amortization) mostly relate to the cancellation of the existing contract and the signing of a new contract for MPN (note 14).

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7 CONTRACT ASSETS AND CONTRACT ACQUISITION COSTS

	31 December 2022	31 December 2021
Contract assets		
Non-Current part	17,875,731	8,468,315
Current part	84,360,751	61,932,700
Total contract assets	102,236,482	70,401,015
Contract acquisition costs		
Non-Current part	16,094,775	12,609,470
Current part	16,781,851	13,494,648
Total contract acquisition costs	32,876,626	26,104,118

The assets recognized from cost to obtain a contract and the up-front revenue recognized from the handset sold in bundled offerings derives from IFRS 15 implementation disclosed in Note 2.20 and Note 4. From 2022 the Company started to register income from financing components related to contract assets, disclosed in Note 23.

Please find in the table below the movement in contract costs:

	31 December 2022	31 December 2021
As at beginning of the year	26,104,118	23,586,423
Additions	27,598,359	18,774,546
Depreciation charge	(20,825,851)	(16,256,851)
As at the end of the year	32,876,626	26,104,118

The tables below include both short term and long term part (Note 7) of the contract assets and the related provision matrix.

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 120 day past due	Total
Expected loss rate	7%	7%	7%	7%	7%
Gross carrying amount – current contract asset	6.038.951	10.722.782	20.592.705	53.138.407	90.492.845
Gross carrying amount –non- current contract asset	-	-	-	19.171.740	19.171.740
Loss allowance	(447.383)	(725.932)	(1.394.126)	(4.860.662)	(7.428.103)
Net book value at 31 December 2022	5.591.568	9.996.850	19.198.579	67.449.485	102.236.482
31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 day past due	Total
Expected loss rate	6%	6%	6%	6%	6%
Gross carrying amount – current contract asset	9,613,220	15,095,977	12,808,744	28,652,762	66,170,703
Gross carrying amount –non- current contract asset	-	-	-	9,090,498	9,090,498
Loss allowance	(616,132)	(967,525)	(820,932)	(2,455,597)	(4,860,186)
Net book value at 31 December 2021	8.997.088	14.128.452	11.987.812	35.287.663	70.401.015

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8 INVENTORIES

	31 December 2022	31 December 2021
Handsets	40,156,567	46,449,768
Dongles	1,914,529	2,367,013
Accessories	13,752,386	12,800,238
SIM cards	9,530,375	3,100,526
Prepaid and scratch cards	593,000	753,376
Materials	48,274	143,367
Other inventory	2,125,992	2,023,890
	68,121,123	67,638,178
Inventory loss provision included in the above total	856,112	115,826

9 TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Financial assets		
Receivables from distributors	1,630,713	2,214,822
Receivables from interconnection partners	4,654,908	2,655,648
Receivables from subscribers	91,662,912	82,543,324
Receivables from roaming operators	12,304,409	3,959,719
Other short-term receivables	13,246,911	13,007,724
Trade receivables	123,499,853	104,381,237
Less: provision for expected credit loss of receivables	(46,272,344)	(35,424,605)
Trade receivables, net	77,227,509	68,956,632

Other short term receivables are presented below in detail.

	31 December 2022	31 December 2021
Other short term receivables		
Receivables from partners	6,084,704	5,053,911
Other	7,162,207	7,953,813
Total	13,246,911	13,007,724

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The amount of the provision was MDL 46,272,344 as of 31 December 2022 (31 December 2021: MDL 35,424,605).

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 120 day past due	Total
Expected loss rate	2%	9%	10%	83%	42%
Gross carrying amount- Trade receivables	40,601,225	6,683,860	10,627,176	52,340,681	110,252,943
Gross carrying amount -Other receivables	13,246,911				13,246,911
Loss allowance	(931,917)	(627,356)	(1,034,320)	(43,678,751)	(46,272,344)
Total	52,916,219	6,056,504	9,592,856	8,661,930	77,227,509

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 day past due	Total
Expected loss rate	3%	9%	20%	71%	39%
Gross carrying amount- Trade receivables	33,099,797	6,785,429	5,371,452	46,116,835	91,373,513
Gross carrying amount -Other receivables	13,007,724	-	-	-	13,007,724
Loss allowance	(911,162)	(589,059)	(1,097,251)	(32,827,133)	(35,424,605)
Total	45.196.359	6.196.371	4.274.202	13.289.701	68.956.632

Movements in the allowance for doubtful debts are as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	35,424,605	21,139,221
Expected credit losses (ECL) recognized on receivables	17,700,891	23,111,473
Written off Receivables during the year	6,853,152	8,826,089
Balance at the end of the year	46,272,344	35,424,605

Allowance for doubtful debt has been included in "Selling, marketing and customer service costs" in the statement of comprehensive income (Note 19). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables.

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10 OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
Financial assets		
Bank deposit	-	2,200,000
Other assets	7,406,896	3,269,468
Total financial assets	7,406,896	5,469,468
Non-financial assets		
VAT receivables	9,523,133	11,004,757
Advances to suppliers	11,932,684	9,936,797
Prepayments	4,637,919	4,538,656
Subscriber acquisition/ retention cost	299,898	188,641
Total Non-financial assets	26,393,634	25,668,851
Total other current assets	33,800,530	31,138,319

Prepayments represent the short-term portion of payments in advance for rental premises and prepayments for insurance. Advances to suppliers represent advances for advertising and other services.

Other current assets are non-interest bearing.

11 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash at banks in MDL	38,687,696	34,787,004
Cash at banks in foreign currency	462,105	1,072,275
Cash in transit	5,782,988	3,341,186
	44,932,789	39,200,465

Cash in transit relate to cash in the sales points of the Company.

The Company did not provide any ECL for Cash and cash equivalents as the amount would be immaterial.

12 ISSUED CAPITAL AND RESERVES

Issued capital

On October 31st 2022, an increase of MDL 190,001,000 of the share capital of the Company was performed by means of increase of the nominal value of the placed shares of the Company from debt to equity conversion in the same amount.

The Company's share capital as at December 31, 2022 is MDL 380,002,000 (2021: MDL 190,001,000). Face value of 1 share is 2 MDL. All of them are issued and paid.

During the year ended December 31, 2022 and December 31, 2021, the Company has not declared any dividends to be distributed to shareholders.

Reserves and other reserves

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As at 31 December 2022 and 31 December 2021 the statutory reserves and other reserves were nil.

13 BORROWINGS FROM RELATED PARTIES

	31 December 2022	31 December 2021
At beginning of the year	1,064,712,000	1,085,034,324
Accrual of interest	75,893,686	76,558,656
Interest Payments	(75,620,130)	(94,800,782)
Loan repayments	(51,768,610)	(35,333,600)
Conversion into equity	(190,001,000)	
Foreign exchange impact	86,784,326	33,253,402
At end of the year	910,000,250	1,064,712,000
Short term	-	1,064,712,000
Long term	910,000,250	-
Effective Interest rate	6,5%	6,5%

The Facility agreement was signed on July 12, 2008. The interest rate is fixed and approximates market interest rate. Starting from January 16, 2018, by concluding an additional agreement, the interest rate has been reduced to 6.5% (net) and maturity extended until May 2022. Subsequently in February 2022 the maturity was extended, by an additional agreement until 31st December 2030. In 2022 a part of the loan in the amount of MDL 51,768,610, the equivalent of USD 2,670,412 was paid (2021: MDL 35,333,600, the equivalent of USD 2,000,000), and a part in the amount of 190,001,021 MDL equivalent to 9,829,588 USD was converted into equity to cover the losses of previous years. On October 31 2022 was approved the amendment to the Facility Agreements dated 12 July 2008 concluded between CG Cell, as the lender, and the Company, as the borrower and informing the Company regarding signing of Debt assignment agreement between CG Cell and Molintur.

Loan is denominated in USD, is not collateralized, represents a credit line up to USD 120 million and has a balance at 31 December 2022 of USD 47.5 million (2021: 60,0 million).

14 OTHER NON-CURRENT LIABILITIES

	31 December 2022	31 December 2021
Mobile Number Portability (MNP)	27,666,585	95,742,748
Frequency fees (FF)	42,705,743	50,316,816
	70,372,328	146,059,564

Mobile Number Portability (MNP) is a financial liability classified at amortized cost that relates to Company's obligation to pay for the use of the centralized number portability data base (hardware and software), which is an investment made by a private entity who was selected by the local Regulator. The utilization of the centralized data base is mandatory for the purpose of exchange of information on the porting process, exchange of data on ported numbers, interruption of service for a ported number and recovery of ported number by the initial operator-donor. In accordance with local legal framework each telecommunication operator has the obligation to sign an agreement with this private entity through license obligation and pay a monthly fixed fee. The Company signed the contract with this private entity in March 2016 for a period up to November 2029. On July 01, 2022 the contract was resigned, based on the decision of the local Regulator, significantly reducing the monthly payments, according to an updated calculation formula. The contract was signed for a 10-year term expiring on 30 June 2032. The currency of the contract is EUR.

Frequency fee is a financial liability recognized at amortized cost, which is the obligation of the Company to pay annually for the use of radio frequency according to the Decision of local Regulator (ANRCETI), with a validity up to November 2029. Both, MNP and FF require contractually fixed future payments.

The incremental borrowing rate used for discounting future flows for MNP liability is 4.06 % (5.83% used for previous contract) and for FF liability is 5.83 % (average interest rate for long-term foreign currency borrowings provided by National Bank of the Republic of Moldova) at the date of contracts' signing. Short term part of MNP and FF was presented in the Note 16.

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14.1 Lease liabilities

Non-current lease liabilities are comprised of the following categories:

	31 December 2022	31 December 2021
Land	5,067,568	6,106,252
Roof tops	22,665,134	34,129,734
Towers collocation	28,177,520	39,099,926
Shops and warehouses	13,101,882	22,671,732
Cars	1,243,248	3,063,984
Cash-in terminals	-	343,206
	70,255,352	105,414,834

	31 December 2022	31 December 2021
At beginning of the year	182,565,338	213,904,327
Additions	14,816,436	30,580,337
Accretion of interest	13,880,317	16,581,826
Payments	(61,943,162)	(66,448,130)
Cancelled lease contracts (Note 5.2)	(5,565,851)	(12,053,022)
Foreign exchange impact	(664,061)	-
At end of the year	143,089,017	182,565,338
out of which:		
Current (Note 16)	72,833,665	77,150,504
Non-current (Note 14)	70,255,352	105,414,834

15 ASSET RETIREMENT OBLIGATIONS

Changes in provision for future decommissioning costs are as follows:

	31 December 2022	31 December 2021
At 1 January	21,679,060	20,509,387
Additions	156,635	247,729
Interest unwind	981,654	1,009,593
Decrease	(72,261)	(87,649)
At 31 December	22,745,088	21,679,060

The cost of the obligation associated with the decommissioning costs is estimated at present value of future obligations using a discount rate, the annual average of which is 9.57%.

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16 TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Financial liabilities		
Trade payables to suppliers of PPE and intangibles	31,244,099	23,556,053
Trade accounts payable	69,238,401	55,568,829
Current MNP, FF liabilities	10,997,569	19,403,166
Accruals	24,863,463	20,549,260
Other payables	3,531,287	2,619,557
Total financial liabilities	139,874,819	121,696,865
Non-financial liabilities		
Deferred revenue from prepaid services	13,586,623	14,206,184
Advances received	39,892,862	48,907,123
Taxes payables	12,262,749	9,160,323
Total non-financial liabilities	65,742,234	72,273,630
	205,617,053	193,970,495

Trade accounts payable include payables to distributors, roaming operators, interconnections and local Suppliers.

Advances received are formed from the following balances:

	31 December 2022	31 December 2021
Advances received		
From subscriptions	29,685,461	36,461,977
From distributors	9,895,205	9,205,490
Interconnection partners (international carriers)	312,196	3,239,656
Total	39,892,862	48,907,123

Please see below the gross amount of trade receivables and trade payables before offsetting and reference to their presentation in the financial statements. All of them relate to interconnection services between operators.

Client/supplier	Note	31 December 2022		Net balance after net-off
		Receivables	Payables	
Moldtelecom S.A.	16	796,470	(743,504)	52,966
Orange Moldova S.A.	16	2,764,497	(3,858,852)	(1,094,355)
Belgacom International Carrier Services	9	2,597,277	(1,191,252)	1,406,025
Kyivstar J.S.C.	16	155,777	(230,912)	(75,135)
		6,314,021	(6,024,521)	

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Client/supplier	Note	31 December 2021		Net balance after net-off
		Receivables	Payables	
Moldtelecom S.A.	16	1,370,990	(1,716,582)	(345,592)
Orange Moldova S.A.	16	5,836,807	(8,380,599)	(2,543,792)
Switchover A.G.	9	121,665	(112,523)	9,142
Belgacom International Carrier Services	9	639,885	(271,988)	367,897
Kyivstar J.S.C.	16	204,877	(426,706)	(221,829)
		8,174,224	(10,908,398)	

Accruals:

	31 December 2022	31 December 2021
Unused vacation	4,296,746	3,865,134
Performance bonus accrual	4,873,505	7,387,901
Accrual for roaming and discounts for roaming	3,023,808	(2,737,549)
Interconnection services accruals	1,234,342	878,080
Contract liability	1,294,882	1,916,005
General expenses accrual	10,140,180	9,239,689
	24,863,463	20,549,260

All trade and other payables are current.

16.1 CURRENT LEASE LIABILITIES

	31 December 2022	31 December 2021
Current portion of Lease Liabilities	72,833,665	77,150,504

Current portion of lease liabilities split per nature of leased object is presented as follows:

	31 December 2022	31 December 2021
Land	3,119,995	2,990,309
Roof tops	28,485,486	28,451,573
Towers collocation	28,880,029	27,092,059
Shops and warehouses	10,477,422	17,290,395
Cars	1,607,055	1,109,931
Cash-in terminals	263,678	216,237
	72,833,665	77,150,504

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17 REVENUE FROM CUSTOMERS

	2022	2021
Revenue from Services Billed	853,641,543	803,996,089
Revenue from Interconnection Services	59,786,596	64,989,575
Revenue from Roaming Services & other	12,448,600	11,239,555
Revenue from Sale of the Devices	383,409,478	307,590,842
	1,309,286,217	1,187,816,061

The allocation of revenue from sales of devices in bundled offers is performed based on stand-alone market prices for the device and the service, which approximates the fair value allocation prescribed by IFRS 15. The revenue from services billed to customers is taken as a difference between the total revenue from the bundled offer minus up-front revenue recognized from the sales of devices recognized in instalments over the period of the contract, which, on average equals to 18 months.

	2022	2021
Revenue at a point in time	383,409,478	307,590,842
Revenue over time	925,876,739	880,225,219
	1,309,286,217	1,187,816,061

18 COST OF SALES

	2022	2021
Interconnection expenses	62,324,558	68,400,349
Depreciation and amortization expenses	239,108,993	248,297,956
Cost of handsets, devices and other equipment	357,502,906	276,343,126
Roaming expenses	18,318,687	13,410,463
Maintenance expenses	103,876,507	100,022,591
Staff costs	1,923,661	576,158
Electricity site costs	72,922,386	42,112,933
Transmission costs	10,950,170	10,319,634
Radio costs	570,093	540,510
Portability fee per ported number	4,199,556	3,470,239
IT services	14,821,548	16,837,708
Depreciation of right of use assets	28,734,555	27,828,398
	915,253,620	808,160,065

IT expenses represent the IT services provided by Moldcell Technology.

MOLDCELL S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "Moldovan Lei", unless otherwise stated)

19 SELLING, MARKETING AND CUSTOMER SERVICE COSTS

	2022	2021
Staff costs	68,849,983	67,294,646
Advertising	17,551,749	17,469,573
Fees and dealers commissions	13,014,098	22,237,752
Depreciation and amortization	3,374,563	4,728,232
Sales promotion	9,414,562	9,398,223
Rent	7,277	839,347
Impairment charge and debt collection costs	22,601,778	21,716,142
Amortization of contract acquisition costs	20,875,551	16,256,851
Depreciation of right of use assets	20,965,526	20,403,174
Other	3,652,423	4,976,460
	180,307,508	185,320,400

	2022	2021
Impairment charge and debt collection costs		
Impairment charge for receivables (Note 9)	17.692.508	23,111,473
Impairment for contracts assets (Note 7)	2.570.322	(3,626,669)
Debt collection costs	3.388.259	3,208,354
Income from previously written off receivables	(1.049.311)	(977,016)
	22.601.778	21,716,142

20 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Staff costs	47,890,884	43,328,429
Depreciation and amortization	7,257,060	4,763,457
IT maintenance expenses	5,921,859	7,127,852
Taxes other than on income	4,706,546	25,328,561
Professional services	4,720,534	3,514,644
Services and overheads	46,524,992	41,453,216
Sponsorship expenses	1,683,589	1,773,446
Travel	111,850	-
Training	1,051,349	525,897
Vehicle expenses	5,452,315	3,759,999
Bank charges	866,868	759,154
Security	2,649,254	2,306,426
Communication	2,404,250	2,863,162
Insurance	2,691,753	1,834,545
Depreciation of right of use assets	2,727,617	2,172,342
Other	3,261,368	2,783,814
	139,922,088	144,294,944

The line other includes expenses regarding the green stamp tax in 2022: MDL 632,425; in 2021: MDL 1,226,041.

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Services and overheads includes:

	2022	2021
IT expenses		-
Expenses with external staff	22,274,647	23,228,643
Cleaning services	4,229,182	4,673,205
Utilities for HQ and shops	9,681,506	6,423,757
Maintenance and repair	6,019,926	3,546,719
Printer services and stationery	1,857,946	2,252,204
Other services and overheads	2,461,785	1,328,688
Total	46,524,992	41,453,216

Other expenses and overheads include inventory services 2022: MDL 411,250 (2021: MDL 401,475) and services for conditioning systems, alarm 2022: 1,112,073 (2021: MDL 927,213).

21 EXPENSES BY NATURE

	2022	2021
Depreciation and amortization (Note 5, 6)	249,740,615	257,789,645
Interconnection expenses	62,324,558	68,400,349
Staff costs	98,270,055	93,175,048
Social and medical contributions	20,394,473	18,024,185
Fees and dealers' commissions	13,014,098	22,237,752
Advertising	17,551,749	17,469,573
Maintenance expenses	109,798,365	107,150,443
Sales promotion	9,414,562	9,398,223
Electricity site costs	72,922,387	42,112,933
Roaming expenses	18,318,687	13,410,463
Cost of handsets, devices and other equipment	357,502,906	276,343,126
Transmission and radio costs	11,520,263	10,860,144
Impairment charge and debt collection costs	22,601,778	21,716,142
Amortization of Contract acquisition costs	20,875,551	16,256,851
Amortization of right of use asset	52,427,697	50,403,914
Taxes	4,706,546	25,328,561
Legal and consulting expenses	1,656,859	1,345,898
Audit	255,332	2,168,746
Car expenses	5,452,315	3,759,999
Sponsorship expenses	1,683,589	1,773,446
Portability fee	4,199,556	3,470,239
Security expenses	2,649,254	2,306,426
IT expenses	14,821,548	16,837,709
Expenses with external staff	22,274,647	22,940,601
Other expenses	41,105,826	33,094,993
	1,235,483,216	1,137,775,409

MOLDCELL S.A.
NOTES TO THE FINANCIAL STATEMENTS
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22 OTHER INCOME

	2022	2021
Income from release of assets retirement obligation provision	16,425	3,452
Income from rent	11,915,998	10,318,354
Free of charge deliveries	2,292,643	2,869,441
Income from penalties	1,906,087	4,645,818
Impact from lease contracts cancelation	424,296	1,578,092
Income from modification of MNP contract (Note 14)	9,901,625	-
Other income	13,867,685	8,032,029
	40,324,759	27,447,186

Line Other income from the above table include prepaid card balances not used within the contractual term and recognized as income during the year MDL 8,374,810 (2021: MDL 4,432,922), and other incomes. These are not recognized as revenue from customers as no services were provided for them.

23 FINANCIAL INCOME/(COSTS)

	2022	2021
Interest related to borrowings	(75,893,687)	(76,558,656)
Interest related to lease liabilities (unwind effect)	(13,880,317)	(16,581,827)
License interest (unwind effect)	(7,056,911)	(10,845,210)
Interest on the provision for the decommissioning of property, plant and equipment (unwind effect)	(981,654)	(1,009,593)
Interest related to contract assets	7,908,859	-
Interest on bank account	359,056	427,995
	(89,544,654)	(104,567,291)

Interest related to borrowings includes WHT expenses related to interest paid in 2022: MDL 3.794.633 (2021: MDL 4.730.810).

24 OTHER GAIN/ (LOSSES)

	2022	2021
Gain on foreign exchange differences	28,422,271	224,668,171
Loss on foreign exchange differences	(120,350,616)	(250,314,219)
Gain/(Loss) on disposal of property, plant and equipment	(352,250)	(1,064,535)
	(92,280,595)	(26,710,583)

MOLDCELL S.A.
NOTES TO THE FINANCIAL STATEMENTS
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25 INCOME TAX

The major components of income tax expenses for the years ended 31 December 2022 and 2021 are:

	2022	2021
Current income tax	-	-
Deferred income tax benefit/(expense)	968,186	(1,862,201)
	968,186	(1,862,201)

In 2022 the Company paid in advance income tax from activity in the amount of MDL 4,000,000 (2021: MDL 0) according to prudential forecast data.

Reconciliation of tax expenses and the accounting profit multiplied by Republic of Moldova tax rate for 2022 and 2021:

	2022	2021
Accounting loss before tax from continuing operations	(67,697,489)	(53,790,036)
Applicable tax rate	12%	12%
Tax losses for the year	(8,123,699)	(6,454,804)
Adjustment for:		
Tax effect of expenses that are not deductible in determining taxable profit	9,545,433	8,341,735
Cancellation of tax losses by tax authorities (recognised DTA in PY)		-
Tax effect of incomes that are not taxable in determining taxable profit	(135,989)	(126,967)
Adjustment in respect of prior periods (correction of OB of Def Tax)		(3,724,402)
Other	(317,559)	102,237
Deferred tax (expense)/ benefit	968,186	(1,862,201)

The corporate income tax rate is 12%. The corporate income tax applies to Republic of Moldova entities and foreign entities operating through a permanent establishment in the Republic of Moldova.

MOLDCELL S.A.
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25.1 Deferred TAX

Deferred tax relates to the following:

	Separate Statement of financial position		Separate Statement of profit or loss and other comprehensive income	
	31 December 2022	31 December 2021	2022	2021
Deferred tax				
Losses available for offsetting against future taxable income	2,840,629	4,157,376	(1,316,746)	1,350,663
Accruals	2,983,616	2,465,916	517,700	(427,824)
Lease liability, Right of use asset (Net)	-	-	-	2,224,908
Property, Plant and Equipment and Intangible assets	(4,359,723)	(5,978,424)	1,618,701	(3,485,576)
Contract acquisition costs	(1,931)	(22,539)	20,608	(121,801)
Asset retirement obligation	2,729,411	2,601,487	127,923	(140,361)
MNP and FF (other liabilities)		-		2,462,192
Deferred tax (expense)/ benefit			968,186	(1,862,201)
Net deferred tax asset	4,192,002	3,223,816		

Reconciliation of deferred tax balances, net:

	2022	2021
As of 1 January	3,223,816	5,086,017
Income tax (expense)/benefit recognized in profit or loss	968,186	(1,862,201)
As of 31 December	4,192,002	3,223,816

25.2 TAX LOSSES

The Company has tax losses that arose available for offsetting against future taxable profits of the Company up to 2025 as presented in table below:

Year of recognition	Net tax losses on recognition	Tax credit recognized	Tax rate recognized	Carry forward tax losses after tax control	Tax losses used in 2022	Tax losses expired in 2022	Tax losses remaining balance	Year of expiration of tax losses
2019	2,742,391	329,087	12%	479,209	479,209	-	-	2024
2020	31,902,405	3,828,289	12%	30,214,924	6,543,013	-	23,671,911	2025
					7,022,222		23,671,911	

There are uncertainties regarding the treatment for tax purposes of expenses and revenues. The local Tax Authorities have not established clear rules for taxation, especially after new standard as IFRS 16 was implemented.

26 RELATED PARTY TRANSACTIONS

MOLDCELL S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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The Company has carried out transactions with the following related parties in the periods presented:

- CG Cell Technology DAC, registered in the Ireland, the principal shareholder of the Company from 2020;
- Moldcell Technology S.R.L., IT Company, the sole owner being Moldcell;
- Foundation Moldcell Moldova.

The following are the balances and transactions carried out with related parties:

a) Goods and services rendered to related parties:

	Service Provided	December 31, 2022	December 31, 2021
Moldcell Technology S.R.L.	Rent, GSM services	423,943	438,953
Fundația Moldcell Moldova	Donations	1,144,428	554,768
		1,568,371	993,721

b) Services purchased from related parties:

	Service provided	December 31, 2022	December 31, 2021
CG Cell Technologies D.A.C.	Interest	75,892,657	71,827,846
Moldcell Technology S.R.L.	IT services	30,027,863	23,492,118
Fundatia Moldcell Moldova	sponsorship	572,478	544,218
		106,492,998	95,864,183

c) Accounts receivables:

	Service provided	December 31, 2022	December 31, 2021
Moldcell Technology S.R.L.	Rent, GSM services	43,268	63,928
		43,268	63,928

d) Accounts payables:

	Service provided	December 31, 2022	December 31, 2021
CG Cell Technologies DAC	Loan, Interest	910,000,250	1,064,712,000
Moldcell Technology S.R.L.	IT services	7,476,911	5,318,475
Fundatia Moldcell Moldova	sponsorship	37.840	
		917,515,001	1,070,030,475

MOLDCELL S.A.
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27 COMMITMENTS AND CONTINGENCIES

	December 31, 2022	December 31, 2021
Property, plant and equipment	72,916,006	74,518,311
	72,916,006	74,518,311

	December 31, 2022	December 31, 2021
Network Management Services	145,521,827	153,964,711
	145,521,827	153,964,711

The service and capital commitments disclosed on 31 December 2022 and 31 December 2021 are commitments on the basis of signed contracts. Network management services represent the maintenance of fixed assets in the GSM network based on the Managed Services Agreement signed with Ericsson in August 2016 with a validity term of 5 years and extended to December 31, 2023.

During the normal course of business, customers make claims against the Company. The management of the Company contests these claims, estimating that there are no material losses to be derived from these.

As at December 31, 2022 and December 31, 2021, the Company was not involved in material litigations that would result in contingent liabilities.

The Moldovan taxation system is undergoing a process of various changes. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties. In Moldova, tax periods remain open for tax inspection for 4 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

28 MANAGEMENT REMUNERATION

The remuneration expenses of the Company's management for the year 2022 amounted to MDL 16,166,839 (2021: MDL 17,052,495). The expenses with bonuses of the Company's management for the year 2022 amounted to MDL 1,693,888, including the related taxes (2021: MDL 1,352,166).

The expenses with the mandatory state social and medical insurance for the year 2022 related to the remuneration of the Company's management, were MDL 2,349,044 (2021: MDL 3,141,455).

MOLDCELL S.A.
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29 SUBSEQUENT EVENTS

(i) On 25 January 2023 Moldcell has launched Moldcell Money service operating under the license activity called "issuing of the electronic currency by the entities issuing electronic currency" according to license nr. 000476 dated 23 March 2022 obtained from local regulator.

(ii) On 25 January 2023, The Company's share capital value decreased to MDL 190,001,000. Face value of 1 share being 1 MDL. The reduction of share capital was aimed at covering the losses from previous years and establishing statutory reserves.

(iii) On 6 February 2023 CG Cell has become the only shareholder of Moldcell and on 15 February 2023 Moldcell has discontinued its title as joint venture.

(iv) The financial performance in the first quarter of 2023 is positive. Sales revenue and operating income are within the approved budget for 2023.

(iii) On 14 April 2023 the Company has received a positive act of tax control were the overpayment on 2.5% service revenue tax was confirmed and subsequent to the receipt of final decision the litigation will be ceased.

(v) Impact of Russia's military invasion of Ukraine

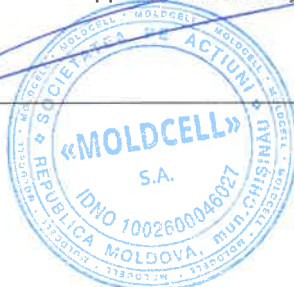
In terms of decisions taken by the Company, following the Russia military invasion of Ukraine, on 24 February 2022 a core management team was set up at the level of the Company to follow up and proactively manage the current situation and possible impact on the Company. For the year ended 31 December 2022, the Company has considered the impact on the areas of accounting estimates, calculation methods and assumptions considered for determining the expected credit losses for financial assets and other provisions.

The Company's has no direct exposure towards Russian, Ukrainian and Belorussian jurisdictions.

At the date of approving these financial statements, the situation of the Russia's military invasion in Ukraine is still evolving. The management of the Company closely monitors any developments and is prepared to take appropriate actions to mitigate the current and future potential effects on the Company.

The financial statements were approved on 25 May 2023.


Carolina Bugaian
General Manager




Cenk Erguden
Finance Director

moldcell^{CG}



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GO BEYOND TELCO

Annual Report | 2022



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**WELCOME
TO OUR
WORLD**





Comments from our CEO

TOWARDS A BETTER MOLDCELL

2022 was a challenging year, that leveraged our resilience, our commitment and performance. For more than 22 years, Moldcell company has been a trusted partner of our customers, clients' business and a respected corporate citizen. With each year comes a new wave of change and, as we enter 2023, I am excited for what the future holds for our organization.

CAROLINA BUGAIAN,
Moldcell CEO

2022 was a year marked by unexpected events like the war in Ukraine and increased prices for energy resources, but also by the obtaining of the EU candidate country status. The need for building resilient societies has never been more evident and the importance of our products and services has never been more significant.

For over two decades, Moldcell has revolutionized the mobile telephony market in Moldova, making it accessible and varied in the area of services and products, quality and servicing as well.

I would like to express my heartfelt gratitude to all over 1.5 million customers for choosing Moldcell, for the continuous will and curiosity to use our services and challenging us as operator to deliver more on the market.

Moldcell is confident about its business model and portfolio of client services. We take pride in our strong risk management culture, focus on sustainability and digital- and technology-enabled capabilities.

" We are on an incredibly exciting journey as a company right now, enhancing new technologies and contributing in a sustainable way to each stakeholder. "

As one of the largest taxpayers in Republic of Moldova, Moldcell paid MDL 217 million in taxes and fees to the state budget in 2022, making a total contribution of MDL 2.7 billion to the government's tax revenues over its 22 years of operation. With MDL 164 million invested in the development of telecommunications in 2022, the company's total investments for the period between 2000 and 2022 came to MDL 5.5 billion.

As we continue to strengthen our performance culture and grow and evolve our business, in the upcoming years we will continue to make a difference in the lives of Moldovans by combining digital responsibility, digital transformation enablement, use of technologies, financial inclusion and know-how.

I would like to send great recognition to all employees, who worked as a team together through the most difficult times. The team that has delivered with dedication during 2022, getting passionately involved in every process, overcoming various challenges, being creative, keeping the team spirit, enhancing new digital technologies and focusing on the customer experience. This is also reflected by the high score achieved by Moldcell during the Employee Engagement Survey that took place in 2022. Moldcell scored 86% (+2% vs 2021) in the Employee Engagement Survey, despite the numerous social and political challenges in the society. In 2022, we focused on three key areas: well-being,

talent acquisition, personal and professional development. We are aware that our people is our competitive advantage and investing in the development is essential to our success. As a result of our approach in 2022, **Moldcell ranked 1st in the list of the best employers in the Republic of Moldova.** This recognition is a testament to the hard work and dedication of our team.

For 22 years, we are more than a mobile operator, we are a provider of digital solutions that promote digital inclusion regardless of age, income or origin. Our concept of #DigitallyHuman is about combining digital technologies with human needs to keep communication and services human. We have developed an ecosystem of digital applications such as e-shop, My Moldcell, e-Subscription, e-SIM, e-Contract, M-Doc, e-learning, IoT services and many others. In 2022 we have signed the collaboration agreement for the launch of the pilot project "Digital inclusion for social services and e-health", between Moldcell, the United Nations Population Fund of Moldova and the Future Technologies Project. Our digital infrastructure and the services they support have never been more important to society.

This year we come with the mobile financial services solution - **moldcell money**, which is a natural step forward in our mission to increase financial inclusion and support the growth of a digital and cashless economy in Moldova. Being the first mobile operator to offer this type of service in Moldova, Moldcell supports the national digitization strategy, which aims to reduce the use of cash and increase financial inclusion of the unbanked.

In 2022, Moldcell entered into several significant partnerships with universities and organizations in the country to further its commitment to education, innovation and digital inclusion. These agreements cover a range of areas such as educational cooperation, internship programs, promotion of innovative digitization projects in telecommunications and information technologies, trainings and events.

In 2022, Moldcell updated its business strategy and reviewed its purpose. The new goals cover a broad range of topics with particular focus on Environmental, Social and Governance ESG performance. Moldcell recognize that by placing greater focus on ESG performance, we can build stronger relationships with stakeholders and create financial value. Moldcell has aligned to ESG Metrics for Mobile, a first-of-its-kind mobile sector ESG reporting framework launched by the GSM Association. Starting from 2023, Moldcell will report based on this metrics.

Carolina Bugaian
Moldcell CEO


moldcell^{CG}

CG Corp | Global

MOLDCELL COMPANY IN BRIEF

WHO WE ARE

Moldcell is connecting people, businesses and entire communities through mobile communication and digital solutions since 2000. Throughout our history, we have built a strong ecosystem with major service and equipment providers, as well as developed small businesses as start-ups.

WHAT WE DO

Moldcell is a digital operator with innovation in its DNA. The strategy is built on bringing the best digital experiences to its customers and services that enable and empower their lives. We have a deep social conscience that drives us to use our technology to be agents of improvement in society.

WHY WE DO IT

We have always strived to bring the best modern technologies at affordable prices to ensure high quality connectivity services to all our customers. We are focused on providing high quality infrastructure to ensure connectivity services to flourish creativity, growth and sustainable business.

We provide



Mobile voice
and data



Fixed voice
and data



TV and
streaming



Enterprise
Services



Devices



Fintech and
digital
solutions

MOLDCELL OWNERSHIP

Moldcell is a foreign direct investment, active on Moldovan market for over 22 years and since March 25, 2020, Moldcell has become part of CG Cell Technologies DAC, part of CG Corp Global Group, headquartered in Nepal.

CG Corp Global is focused on 15 verticals. The top three verticals are FMCG, in which the global market share of instant noodles market is 2.6% and over 2.8 billion packages per year are produced. CG also deals in beverages, snack food, packaging, brewery and other FMCG products. The second most important vertical is financial services. The group owns and runs the most successful largest commercial bank of Nepal as well as investment bank, finance company and money remittance company. The third most important vertical is hospitality. The group owns and operates 134 hotels worldwide.

CG Corp Global has also a venture capital fund in the biotech industry and has invested in many new tech driven companies. CG Corp Global is the largest educational company in Nepal and educational entities in Brighton, Manchester, London, as well as Malaysia and Singapore.

It is the country's largest consumer electronics company, which owns 44% of the Nepalese market. It is also in Nepal's top three building materials company, country's largest independent pump producer, producing hydro-pumps and the power producer with almost 110MW is currently under construction. Moldcell activity reflects the CG Corp Global philosophy about the human face of any business.

Inspired by the activity of Chaudhary Foundation created by CG Corp Global and being one of the pioneers, promoters and implementers of the Corporate Social Responsibility concept in Moldova, Moldcell launched Moldcell Foundation that now unites all the philanthropic and social development initiatives of the company in a unified strategic way.

"Moldova surprised us with its potential in the digital sphere, and Moldcell is one of the top companies in this field. Through Moldcell we understood that we can contribute to the development of the Moldovan business environment, while the company can overcome its limits. And that's what we do."

Nirvana Chaudhary, Chairman of Moldcell Foundation, Vice Chairman of Chaudhary Foundation and Managing Director of Chaudhary Group.



Chairman's Message:

"With pride and pleasure, I introduce you to **Chaudhary Group, a conglomerate that comprises over 167 companies and more than 123 brands in the global market, with a strength of over 15,000 employees across the world.** We are committed to the highest standards in whatever we do. Our quality benchmarks are amongst the best in the world, our ethical standards are high, we are responsive to the needs of our customers and believe in building long-term partnerships with them. We have carried out with distinction our social and environmental responsibilities."

Mr. Binod K Chaudhary, Chairman, CG Corp Global, Chairman, Chaudhary Group

In 2022, the know-how and experience in the field of financial services by CG Corp Global inspired Moldcell to become the first mobile phone operator to enter into the financial services market by launching the digital financial service - **Moldcell money.**

Moldcell S.A. is the parent company of Moldcell Technology S.R.L., a 100% subsidiary acting in information technology industry. Moldcell Technology S.R.L. is resident of Moldova IT Park since 2018.

OUR COVERAGE

- **4G Coverage**

95.10 Geographical coverage

95.78 Population coverage

% Propagation Model SPM* -115 dBm

- **3G Coverage**

93.80 Geographical coverage

98.51 Population coverage

% Propagation Model SPM* -106 dBm

- **2G Coverage**

98.00 Geographical coverage

97.17 Population coverage

% Propagation Model Okumura-Hata* -92 dBm



CONNECTING EVERYONE

Building and maintaining digital network leadership...

...through expanded reach, capacity and quality in high-speed fixed and 4G mobile networks.

Modernizing our networks...

...by retiring legacy and rolling out modern technology to introduce new functionality, improved reliability and operational efficiency.

Driving digital inclusion...

...by providing access to reliable connectivity for all and empowering users with digital skills.

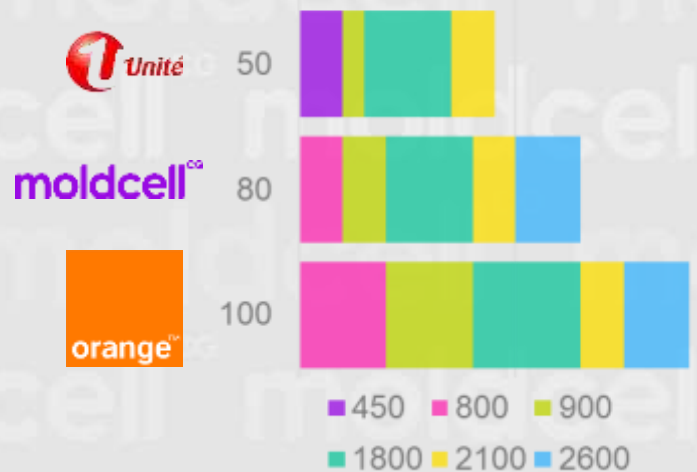
Expanding and crystalizing infrastructure value...

...by partnering with strategic partners and investors who bring industry expertise and investment into our assets.

IT infrastructure

- The only operator in Moldova to offer billing with real time charges

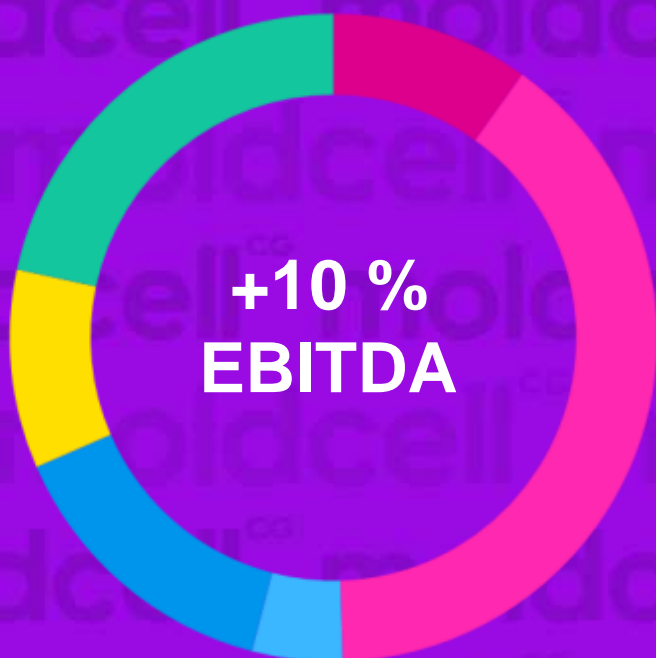
Strong licensing & spectrum position



High quality coverage and high capacity

- High capacity Broadband Gateway
- Redundant National wide FO network
- 75% of the radio sites are Multi Technology

2022 IN REVIEW



■ Revenue

■ Equipment Revenue

■ Service Revenue

■ Data Revenue

■ VAS Revenue

■ Application Revenue



Financial

+11%

Total Revenue

+44%

Equipment Revenue

+15%

Net Adds



Operational

+16%

Data Revenue

+37%

Online shop users

+24%

Application Revenue



Sustainability

#1

Top Employer 2022

17.800

Individuals reached through digital inclusion initiative

52.8%

Female leaders in the extended leadership team

1,6%

Market Share increase

1.5

Mobile subscriptions (million)

86%

In employee engagement score

SELECTED HIGHLIGHTS 2022

Core Modernization

In 2022 a significant investment was made by replacing the old Home Location Register (HLR), which upgraded and enriched our IT systems, ultimately, enabled a better customer experience.

HLR swap



Retail Software upgrade



Retail

Moldcell is constantly pursuing to have the latest IT features that enhance a better experience of the retail network. The upgrades automate the trading activities of stores and reduces the time for users to receive functionality in demand on the market

International Recognition



Moldcell was nominated at **Glotel awards 2022** for Connecting the Unconnected through #LikeFromGrannies project.

People

A new tool was developed that helps to better organize the hiring process workflows, track candidates, and also automate the hiring efforts. With powerful analytics in the tool, we can make more informed decisions and build more effective hiring processes





Educational Partnerships

Moldcell entered into several significant partnerships with universities and organizations in the country to further its commitment to education, innovation and digital inclusion. Moreover, Moldcell has also implemented the dual education program which was highly valued by the students.

#Internet FărăGriji



Launch

#InternetWithoutWorries platform on Kids Day

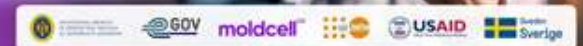
The platform aims to inform about everything the digital world means. The project and the recently launched platform provide every child, teacher or parent with the necessary information to make the Internet not only accessible, but also safe.

E-Health

In September 2022, Moldcell, UNFPA Moldova and the Future Technologies Activity (FTA) funded by USAID and Sweden have announced about the launch of a pilot project named “Digital inclusion for social and e-health services.” Digital inclusion for social and e-health services pilot project will start the critical digital evolution of Moldova’s health sector and encourage additional investments in digital innovations.



Digital inclusion for social and e-health services



FinTech

Moldcell is the first mobile phone operator to enter into the financial services market by launching the digital financial service - moldcell money. Moldcell supports the national digitization strategy, which aims to reduce the use of cash and increase financial inclusion.

MFS license acquiring



2022 AWARDS

INTEGRITY AWARD for “implementing integrity standards in the private sector”

confirms that Moldcell subscribers enjoy a high quality of service, based on the principles of business responsibility, fairness, ethics and compliance, which Moldcell confidently promotes throughout the community of the Republic of Moldova.



2022 AWARDS

GOLDEN MERCURY AWARD

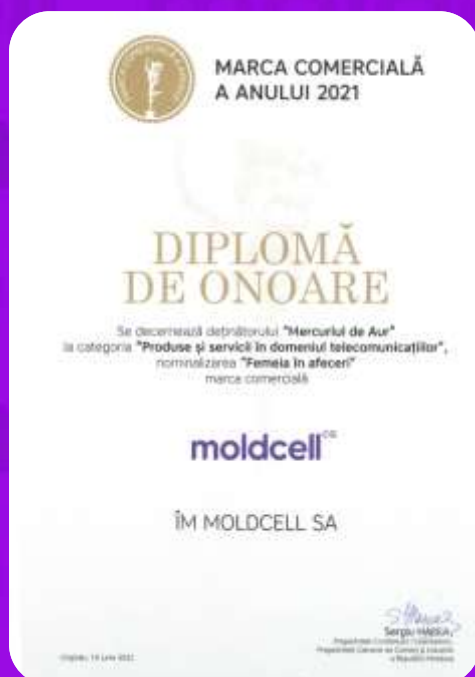
for women in business confirms that moldcell is delivering equal opportunities to women for growth.

GOLDEN MEDAL AWARD

for moldcell foundation a platform that brings together all the initiatives and projects of corporate social responsibility of moldcell.

GOLDEN MERCURY AWARD

for pioneering the market with very innovative and technological solutions aiming to protect the environment.



2022 AWARDS

**Moldcell ranked 1st in the TOP OF THE
BEST EMPLOYERS in the Republic of
Moldova,**

according to the "Employer Brand Perception Survey 2022" study, organized by AXA Management Consulting. Moldcell reconfirmed its business position with a human face #DigitallyHuman, ensuring excellent working conditions, a climate based on team spirit and practices where the needs of employees are a priority.



COMMERCIAL PERFORMANCE

Focus on aggressive acquisitions and strengthening market position with commercial performance allowed us to deliver good financial performance with growth in subscribers total revenues.



1.5 MILLION CUSTOMERS

The unique market proposition eAbonament boosted the acquisitions among customers. Our mobile ARPU increased by year-on year, mainly driven by Data and Retail network extension and shops renovation as well as direct agreements with partners increased device sales grow in 2023. We continued to extend fixed-line network and convergent products contributing to enlargement of customers' base as well as their loyalization.

WE ENSURE THE DEMAND FOR SIMPLE AND DIGITAL USER EXPERIENCES ACROSS CHANNELS, PRODUCTS AND SERVICES

In parallel another big project - Roam-like Home, the result of the agreement reached by Governments of Moldova and Romania, was successfully implemented for subscribers as of March and now Moldcell customers can call to Romania or use services in this country at local tariffs.

Thanks to investments in coverage and equipment upgrade we improved our growth in 4G user base and smartphone users, thus, we see the strong rates of digital adoption among Moldcell subscribers and allows to keep our strategical focus on digitalization and growing the ecosystem of digital products for our customers.

Retail network

Few years ago, Moldcell started building its own retail network to be even closer to its customer, provide better customer service and add more value through digitalization. Equipment sales register a double digit annual growth with **33% increase** in 2022.

2022 progress



Online Shop



61 Direct shops



> 3500 dealers and points of sales

Moldcell Indirect Sales Channels

A wide network nationwide comprising dealer shops, press kiosks, gas stations, grocery shops or even vending machines. We are close to our customers through Exclusive & Non-Exclusive sales channels guided by the principle that anyone can buy a Moldcell number just around the corner, anywhere in the country.

DIGITAL CHANNELS

Online shop

The fastest changing and ever growing sales channel of Moldcell registering an annual double digit growth during 5 consecutive years. It provides the widest range of equipment, including products available exclusively online. In 2022, Online Shop has hit 2 all-times monthly sales records and it has an increasing year on year share in total equipment sales

Fastest delivery.

We provide express delivery in Chisinau of up to **2h** upon customer demand with the help of the 3 branded cars and up to **48h** all over the country, door to door.

2022 progress

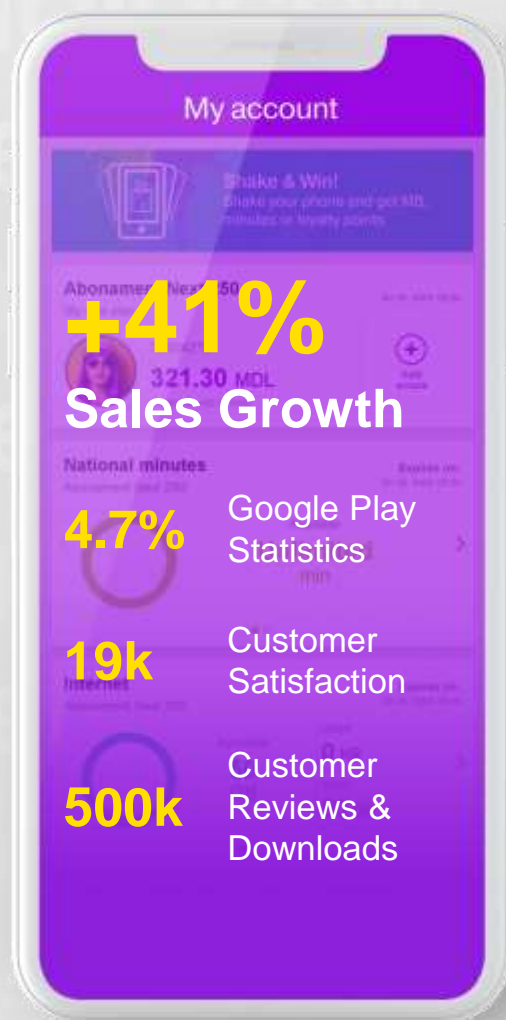
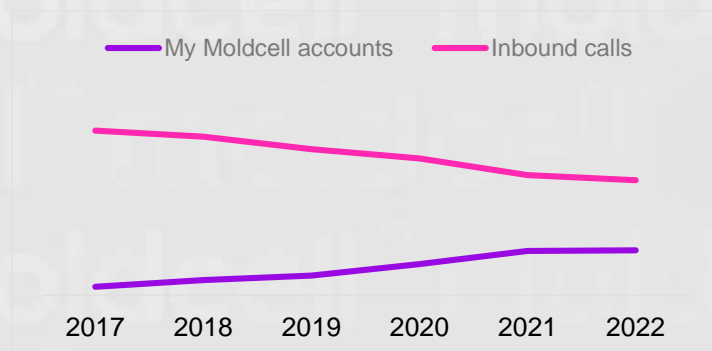
30%	Sales growth
36%	More acquisitions
27%	More online orders

My Moldcell

Moldcell self-service application available both for B2B and B2C customers, Android or iOS users. With the launch of My Moldcell self-service application, there is a direct correlation between the increase in My Moldcell accounts creation and the decrease in inbound calls ever since. More than 60% of My Moldcell users have the age range 18-35.

Digital Customer Service

This is a clear indicator of the self-service preference and a promising prospect of a leaner and more digital customer service



ENTERPRISE

The 2022 year was quite tempting for many entrepreneurs, and the biggest challenge was maintaining and growing on the market. The joint maintenance and growth was determined by the work of B2B colleagues with the clients. The increased demand for self-service options and online interactions with sellers has influenced the way of business and challenged us to adapt to corporate customer's needs which led to the significant increase of our financials.

B2B Financials

+13% Active Subscribers

+25% New Acquisitions

+21% Port-in subscribers

+9% Handsets Revenue

+32% Data Traffic in GB

A multitude of investments were realized into Value-Added platforms in order to make available various digital enabling services, that could be enjoyed by our Business customers in any corner of our country. A special attention was on the implementation of Moldcell business solutions in the company's processes to make it more efficient and decrease the

operational costs or to increase turnover.

Therefore Moldcell contributed:

- To save fuel and reduce park maintenance expenses through **MTM** services;
- To take each call from the client through the **PBX** Solution;
- To expand the process of digitalization within the offices, that is **M2M** Solution.

In 2022 B2B segment had an increase in terms of new subscriptions and revenue for the below mentioned Business Solutions:

Virtual PBX

+39% increase in revenue.

Virtual PBX is a complex solution for an efficient organization of telephony in your company's office(s), without investment.



+14% increase in revenue.

The Transport Monitoring (MTM) solution represents the possibility of integrating several devices, sensors and equipment in order to automate the data transfer, monitoring and control processes.



+45% increase in revenue.

M2M connections enable wireless data calls between machines. M2M has a very large economic potential because it will be incorporated into all life spectrum areas.

MOLDCELL DIGITAL ECOSYSTEM

Moldcell is committed to connecting everyone to the most trusted, reliable, and efficient modern networks. Securing that everyone has access to reliable connectivity and the right digital skills are key to make sure that no one is left behind and each citizen captures the full potential of digitalization. Digitalization is currently transforming societies – bringing both new opportunities and challenges.

We have a reach Digital ecosystem that we defined as Digitally Human focus, touch and soul. It is summing up all Moldcell company's initiatives and product portfolio that has a human being behind and human touch to everything.

AT MOLDCELL WE STRIVE AT:

Simplifying and automating products and processes...

to reduce complexity and enhance quality.

Leveraging analytics and data driven operations...

in our decision making and in value proposition creating processes to improve customer personalization and enriching digital services.

Establishing business agile IT...

by modernizing and standardizing our IT systems across the organization

Maintaining a privacy and security focus...

at the core of all our work with our own and our customers' digitalization journeys. We are transforming to digital to simplify operations, act faster and, ultimately, enable a better customer experience.



my moldcell



moldcell TV



moldcell TV+



m-Security



lifebox



Super Quiz



BiP



Transport Monitoring



Magazin Online



eSIM



Abonament



Cartela



e-Abonament



Internet+TV



Smart telephony



Electronic documents

MOLDCELL DIGITAL ECO-SYSTEM IMPACT

Consumers increasingly demand digital products and services that entertain, simplify their daily routines, and enable a sustainable digital life. When buying and using aggregated offerings for their needs, consumers expect seamlessness and flexibility. This drives the demand for simple and digital user experiences across channels, products and services.

Digitalized business models are proving superior in delivering high quality together with operational efficiencies, while enabling environmental benefits. They are fueled by a combination of readily available platform services and software driven tools to create new innovative solutions.

Enterprises desire simplicity driving the demand for well orchestrated digital solutions where the Moldcell digital services, closely interlinked with connectivity, are essential components



M-DOC and E-contract services:

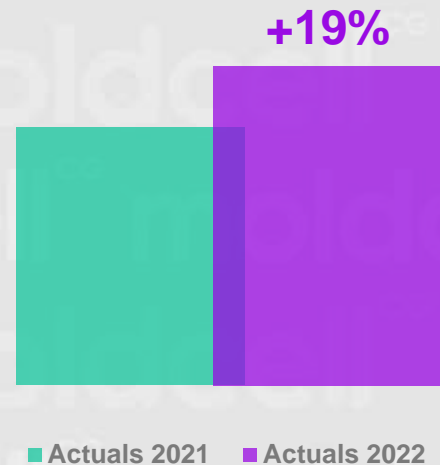
90% of the internal documentation and **20%** of the documents signed with B2B clients are electronically signed



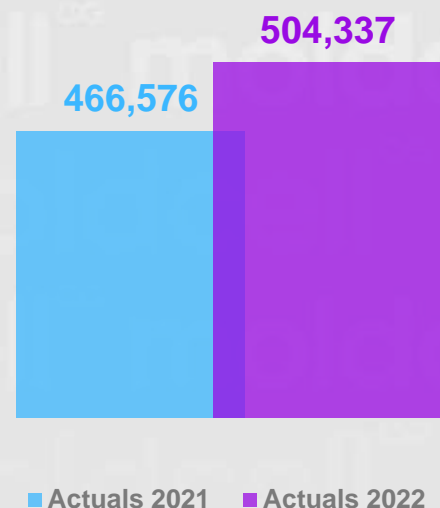
Mobile ID – the digital identity in a digital era:

21,000 A4 sheets less in the volume of paper used monthly in offices

Annual App SALES, MMDL



Application USERS



SUSTAINABILITY

is one of the
defining issues of
our generation.
Around the world,
consumers,
employees and
regulators
increasingly expect
companies to **act
responsibly and
add value to
society.**



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Sustainable operations is a vital part of Moldcell Company's strategy, being at the core of business. During recent years, Moldcell has put a lot of effort to improve the way of running a responsible business. Moldcell operate in some of the world's most challenging markets and we must therefore apply strict codes of conduct, regulations and internal controls.

In 2022 we have integrated sustainability even deeper into our business strategy. The report addresses Moldcell's position as a vital telecommunications service provider in challenging environments, and the ongoing work to integrate sustainability into everyday business practices. The sustainability update focuses on the progress and challenges in the focus areas of:

- **Anti-bribery and corruption**
- **Freedom of expression**
- **Customer privacy**
- **Responsible procurement**
- **Occupational health and safety**
- **Environmental responsibility, etc.**

Our sustainability approach is aligned with the UN Sustainable Development Goals (SDGs) with the purpose of making sure business strategy and activities contribute to the SDGs. Measuring sustainability performance is critical for moving from strategy to execution.

To ensure that we make progress on the most important areas and meet increasing reporting expectations and requirements, a number of goals guide our work and reporting. In 2022, Moldcell updated its business strategy and reviewed its purpose. The new goals cover a broad range of topics with particular focus on Environmental, Social and Governance ESG performance. Moldcell recognize that by placing greater focus on ESG performance, we can build stronger relationships with stakeholders and create financial value.

So Moldcell has aligned to ESG Metrics for Mobile, a first-of-its-kind mobile sector ESG reporting framework launched by the GSM Association* (commonly referred to as 'the GSMA'), in order to best measure and demonstrate ESG value. Starting from 2023, Moldcell will report based on this metrics.

A shift towards energy-efficient networks and sustainable business practices is taking place, and digital connectivity is transforming access to healthcare, education and financial services. Featuring ten core industry-specific and actionable KPIs, the framework covers a range of key material topics for the sector, from energy consumption and

waste reduction to digital inclusion and data protection. The common metrics are designed to simplify and harmonize ESG disclosures and complement universal reporting, by adding a crucial industry-specific lens.

The industry KPIs are organized into four categories:

1. Environment
2. Digital (and Financial) inclusion
3. Digital integrity
4. Supply chain

They have been selected on the basis that they are comparable, will be relatively easy to introduce now, are meaningful to external stakeholders, and are useful for internal decision-makers. In addition to the above-mentioned focus areas, we cover a wide range of other topics to make sure that we manage material risks and capture opportunities, like: Human rights, Children's rights, Freedom of expression, Privacy, Health and well-being, Anti-bribery and corruption, Diversity, inclusion and equal opportunity.

Meaningful disclosures will require operators to report against three "tiers" of ESG metrics: universal, industry-specific and company-specific. To start on the path towards meaningful disclosures, Moldcell will consider the universal metrics prioritized by the World Economic Forum. They are organized under four pillars — Principles of Governance, Planet, People and Prosperity.

The metrics have been selected for their universality across industries and business models, but the intention is not to replace relevant sector- and company-specific indicators. Industry-specific KPIs form the second tier of ESG reporting. The proposed set of 10 core KPIs is not intended to replace universal metrics; rather, to complement and build on them in ways that will allow stakeholders to better assess the extent to which the mobile industry is creating value for society. The KPIs are organized under four categories: environment, digital (and financial) inclusion, digital integrity and supply chain.

Moldcell is committed to a number of international guidelines and initiatives related to anti-corruption, environmental responsibility, human rights and labor rights, including:

- **The UN Universal Declaration of Human Rights**
- **The core conventions of the International Labor Organization (ILO)**
- **The OECD Guidelines for Multinational Enterprises**
- **The UN Global Compact**
- **The UN Guiding Principles on Business and Human Rights**
- **The Children's Rights and Business Principles**

* an industry organization that represents the interests of mobile network operators worldwide.

These guidelines form the foundation of Modcell's Code of Ethics and Conduct. The requirements set by the Code, which go beyond legal compliance and apply to all employees, lay out how to engage with stakeholders in a way that ensures the highest degree of ethical business practices and behavior. Sustainability risks are fully integrated in the Governance, Risk, Ethics and Compliance (GREC) process. Our whistleblowing reporting tools are available for employees and third parties to report potential or actual violation of laws and our requirements.

"It is our firm belief that integrating sustainable and responsible business practices in all aspects of business and strategy is a prerequisite for sustainable growth and profitability, which in turn creates long-term value for shareholders and supports sustainable development."

Carolina Bugaian, Moldcell CEO

Being the benchmark of Ethical Company among the business community of Moldova, Moldcell has shared its practices and awareness with external parties, business associations in numerous events across 2022:

- The International Conference Foreign Investors for Moldova's Sustainable Development (SDG)
- Priea Environment Conference in Republic of Moldova and AmCham ESG Conference
- "EBA BUSINESS OUTLOOK" moderating the panel on "Cyber Safety – An imperative for digitization"
- AmCham Digital Transformation and Financial Inclusion Conference speaking about Digital Transformation and Compliance
- Participation at the Towards Digital Innovation Forum, organized by ACETI. At the same time, the Digital Transformation Days were initiated in the Northern Region
- In-club 3C discussions "Cybersecurity and data protection panel" organized by EBA association
- Cyber Academy for business community, organized by EBA Moldova
- Data Protection Conference organized by ATIC, on children privacy in online services
- Strong collaboration with National Anticorruption Center that has delivered several trainings to reinforce the knowledge among employees.

Sustainability being an ongoing journey, Moldcell continues to focus on additional key areas related to:

Freedom of expression: During the year, Moldcell had to comply with the law obligation of blocking the

access of users to the list of websites/platforms/applications through which gambling is accessed, which are not authorized in the established manner. Also during the state of emergency, Moldcell had a legal requirement to block the users' access to online sources that promote fake news, information that incites hatred and war, affecting national security.

Maintaining Compliance with Conflicts of Interest, Gift, and Hospitality Policies: Moldcell has implemented the process that govern conflicts of interest. Gift and hospitality policy as an integral part to conduct a responsible business, to ensure employees are conducting business in an honest and ethical manner when exchanging gifts, entertainment expenses, and charitable donations. So during the year the internal and outsourced employees have reported the conflict of interests or their absence, as well as several Gifts & Hospitality declarations during the holiday season.

Support for children's rights: Moldcell has participated at several workshops, round tables within the Council of Europe project about child sexual abuse prevention and reporting service "Combating sexual abuse and exploitation online - working with hosting companies and the ICT industry". Moldcell has shared the analysis of current legislation, the challenges and good practices.

Whistleblowing: Moldcell has internal and external whistleblowing reporting tools where employees and third parties could report potential or actual violation of laws and our requirements. For internal reporting has been developed a fully anonymous tool, so that to put a stop to the wrongdoing and mitigate any risks and repercussions. Regardless of the reporting channel, all allegations of potential violations of the Moldcell Code of Ethics and Conduct that are made in good faith, will receive a swift, fair and comprehensive investigation conducted with the relevant internal and/or external assistance.

Privacy: Maintaining customer privacy is of utmost importance to Moldcell. So, Moldcell continue its "Privacy by design" approach, compliance follow-up based on company instruction on personal data processing requirements and a good collaboration with national authority of personal data protection. The data subjects' requests related to privacy area are managed accordingly, including the incoming emails from the dedicated public email that is on the corporate site (the contact details of Data Protection Officer - DPO). During the year DPO has organized "mystery shopping" on privacy procedures in all Moldcell Shops in Chisinau. It is Moldcell's objective to live by the letter and spirit of the law. Moldcell always take a proactive approach by going above base compliance. In this regard, all internal processes has been updated based on the

Advrecent legal changes. Also has been updated the privacy notice on corporate site, as well as the disclaimer for newsletter emails for customers.

Advocacy

Moldcell during the year has provided its comments on law initiatives for public consultations, for a better correlation between data protection regulations and other laws.

In the context of the necessity to transpose the European General Data Protection Regulation within the internal regulations, the Ministry of Justice is heading an inter-institutional working group to analyze the provisions of the national regulatory framework and to develop the future draft normative acts that will ensure the alignment of the domestic legislation to the latest European Union standards in the established field. Moldcell DPO and Legal expert are part of this working group to ensure that national legislation is aligned with the latest standards in the field of data protection on EU level.

Proactive measures

Increasing privacy and data protection regulations mean that companies must balance a culture of sharing with data protection values. It is vital in building a culture that values privacy, protects individual rights and builds client trust. Ultimately, it will enable data protection to be built into projects and everyday actions. That is why Moldcell tries to connect data protection in staff's personal lives with

their professional lives. So, we have internal trainings delivered to all employees, on dedicated events, on Data Privacy day celebration, as well as at onboarding.

Climate and Circularity:

- In 1st and 4th quarter has been checked the pollutant emissions into the atmosphere, according to law requirements, where no overtaking was detected.
- Moldcell is registered in the "List of manufacturers" of products subject to regulations extended producer responsibility (packaging), for the purpose of placing packaging/packaged products on the market.
- Has been adopted an Environment Policy
- Total electrical and electronic equipment waste, during 2022 – 4500 kg. Total batteries and accumulators waste – 6000 kg.

Waste reduction:

As networks continue to be upgraded, and as connected equipment and devices become more ubiquitous, the risks associated with mismanaged waste will grow. Electronic waste is one of the fastest growing waste streams in the world. Moldcell shares the proposed hierarchy of waste management actions created by the GSMA, presented in the illustration. The industry KPIs prioritize those that are towards the top of the hierarchy.

RETHINK Is a new product needed? If yes, design for longevity, disassembly and repair

REUSE in another location. Minimal change, possibly recertification.

REPAIR any defects and then reuse. Remanufacture same product.

RECYCLE Disassemble into components and recycle in other products.

RECOVERY raw materials through physical and chemical extraction to reuse as feedstocks.

RESIDUAL Safely dispose of any residual or hazardous waste in secure landfill or incineration.

REFUSE! No ground and water pollution, e.g., littering. No destruction of resources, e.g., burning.

PEOPLE

Moldcell's success is built on the foundation of its people. Our team members are more than just employees; they are a diverse group of persons who bring unique perspectives and talents.

We prioritize our people's growth, development, and well-being to foster a workplace culture that values innovation, creativity, and excellence.



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PEOPLE

IN 2022, WE FOCUSED ON THREE KEY AREAS: WELL-BEING, TALENT ACQUISITION, PERSONAL AND PROFESSIONAL DEVELOPMENT.

We are aware that our employees are our greatest asset and investing in them is essential to our success. By focusing on their well-being, we aim to create a positive and supportive work environment where they can thrive. At the same time, we continuously seek out and attract the most talented and highly qualified individuals to join our team.

Finally, we are committed to providing career growth and development opportunities for our employees so that they can continue to learn, grow, and reach their full potential. By investing in these three key areas, we are confident that we can maintain our position as a leading telecommunications company and deliver the best possible services to our customers.

INVESTING IN EMPLOYEE WELL-BEING

Employee well-being is not a one-time investment, but an ongoing commitment. Therefore, we regularly evaluate our programs and initiatives to ensure they meet the changing needs of our team members.

In 2022, we received valuable feedback from our employees through surveys and one-on-one meetings, which helped us to identify areas where we could improve and tailor our well-being programs to better suit their needs.

Throughout the year, we implemented new policies and initiatives aimed at promoting employee well-being, from wellness programs and health benefits, to flexible working hours and a positive work culture. We have organized team building events and activities, volunteer opportunities and interest clubs to help our employees connect with their colleagues and build supportive relationships.

We are proud to say that our focus on employee well-being has had a significant impact on our company's results. By prioritizing the mental and physical health of our team members, we have created a work environment that is conducive to peak performance and increased productivity.

INVESTING IN HIGHLY QUALIFIED PEOPLE

Investing in highly qualified people is a key aspect of Moldcell's success. We highly appreciate that our employees are our greatest investment, and that's why we prioritize talent acquisition and development. Throughout 2022, we have been actively seeking talented and highly qualified individuals to join our team. We have implemented a rigorous recruitment process to ensure we hire the best people for the job.

At the same time we have provided our employees with continuous training and development opportunities to help them stay abreast of the latest industry trends and technologies. We expanded our employee training and development programs, offering our people a wide range of opportunities to enhance their skills and knowledge.

- Sales Trainings - #IamNegotiator for B2B & Retail employees
- Database Administration & SQL Fundamentals – for Technology Department
- IT Recruitment for HR Business Partner
- HR MBA for HR Business Partner
- Product Management by UC Berkeley Executive Education
- Feedback Giving for Management Team
- Essentials of Leadership & Management for Management Team
- Microsoft Excel Courses
- English Courses
- First Aid Training organized by Labor Inspection
- Health & Safety Training for Management Team organized by Labor Inspection

We also implemented new policies and initiatives to ensure that all our team members feel valued, respected, and supported. Our team members have access to ongoing coaching and mentoring programs, career planning resources, and leadership development opportunities. We encourage our employees to take ownership of their professional development and provide them with the support they need to achieve their career goals. By investing in highly qualified people, we ensure that Moldcell continues to lead the telecommunications industry in Moldova.

PEOPLE

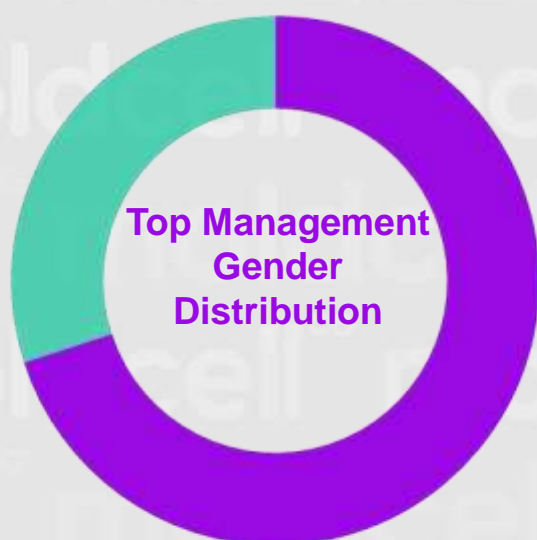
CAREER GROWTH AND DEVELOPMENT OPPORTUNITIES

We continuously strive to offer our employees new opportunities and challenges to help them reach their full potential.

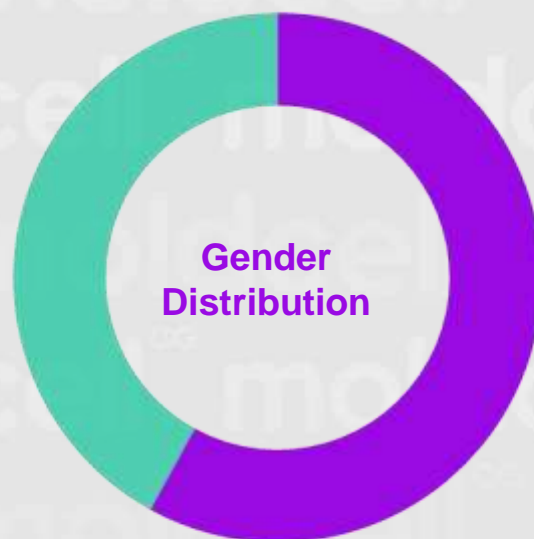
In 2022, we saw significant growth in our team's skills and expertise. Many of our employees took on new challenges and responsibilities, contributing to the company's success and achieving their own personal and professional goals. In fact, we had a total of 14 team members who were promoted to management positions across various departments, including CEO, CFO, customer service, sales, and technical support.

In addition to promotions, we also offered our employees a range of training and development opportunities throughout the year. We provided access to online courses, workshops, and mentorship programs, all designed to help our team members stay up-to-date with the latest industry trends and technologies.

By investing in our employees' career growth and development, we not only support them in achieving their goals, we create a culture of innovation, creativity, and excellence that benefits both our employees and our subscribers and also contribute to the continued success of our company.



■ Women 70% ■ Men 30%



■ Women 58% ■ Men 42%

Employee Statistics

Moldcell continued to prioritize its employees in 2022, with a focus on growing the team and investing in its people. As of December 31, 2022, Moldcell had a total of 331 employees, which is an increase from the previous year. Out of these employees, 184 are permanent, full-time team members who are committed to driving the success of the company.

The increase in the number of employees is a testament to Moldcell's commitment to providing stable and fulfilling employment opportunities to a growing number of people in the region. By offering meaningful work and development opportunities, Moldcell contributes not only to the success of the company, but also to the growth and well-being of the community.

PEOPLE

We believe that a positive work culture and environment contribute significantly to achieving our company's results and look forward to a successful 2023.

Moldcell places a strong emphasis on employee engagement, and we were thrilled to see such positive results from the survey. Despite the challenging circumstances faced in 2022, including 30% inflation, energy crisis, political turmoil, and war in the region, the level of engagement and commitment of employees is growing. We organized an employee engagement survey to gain insights into our team's perceptions of Moldcell. We are proud to report that Moldcell received a score of **86% in the employee engagement survey**, reflecting a 2% increase from the previous year. We are particularly proud of the high scores in the leadership category. This indicates that our managers are creating an environment that fosters collaboration, creativity, and high performance. Additionally, our managers are actively promoting a culture of feedback and support, which has resulted in high scores for areas such as emotional and informational support, promoting dialogue, and defining priorities.

The survey highlighted the strengths of our team in areas such as commitment, efficiency, customer focus, and learning but also some areas where we can improve, and we are already taking steps to address these issues. These results demonstrate that our team is dedicated to Moldcell's strategy and committed to delivering exceptional results.

In 2022, Moldcell ranked **1st in the list of the best employers** in the Republic of Moldova, in the competition organized by Axa Management Consulting. This recognition is a testament to the hard work and dedication of our team, who make it their mission to inspire and act in a positive and productive work environment for all employees. And together, we win as a team.

This result is proof of our commitment to the areas we have focused on this year, such as employee engagement, talent development and continuous improvement.

By placing our employees at the heart of everything we do, we are able to create a workplace culture that values teamwork, communication and innovation. We believe that investing in our people is not only the right thing to do, but also drives business success and helps us better serve our customers. This recognition motivates us to continue our efforts to build a workplace where everyone can thrive and reach their full potential. Moldcell remains committed to attracting and retaining top talent in the industry, and is excited to see the team continue to expand and thrive in the years to come.

Employee Engagement Survey



■ Actuals 2021 ■ Actuals 2022



WELL-BEING AS AN INTEGRAL PART OF OUR BUSINESS STRATEGY

Moldcell has placed a strong emphasis on employee well-being throughout 2022. This focus on well-being is an integral part of our business strategy, as we believe that when our employees are healthy and happy, they are better able to serve our subscribers and contribute to the success of our company.

Our employees are more than just a resource; they are valued members of the Moldcell family, and we are committed to providing them with the tools and support they need to maintain their physical and mental health.

Through our wellness programs, health benefits, and positive work culture, we are dedicated to creating a workplace that fosters employee well-being, which we believe is essential to achieving our goals and providing our subscribers with the best possible services.



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PHYSICAL WELL-BEING

As a responsible employer, we value the physical health and well-being of our employees and make sure we provide them with all the resources they need to stay active and engaged.

In 2022 we continued to provide them with various resources to stay active and engaged. We organized several events throughout the year, including table tennis tournaments and football matches, allowing our employees to participate in fun activities that support their overall health and well-being. We launched a new sports program - UpFit that allows our employees to attend more than 90 fitness clubs.

In addition, we also offered our employees regular health checks and access to medical services. We believe that prevention is essential to maintaining good health.

In 2022, we continued to support local initiatives that promote physical activity. We were proud to sponsor the Chisinau Marathon through the Moldcell Big Hearts Kids Marathon 2022, which encouraged not only our employees but also their children to embrace an active lifestyle and find the right balance between online and offline activities. The event was a resounding success, and the images captured during the event are a testament to the positive impact it had on our community.

SOCIAL WELL-BEING

In 2022, we continued to prioritize social well-being by offering individualized wellness programs and a flexible work schedule based on the "hybrid" model, which allows for four days of work in the office and one day of work at home. This approach not only supports work-life balance but also fosters a sense of trust and autonomy among our employees.

We organized a range of team-building events and activities, volunteer opportunities, and interest clubs, as well as several events aimed at strengthening the bond between employees and their families. We resumed our Welcome Day event to welcome new Moldcell employees and help them feel a sense of belonging in our community.

Kids Day event was a highlight of the year, transforming Moldcell Park into a magical amusement park that brought joy to both adults and children. We also hosted the Top Sales Event, Halloween contest and our beloved annual Christmas Eve celebration, bringing our community closer together and inspiring excellence in our work.

These efforts have fostered a professional, friendly, and collaborative corporate culture that values connection and support.

In 2022, we continued to prioritize the professional growth and development of our employees. We provided various resources, including training and coaching opportunities, to help them learn new skills and advance their careers. Our performance management process also included regular feedback to support their growth.

We encouraged our employees to attend industry conferences, workshops and other professional development opportunities to enhance their knowledge and skills. In addition, we provided opportunities for both horizontal and vertical growth within the company, allowing employees to explore different career paths and reorient themselves professionally.

Our goal is to continue to foster a culture of continuous learning and development to ensure our team members are equipped to succeed both in their current roles and as they grow within our company.

CAREER WELL-BEING

In 2022, we continued to prioritize the professional growth and development of our employees. We provided various resources, including training and coaching opportunities, to help them learn new skills and advance their careers. Our performance management process also included regular feedback to support their growth.

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Our goal is to continue to foster a culture of continuous learning and development to ensure our team members are equipped to succeed both in their current roles and as they grow within our company.

FINANCIAL WELL-BEING

In 2022, Moldcell continued to prioritize the financial security of our employees. We offered competitive salaries, performance bonuses, and project-based bonuses to recognize the hard work and achievements of our team members.

To further support the financial well-being of our employees and their families, we provided a range of benefits including private health insurance, financial support for family events, and discounts on gadgets and accessories. We also offered a special subscription for family members, work mobile phones, and a corporate number for unlimited communication. In addition to these ongoing efforts, we introduced a financial training program in 2022. This program provided our employees with the tools and resources

they need to better manage their finances, including workshops on budgeting, saving, and investing.

COMMUNITY WELL – BEING

In 2022, we continued to prioritize community well-being through various activities and initiatives. One such initiative was our blood donation action in February, where at the initiative of the National Transfusion Center, many of our colleagues donated blood, as well as on the day of the blood donor. We believe that by participating in such events, we can contribute to the health and well-being of the wider community.

We also marked Earth Day 2022 to raise awareness about environmental issues and encourage sustainable practices. Additionally, we were proud to support the launch of the first satellite made in Moldova - TUMnanoSAT, an achievement that reflects the talent and potential of our country.

Moldcell takes pride in partnering with local organizations to promote and support events that celebrate diversity and entrepreneurship. In 2022, we were thrilled to collaborate with AFAM to organize the national conference of Women Entrepreneurs from the Republic of Moldova "The Dream Takes Wings", which aimed to empower and inspire women in business. Additionally, we hosted the launch event in Chisinau for 'Making It Big,' the inspiring book written by Binod Chaudhary, the owner of CG Corp Global and Moldcell, which shares his stories of success. Through these activities, we hope to create a positive impact on the communities we work in, and contribute to the overall well-being of our team and society as a whole.

Our focus on employee well-being has been instrumental in achieving our goals and providing our subscribers with the best possible services. We will continue to prioritize the well-being of our team members as we move forward, recognizing that they are the key stakeholders in delivering our Digitally Human strategy and pursuing their own growth and development paths.

In 2022, Moldcell entered into several significant partnerships with universities and organizations in the country to further its commitment to education, innovation and digital inclusion. We signed agreements with the Foundation for Financial Education "OK", State University of the Republic of Moldova, Association for the Development of Electronic Communications and Innovative Technologies (ACETI), and the Creative Industries Center Artcor. We also expanded our partnerships with the Academy of Economic Studies of Moldova and the Technical University of Moldova.

These agreements cover a range of areas such as educational cooperation, internship programs, promotion of innovative digitization projects in telecommunications and information technologies, trainings and events.

Moreover, Moldcell has implemented the dual education program. Under this program, students from the universities we have signed collaboration agreements with can learn and work at Moldcell, gaining invaluable experience from the very first years of their studies.

All of these partnerships are aligned with Moldcell's commitment to achieving the UN Sustainable Development Goals. By signing the Sustainable Development Memorandum, we have committed ourselves to supporting Partnerships for objectives, Quality Education, Decent Work and economic growth, Industry Innovations and Infrastructure. Our aim is to ensure maximum impact and contribute to best practices in these areas.

We are also proud to have signed the collaboration agreement for the launch of the pilot project "Digital inclusion for social services and e-health", between Moldcell, the United Nations Population Fund of Moldova and the Future Technologies Project. This project is a significant step towards achieving our goal of digital inclusion and ensuring that all members of our community have access to the benefits of technology.



The Moldcell Academy project continued to be a success in 2022. The second edition of the program saw 15 beneficiaries complete their 7-month internship and receive graduation diplomas. We were proud to select 6 of these trainees who decided to remain with Moldcell and work in different departments.

During their time in the Moldcell Academy, these young professionals gained valuable knowledge and saw firsthand how Moldcell operates. This experience was instrumental in helping them take the next step in their careers.



In addition to the many opportunities, challenges and useful knowledge, the students also meet the interns of the previous editions sharing their knows, and took part in creating something beautiful and impactful... at home!

The project aims to support creative students and guide them throughout their careers. During the internship, students will profit from a paid internship program and a valuable training experience.

Building on the success of the Moldcell Academy, we launched the 3rd edition of the program in the fall of 2022. Once again, we selected 15 candidates to take part in the program.

By offering young people the chance to work at home in Moldova, we continued our commitment to quality education and helping young professionals capitalize on their potential.

Through the Moldcell Academy project, we take our responsibility towards society seriously and support young people in their professional beginnings. We are proud to continue investing in the future of Moldova and helping to build a brighter tomorrow for all.



Moldcell is the first and only private company in the Republic of Moldova to sign the MoU on the promotion of the UN Sustainable Development Goals.

Objective no. 4, “Quality Education” is a priority for both Moldcell and the Moldcell Foundation.



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PURPLE TEAM

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In addition to the basic job, which they perform with great enthusiasm, those who are part of the Moldcell volunteer team try, through Purple Team activities, to change the world for the better, to bring positive energy into the lives of those who need it and smiles on their faces to the saddest like us.

Good deeds do not expire, so the emphasis is on promoting sustainability. Thus, the Purple Team is a team of responsible people with a creative spirit, eager to spread good deeds, who love challenges and complete everything they undertake.

The volunteer project was created in 2013 from a philanthropic drive by employees to educate the new generation through their own example of personal and proactive involvement in our community. Also then, Moldcell won the award for corporate volunteering.



In 2022, the Purple Team of Moldcell volunteers continued to expand as more children of Moldcell employees aged between 13 and 18 joined the team. They actively participated in various projects of the Moldcell Foundation, including the #LikeFromGrannies project, supporting refugees from Ukraine, and contributing to local projects on their own initiative.

In 2022, we were pleased to gather a significant part of the Purple Team and celebrate the International Volunteer Day. During this event, we discussed new ways to get involved and shared experiences. The 2022 theme of the International Volunteer Day was "Solidarity through Volunteering," which highlights the objective for sustainable development no. 10 of the 2030 Agenda for Sustainable Development.

The directions of good deeds:

- Children (from orphanages, kindergartens, socially vulnerable families, disabled, etc.)
- The needy elderly, on the verge of poverty
- Environment/Ecology
- Animals (pet shelter)
- Trainings/workshops
- Supporting initiatives from other organizations/partnerships
- Support in organizing company events - internal volunteering



These activities demonstrate Moldcell's commitment to supporting sustainable development goals in Moldova. The feeling of making a difference in the world cultivates a sense of purpose that brings employees fulfilment, resulting in a higher level of commitment and workplace engagement.



MOLDCELL UNIVERSE

In 2022, we celebrated a milestone in the history of Moldcell - our 22nd anniversary! This was a special occasion for us to reflect on the journey so far and to express gratitude for the trust and support of our customers, colleagues, and partners. For over two decades, Moldcell has been a place where possibilities are endless, and every individual can realize their potential. Our company is built on the values of talent, passion, creativity, and innovation, which have allowed us to create a friendly and supportive environment where everyone can thrive. We celebrated this important milestone with our dearest customers, colleagues, and people from Moldova, who have been with us through thick and thin.

We look forward to many more years of growth, success, and making a positive impact in the community.



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CORPORATE SOCIAL RESPONSIBILITY

Moldcell is committed to promoting and supporting the UN Sustainable Development Goals and digital transformation, serving the needs of Moldovan society in terms of telecommunication and social contribution via Moldcell Foundation.

As a "Digitally Human" company, Moldcell is guided by the philosophy of conducting business with a human face, which is reflected in all aspects of the company's operations. This philosophy is inspired by our shareholders, CG Corp Global.



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DIGITAL SKILLS CONNECT GENERATIONS

“Digital Skills Connect Generations” program was launched in 2020 in response to the COVID-19 pandemic.

The program, also known as **#LikeFromGrannies**, aims to promote active ageing and support social and digital inclusion of older people with the help of young people. The program is funded by Moldcell Foundation, United Nation Population Fund in Moldova (UNFPA Moldova), Czech Republic and the Swiss Agency for Development and Cooperation, and implemented by HelpAge International Moldova in partnership with the Ministry of Labour and Social Protection of the Republic of Moldova.

Over the last two years, this initiative has gained momentum and has become very popular among older people and young volunteers. The program, has been repeatedly extended and is currently in its third phase:

Phase I (2020) - 200 older people were helped to overcome social isolation by learning advanced technologies with the support of 50 young volunteers;

Phase II (2021) - Another 100 women and men over the age of 60 received smartphones and were trained by groups of 25 young volunteers on how to use them;

Phase III (2022) – In April 2022, the program was nationwide expanded: 200 seniors and 75 volunteers from several villages and towns of Moldova were involved.

In June 2022, upon request of the General Division of Medical and Social Assistance of Chisinau municipality, Moldcell Foundation and UNFPA Moldova, extended the phase III in Chisinau municipality for 130 elderly people, with the involvement of 50 young volunteers of the Chisinau Municipal Youth Centre.

With the 3rd phase extension in Chisinau municipality, a total of **630 elderly people** and about **200 young volunteers** from 26 localities in 7 districts of the Republic of Moldova are involved in the program. Young volunteers train the elderly on how to use their mobile phones and provide constant support when they need it.

The older people have received smartphones with minutes and Internet traffic included, free of charge, and during the whole year have participated in training on how to use them.

According to the data of the Generations and Gender Survey in Moldova, the digital divide between older and younger people is huge – only 34% of the population aged 60-79 used the Internet, compared to 82% of the population aged 15-59. Given the current demographic trends for an ageing population, improving digital skills of older women and men by engaging trained young people can boost both IT skills and intergenerational solidarity.



DIGITAL SKILLS CONNECT GENERATIONS

Digital skills connect generation program was also presented at Poster exhibition on Older Persons in Emergency Situations during the UNECE Ministerial Conference on Ageing 2022 - MIPPA+20, which took place in Rome, Italy, from 16 to 17 June 2022.

The program was named innovative in its approach, concept and strategy by addressing not only health and social protection of the most marginalized population groups but also facilitating intergenerational solidarity via mobilizing youth for community support. The project interventions have a strong human rights-based approach with a specific focus on the participation of right holders that is built in through innovation and partnerships.



By teaching older people much-needed skills and by strengthening connections between younger and older people, the program helps to combat ageism, which a recent UN report found to be pervasive across Europe.

Moldcell Foundation volunteers and young volunteers from each community teach older residents how to use a mobile phone, navigate the web, create a social media account, and access social and medical services online.



In addition, the elderly were trained on how to use online services of the National House of Social Insurance (CNAS), so that they can submit a request for pension reallocation online or schedule appointments online at the offices of Territorial Houses of Social Insurance. They learn how to use the electronic services of the Electronic Government Agency, participate in group sessions with psychologists and doctors.

The project "Digital skills connect generations" is funded by Moldcell Foundation , United Nations Population Fund (UNFPA) of Moldova, Swiss Agency for Development and Cooperation in Moldova, Embassy of the Czech Republic in Chişinău and implemented by HelpAge International in Moldova in partnership with the Ministry of Labor and Social Protection of Moldova in 26 rural localities.



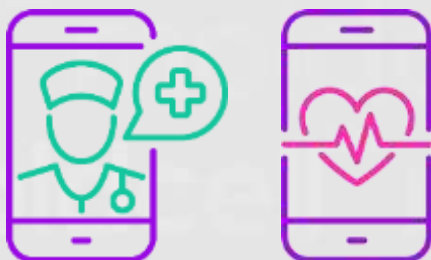
DIGITAL INCLUSION FOR SOCIAL AND E-HEALTH SERVICES

Moldcell is a digitally human operator, pioneering innovations in digital health services for the benefit of the citizens of the Republic of Moldova

In September 2022, Moldcell, UNFPA Moldova and the Future Technologies Activity (FTA) funded by USAID and Sweden have announced about the launch of a pilot project named “Digital inclusion for social and e-health services.” The pilot will leverage Moldcell’s mobile and digital networks, UNFPA’s successful project for digital integration of older people via inter-generational dialogue, and FTA’s work with local and international stakeholders to integrate digital technologies across sectors and businesses.

E-health is an emerging field at the intersection of IT, medical informatics, public health, and business. The higher supply and demand for e-health and telemedicine services was initially determined by the COVID-19 pandemic and continued subsequently, being seen as an opportunity to modernize the health sector, which Moldova will capitalize in the coming years.

The pilot project launched by Moldcell, UNFPA Moldova and FTA will offer the possibility of access via mobile phones donated to 630 older people to consultancy services and primary counseling of the “Digital skills connecting generations” program beneficiaries – older persons living isolated in the rural areas of Moldova.



This initiative is of great importance, considering the ageing population, with increased social and health needs.

Today, 1 in 5 older people are over 60 years old and by 2040, one in 3 will be over 60 years old. This will require a shift of social and health systems, and digital skills and technologies can help to balance the development shifts and build demographic resilience in the Republic of Moldova. Digital inclusion for social and e-health services pilot project will start the critical digital evolution of Moldova’s health sector and encourage additional investments in digital innovations.

NEW OPPORTUNITIES FOR DIGITAL INNOVATIONS AND CREATIVE POTENTIAL OF MOLDOVA

In 2022, Moldcell and Future Technologies Activity funded by USAID and Sweden announce about the continuation of the successful long-term collaboration started back in 2020 with the partnership agreement between Moldcell Foundation, COR Association of Creative Companies and Moldova Competitiveness Project financed by USAID, Sweden and UK aid.



The new partnership agreement between Moldcell and FTA will ensure co-development of digital innovations and pilots in relevant sectors for the benefit of the citizens of the Republic of Moldova, as well as will continue providing technical and financial support for the operation of Artcor Creative Hub and support Gigabit Connectivity Initiative within the Digital Education Memorandum of Understanding.

Moldcell Foundation is the active promoter of UN SDGs as well as the first and only private partner of Artcor Creative Hub since autumn 2020 when thanks to Moldcell Foundation, Moldovan youth benefited from new opportunities of courses, workshops, open lessons in creative profession such as interior design, sound and music production, illustrations, animations, 3D, storytelling, etc.

In summer 2022, Moldcell Foundation extended the partnership with Artcor and offered the core financing of the Center in the amount of 50000 USD. The total volume of financial support provided to Artcor by Moldcell Foundation so far is 105K USD.

During 2022, Artcor delivered impressive results such as, more than 10000 participants at community, educational and entrepreneurship activities, more than 2000 graduates from Artcor School courses, more than 300 events organized among which the biggest Creative Industry Events such as Festival of Creative Industries.



#Internet Fără Griji

INTERNET WITHOUT WORRIES

Moldcell is a digitally responsible company. We offer products and services, applications and games, gadgets and solutions based on advanced technologies and the Internet. We make sure that all our subscribers, from children and teenagers to parents and grandparents, enjoy all the benefits that the online environment brings, but also use the Internet safely, knowing all the risks.

The **#InternetWithoutWorries** project is meant to reveal the topic of online safety among Moldcell users and not only, for different age categories and social status.

Since the moment of Moldcell Foundation launch, safe internet for kids and teens is one of the foundation major directions. On June 1, 2022, International Children's Day, Moldcell Foundation launched the #InternetWithoutWorries interactive platform about online safety. On www.internetfaragriji.md, children, teenagers and adults can find useful content, answers to online safety questions, and other curiosities that will help them feel safe online while making the most of what the Internet has to offer.

Ce înseamnă #InternetFărăGriji

Internetul este o companie digitală responsabilă. Oferim produse și servicii bazate pe tehnologii avansate și Internet. Ne asigurăm că toți utilizatorii, de la copii și adolescenți până la părinți și bunici, să se bucure de toate beneficiile pe care le aduce mediul online, dar și să utilizeze Internetul în siguranță, cunoscând toate riscurile. Proiectul #InternetFărăGriji are menirea de a educa utilizatorii despre beneficiile și riscurile utilizării Internetului și nu doar, pentru a oferi conștientizare și să ajute la creșterea nivelului de siguranță în mediul online. Nu vei găsi informații utile doar pentru părinți și bunici, ci și pentru copii și adolescenți. În proiectul #InternetFărăGriji găsești conținut util și pentru copii și adolescenți, dar și pentru părinți și bunici. Proiectul #InternetFărăGriji are menirea de a educa utilizatorii despre beneficiile și riscurile utilizării Internetului și nu doar, pentru a oferi conștientizare și să ajute la creșterea nivelului de siguranță în mediul online.

Autentifică-te



Testează-ți cunoștințele și acumulează puncte Quiz

Totul depinde de tine



Pot utiliza Social Media?
Social media sunt aplicații în care poți crea și posta conținut online sau interacționa cu alții online. În mod normal, poți posta fotografii, videoclipuri sau mesaje textuale, dar poți și interacționa cu alții online. Este important să știi că nu poți posta nimic dacă nu ai împlinit vârsta minimă recomandată de platformă. Dacă nu ai împlinit vârsta minimă, nu poți crea un cont pe aceste platforme.

Vezi mai mult



Relațiile online
Să ai prieteni online, poate fi foarte distractiv. Dar trebuie să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă. Dacă nu ai împlinit vârsta minimă, nu poți crea un cont pe aceste platforme. Este important să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă.

Vezi mai mult



Timpul petrecut online
Când acumulezi puncte pe care le poți transforma în premii, trebuie să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă. Dacă nu ai împlinit vârsta minimă, nu poți crea un cont pe aceste platforme. Este important să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă.

Vezi mai mult



Siguranța Online
Când postezi ceva online, trebuie să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă. Dacă nu ai împlinit vârsta minimă, nu poți crea un cont pe aceste platforme. Este important să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă.

Vezi mai mult



Pot să mă văd cu un prieten online?
Când postezi ceva online, trebuie să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă. Dacă nu ai împlinit vârsta minimă, nu poți crea un cont pe aceste platforme. Este important să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă.

Vezi mai mult



Ești un prieten online bun?
Când postezi ceva online, trebuie să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă. Dacă nu ai împlinit vârsta minimă, nu poți crea un cont pe aceste platforme. Este important să știi că nu poți avea relații online dacă nu ai împlinit vârsta minimă recomandată de platformă.

Vezi mai mult



NON-DISCRIMINATION AND INCLUSION FOR EVERY CHILD



In Summer 2022, Moldcell Foundation , UNICEF Moldova and Artcor organized 2 creative summer camps for children "Reimagine your future!". 20 children from Ukraine and Moldova have participated.

At first camp, children found out about various painting techniques: self-portrait, painting on glass, textiles, gradient, fluorescent colors, and the second was about creating a book in which storytelling and animation techniques were combined.

Children expressed their feelings on global challenges and painted the world they want to live in. From a magic button that stops the world conflicts, to a time machine where you fly to the future, children have opened their hearts and let us see their inner world. Participants remained thrilled about the camps, mentors, location, atmosphere and the new skills acquired.

The project was implemented by Moldcell Foundation , UNICEF Moldova and Artcor. The activities took place within the camp for the integration of refugees from Ukraine into the community

World Children's Day is global day of action for children, by children taking place every year on 20 November, the anniversary of the adoption of the Convention on the Rights of the Child. World Children's Day aims to highlight critical issues affecting children's lives and support the engagement of children and young people as advocates for their own rights. Regardless of gender, race, religion, disability, sexual orientation or other status, every child deserves to feel celebrated, and has the right to be included and protected against all forms of discrimination.

In 2022, Moldcell joined UNICEF Moldova initiatives under the major umbrella topic "Non-discrimination and inclusion for every child", among which was #KidsTakeOver. A group of children, beneficiaries of the projects implemented by UNICEF in Moldova, "took power" over Moldcell and expressed their opinions.

Kids Takeovers was an ideal expression of our commitment to making it a day of action for children, by children. A Kids Takeover is a way to manifest the core principle of children's rights that every child has the right to be heard, to participate and play an active role in their society. Kids Takeovers empowered children and motivated them to speak out. For adults, kids' takeovers are an opportunity for meaningful engagement with children and an opportunity to hear children's views and perspectives as the experts on childhood today.



SOCIAL BUSINESS AND YOUNG PEOPLE FROM MOLDOVA FOR A MORE INCLUSIVE, SUSTAINABLE AND INNOVATIVE SOCIETY

Every business can be social.

One of the priorities of Moldcell Foundation represent the durable business idea for the society well-being. Young people choose to launch their own business at home, create new jobs positions for the community, improve economic growth, by producing or providing different kind of services. Furthermore, it is a great opportunity to explore their creative potential.

In February 2022, the Moldcell Foundation signed an agreement with the Legal Culture Association Henri Capitant Moldova to co-finance the "Social entrepreneurship and young people from Moldova for a more inclusive, sustainable and innovative society" project, also known as GoYouth+.



During 2022, within the GoYouth+ project, 3 social entrepreneurship schools were organized in three regions of the country - Hincesti, Causeni and Dubasari. The GoYouth+ project supports the young people from rural areas who are unemployed or do not follow any educational programs.

Law, accounting, ownership, intellectual property, marketing, human resources, business, there are some of the fields covered by the best professionals on the market. From the business idea, to budget management, providing vacancies, promotion and marketing strategies, the participants have learned about everything about how to start a social business and even more. During each school, the young people made a study visits to local businesses, where they saw for real how a company works and how is it to combine the desirable profit with the sustainable business principle.

At the end of each school, the graduates have the great opportunity to apply for a grant of Euro 2000 to launch their own social business on local scale. Inspired by Chaudhary Foundation, Moldcell Foundation becomes an active promoter of social entrepreneurship to help our young creative people to remain in Moldova and create a future at home.



Moldcell Foundation contributes to the development of young people from rural areas of the country, by supporting the project "Social entrepreneurship and young people from Moldova for a more inclusive, sustainable and innovative society" (GoYouth+), financed by the European Union and co-financed by Sweden through the East Europe Foundation Moldova, implemented by the Henri Capitant Legal Culture Association

HELP FOR UKRAINE

Moldcell is committed to supporting those in need and recognizes the critical role communication plays in disaster relief efforts. In the context of the situation in the neighbouring country, Moldcell company offered all the support to ensure communication with their loved ones, both to the Moldovan citizens on the territory of Ukraine, and to the refugees from Ukraine, who arrived in the Republic of Moldova.



MOLDCELL ACTIONS IN SUPPORT OF UKRAINE REFUGEES:

- Free prepaid Moldcell SIM cards have been delivered to the Center of the Unique Crisis Management in Moldexpo Center, and also distributed among Ukrainian refugees upon crossing the Moldova border.
- Moldcell provided free Wi-Fi at the Moldexpo placement centre and offered dedicated telephone lines for the needs of refugees.
- Considering the urgent needs of refugees in Ukraine, Moldcell have focused primarily on providing free Roaming to operators in the neighbouring country. Thanks to these measures, Ukrainian operators could offer special rates to their refugee subscribers in Moldova, so that they can keep in touch with those close to them.
- Free roaming packages for our citizens in Ukraine

**Cartele gratuite
și tarife reduse
la apeluri către
Ucraina**

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Moldcell Foundation donated 100 inflatable beds

that are easy to transport and can be used for families in need of shelter. Dozens of Purple Team volunteers participated in the management of the refugee crisis at the Moldexpo placement center, helping the citizens of Ukraine to settle in and feel at home.



SPONSORSHIPS

In 2022, Moldcell sponsored a number of events and conference. As a leaders and key player in the digital ecosystem, Moldcell support the growth of the digital economy and contribute to the development of new ideas and innovations.

Moldcell sponsor of Digital Transformation and Financial Inclusion Conference #DTFINCON22, organized by AmCham Moldova. Digital transformation remains the central pillar facing the world's continuous challenges. The conference mainly aimed to provide a platform for interaction between stakeholders in digital transformation, focusing on the needs of the business community and its perspective on ensuring a genuine and thorough change to better adapt to the new reality paradigm. Moldcell was also a speaker on Digital Transformation and Compliance panel, being represented by Diana Buciuscan, Data Privacy, Ethics and Compliance Officer.



Moldcell sponsored several events on Digital Transformation Days in the Northern Development Region organized by Association for the Development of Electronic Communications and Innovation Technologies (ACETI) during November 21 -26, 2022. Almost 100 entrepreneurs and experts gathered in Balti, at the forum Toward Digital Innovation, to discuss the digitalization of business



Moldcell make continuous effort in the direction of digital training in educational institutions for growing the skills of future specialists and career guidance opportunities within the company. During the Digital Transformation Days in the Northern Region, Moldcell participated in **"Digital technical professional education – from the present to the future"** Conference. Moldcell managed to build faithful partnerships and presented the company's projects oriented towards digital education.



Moldcell sponsored 6th edition of AmCham Human Resources Management Conference that took place on November 24, 2022. The event covered various topics and HR trends, as well as brought together like-minded HR professionals to share experience, tips, and ideas, encouraging your further development. Carolina Bugaian, Moldcell CEO was a key note speaker on Leadership track, taking about Quantum Leadership – a new paradigm of management when encounters quantum physics & neuroscience or How to turn thoughts into things.



By sponsoring different events and conference on digitalization, Moldcell is committed to contribute to digital inclusion for all members of society.

FINANCIALS STATEMENTS

We are committed to maintaining the highest level of transparency in our financial statements, providing stakeholders with accurate and comprehensive information about our financial performance and operations



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FINANCIAL STATEMENTS

In terms of performance, in 2022 revenues increased considerably (about 10%), with both revenue from service sales and an increase in device sales.

Total expenditure (commercial and distribution expenditure as well as general and administrative expenditure) has declined by 3% compared to previous year, despite the increase in energy costs the Company has taken considerable cost saving measures.

The Company has made all necessary investments to ensure the required capacity and resilience of the network. Thus, in 2022, 147 million MDL were invested, of which 57 million MDL in the expansion of the radio network, 44 million MDL in the core network, 12 million MDL in the transmission network, 10 million MDL in the fixed internet network, and other investments including various IT investments and new products and services development.

Due to depreciation of local currency causing operational foreign exchange loss in 2022, the Company recorded a lower operating profit than 2021, coming to 21.8 million MDL from 50,8 million MDL.

A detailed table of main financial ratios are presented on the next page.

The Company managed to finance its working capital needs from its own sources, and liquidity monitoring remained the main objective of the Company. The liquidity ratios have improved as a result of working capital program. Thus both the current and acid test ratios have improved circa 6 times.

Debt to equity ratio has also strengthened due to a number of actions performed by the shareholders. Thus in February 2022 the maturity of the shareholder loan was extended, a part of the loan in the amount of 52 million MDL, the equivalent of 2.7 million USD was paid repaid and in October 2022 was converted a part of debt to equity.

The inventory turnover ratio has remained stable if to compare with the previous year, while the trade receivables turnover has improved by nearly 1 day. This was the result of improving the collection actions undertaken by the company. The trade payables days have also shortened by circa 8 days, which was possible due to better liquidity ratios. Fixed assets and total assets turnover have also improved by 125% and 119% respectively, showing a more efficient use of the assets.

The profitability and gross profit ratios have worsened due to the overwhelming increase in electricity tariff and therefore the cost, as well as the foreign exchange losses mentioned the paragraphs above.

Due to the economic shocks caused by the considerable price increase of energy sources, the inflationary environment, as well as the disruption of value chains caused by the war in Ukraine, the current level of uncertainty about the further evolution of the situation and the necessary regulatory or governmental interventions in this respect remains high. The Company's management is not in a position to predict with accuracy and reasonable certainty the impact of the crisis on the Company's financial and operational situation and its overall business in the future. However, management will continue to monitor the situation closely and consider additional contingency measures in the event that the period of disruption continues and business is further adversely affected compared to the current scenario.

				31 December 2022	31 December 2021
Liquidity ratios					
a) Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	=		1.17	0.21
b) Acid-test ratio	$\frac{\text{Current assets - inventories}}{\text{Current liabilities}}$	=		0.92	0.16
Risk ratios					
a) Debt to equity	$\frac{\text{Debt}}{\text{Equity}}$	*100	=	415.78	1,113.75
or					
a) Debt to equity	$\frac{\text{Debt}}{\text{Employed capital}}$	*100	=	80.61	91.76
b) interest coverage ratio	$\frac{\text{Profit before interest and corporate tax}}{\text{Interest expense}}$		=	0.11	0.30
Activity ratios					
a) Inventory turnover ratio	$\frac{\text{Cost of sales}}{\text{Average inventories}}$		=	13.48	13.35
or					
a) Inventory turnover days	$\frac{\text{Average inventories}}{\text{Cost of sales}}$	* 365	=	27.07	27.34
b) Trade receivables turnover (days)	$\frac{\text{Average trade receivables}}{\text{Turnover}}$	*365	=	20.38	21.03
c) Trade payables turnover (days)	$\frac{\text{Average trade payables}}{\text{Purchases}}$	*365	=	79.68	87.62
d) Fixed assets turnover	$\frac{\text{Turnover}}{\text{Non-current assets}}$		=	1.05	0.84
e) Total assets turnover	$\frac{\text{Turnover}}{\text{Total assets}}$		=	0.83	0.70
Profitability ratios					
a) Return on capital employed	$\frac{\text{Profit before interest and corporate tax}}{\text{Employed capital}}$		=	0.01	0.02
b) Gross margin	$\frac{\text{Gross profit}}{\text{Turnover}}$	*100	=	30.10	31.96