CONFIDENTIAL
OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

Liquid Telecommunications Financing plc

Guaranteed by Liquid Telecommunications Holdings Limited and certain of its subsidiaries

US$620 million 5 ½% Senior Secured Notes due 2026

Liquid Telecommunications Financing plc, a public company limited by shares incorporated under the laws of England and Wales (the "**Issuer**"), is offering US$620.0 million in aggregate principal amount of its 5 ½% Senior Secured Notes due 2026 (the "**Notes**"). The Notes are being issued under the indenture (the "**Indenture**") dated as of March 4, 2021, between, among others, the Company, the Guarantors and the Initial Purchasers. Interest on Notes will be paid semi-annually in arrears on March 4 and September 4 of each year, commencing on September 4, 2021. Interest on the Notes will accrue at a rate equal to 5.500% per annum. The Notes will mature on September 4, 2026. Interest on the Notes will be deemed to have accrued from March 4, 2021.

The Issuer may redeem the Notes in whole or in part at any time on or after March 4, 2023, at the redemption prices specified herein. Prior to March 4, 2023, the Issuer may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable "make whole" premium as described herein. At any time prior to March 4, 2023, the Issuer may redeem up to 40% of the Notes with the net cash proceeds from certain equity offerings at the redemption price set forth herein. The Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. In addition, in the event of a change of control or sale of certain assets, the Issuer may be required to make an offer to purchase the Notes. The Notes will be the Issuer's general, senior obligations and the Notes will rank *pari passu* in right of payment with any existing and future obligations of the Issuer that are not expressly subordinated in right of payment to the Notes, and the Notes will rank senior in right of payment to all future obligations of the Issuer that are expressly subordinated in right of payment to the Notes, if any.

The Notes will be guaranteed on a senior basis (the "**Guarantees**" and each, a "**Guarantee**") by Liquid Telecommunications Holdings Limited (the "**Company**") and certain of its subsidiaries (each a "**Guarantor**" and together, the "**Guarantors**"), each of which will also be a borrower or guarantor under the Facilities (as defined herein). The Guarantees issued by each Guarantor with respect to the Notes will rank *pari passu* in right of payment with any existing and future obligations of that Guarantor that are not expressly subordinated in right of payment to such Guarantee (including indebtedness incurred under the Facilities) and rank senior in right of payment to all future obligations of such Guarantor that are expressly subordinated in right of payment to such Guarantee, if any. The Notes and the Guarantees will be effectively subordinated to all of the Issuer's and the Guarantors' future secured debt to the extent of the value of the assets securing such debt that do not also secure the Notes or the Guarantees, respectively. The Notes and the Guarantees will be structurally subordinated to all existing and future obligations and other liabilities of the Issuer's and the Guarantors' subsidiaries that do not guarantee the Notes.

The Notes and the Guarantees of the Company and certain subsidiaries of the Company incorporated in jurisdictions other than the Republic of South Africa (the "**Non-South African Subsidiary Guarantors**") will be directly secured by first priority security interests over the assets in such jurisdictions (the "**Global Collateral**") that secure the Facilities in such jurisdictions, as more fully described elsewhere in this offering memorandum (the "**offering memorandum**"). The Notes and the Guarantees of the Company and certain subsidiaries of the Company incorporated in the Republic of South Africa (the "**South African Subsidiary Guarantors**") will be indirectly secured by first priority security interests over the same assets in the Republic of South Africa (the "**South African Collateral**" and together with the Global Collateral, the "**Collateral**") that secure the Facilities in the Republic of South Africa, through a limited recourse guarantee (the "**SPV Guarantee**") granted by the Security SPV (as defined below). The SPV Guarantee is supported by a counter-indemnity agreement (the "**Counter-Indemnity Agreement**") between the Security SPV, the South African Subsidiary Guarantors and the Company. The South African Collateral secures the obligations of the South African Subsidiary Guarantors and the Company under the Counter-Indemnity Agreement on a first priority basis. Under the terms of the Intercreditor Agreement (as defined herein), in the event of enforcement of security interests over the Collateral, the holders of the Notes and the lenders under the Facilities will receive proceeds from the Collateral on a *pro rata basis.* See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*" The Guarantees, the SPV Guarantee and the security interests in the Collateral are subject to contractual and legal limitations that may limit their enforcement and may be released under certain circumstances.

The net proceeds from the offering of the Notes, together with proceeds of the Facilities (as defined below), are intended to be used to (i) finance the purchase of the Issuer's 8.500% senior secured notes due 2022 (the "**Existing Senior Secured Notes**"), tendered and accepted for purchase in accordance with the terms and conditions of a tender offer launched by the Issuer on February 22, 2021 pursuant to a tender offer memorandum (the "**Tender Offer Memorandum"**) of the same date (the "**Tender Offer**") that is expected to be settled on or about March 4, conditional upon the Issuer having (a) completed the offering of the Notes on satisfactory terms, (b) entered into the New Senior Facilities Agreement (as defined below) and (c) received net proceeds from the offering of the Notes and the Facilities (as defined below) in an amount that, together with cash on hand, is sufficient to effect the purchase pursuant to the Tender Offer or the redemption of all Notes outstanding as of the date of the Tender Offer Memroandum and the other conditions described in the Tender Offer Memorandum (the "**Tender Offer Financing Conditions**"); (ii) finance the redemption, following and conditional upon settlement of the Tender Offer, of all Existing Senior Secured Notes not tendered and accepted for purchase in the Tender Offer; (iii) repay the Existing Senior Secured Facilities Agreement (as defined below); (iv) for general corporate purposes; and (v) to pay costs, expenses and fees (including the Initial Purchasers' fees, legal, accounting and other fees and expenses) in connection with the Transactions. This offering memorandum includes information on the terms of the Notes and the Guarantees, including redemption and purchase prices, security, covenants and transfer restrictions. Application has been made to list the Notes on the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and to admit them for trading on the Global Exchange Market thereof. The offering memorandum comprises listing particulars for the purposes of such application and has been approved by Euronext Dublin.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 28.

*The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any other jurisdiction. Accordingly, the Notes and the Guarantees are being offered and sold inside the United States only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A under the U.S. Securities Act ("**Rule 144A**") and outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act ("**Regulation S**"). Prospective purchasers that are QIBs are hereby notified that the Initial Purchasers may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "Plan of Distribution" and "Notice to Investors."*

Issue price for the Notes: 100.0%, plus accrued interest if any, from the Issue Date

The Notes will be represented on the Issue Date by one or more global notes, which will be delivered through the Depository Trust Company ("**DTC**"), Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about March 4, 2021 (the "**Issue Date**"). See "*Book-Entry; Delivery and Form*." The Notes will be in registered form in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

Joint Lead Managers and Joint Bookrunners

J.P. Morgan **Standard Bank** **Standard Chartered Bank**

Development Finance Structuring Agent
J.P. Morgan

The date of this offering memorandum is February 24, 2021.

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You should rely only on the information contained in this offering memorandum. None of the Issuer, the Guarantors or any of J.P. Morgan Securities plc, The Standard Bank of South Africa Limited and Standard Chartered Bank (the "Initial Purchasers") has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

None of the Issuer nor the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where the offering of the Notes (the "Offering") is not permitted.

The Company is a private company limited by shares under the laws of the Republic of Mauritius. The Company was incorporated on January 26, 2007 and is registered under company number C068355 C2/GBL. The Company's registered office is located at 10th Floor, Standard Chartered Tower, 19, Cybercity, Ebene, 72201, Republic of Mauritius.

Unless the context otherwise requires, references in the offering memorandum to "we", "our", "us" and the "Group" are collectively to the Company and its direct and indirect subsidiaries. Certain key terms used in this offering memorandum are defined in the section entitled "*Certain Key Definitions*".

IMPORTANT INFORMATION

This offering memorandum has been prepared by us solely for use in connection with the proposed Offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes.

The distribution of this offering memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See "*Notice to Investors*" and "*Plan of Distribution.*"

In making an investment decision regarding the Notes, prospective investors must rely on their own examination of our business and the terms of the Offering, including the merits and risks involved. In addition, neither we nor any of the Initial Purchasers nor any of their representatives are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements.

The Initial Purchasers are not making any representation or warranty, express or implied, that the information contained in this offering memorandum is accurate or complete and are not responsible for this information. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by any of the Initial Purchasers as to the past or the future.

The Issuer and the Guarantors accept responsibility for the information contained in this offering memorandum. To the best of the knowledge of the Issuer and the Guarantors, having taken all reasonable care to ensure such is the case, the information contained in this offering memorandum is in accordance with the facts and contains no omission likely to affect its import. However, the information set out in the sections entitled "*Overview*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry Overview*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources. While we accept responsibility for the accurate extraction and summarization of such industry and market information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as we are aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

The information contained in this offering memorandum is correct as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in our business since the date of this offering memorandum. Any information sourced from third parties contained in this offering memorandum has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

We have accurately reproduced the information set out in relation to sections of this offering memorandum describing clearing arrangements, including in the section entitled "*Book-Entry; Delivery and Form*" and as far as we are aware and able to ascertain from third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Nonetheless, such information is subject to any change in, or reinterpretation of, the rules, regulations and procedures of DTC, Euroclear and Clearstream (in each case, as defined herein) currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream, we accept no further responsibility in respect of such information. None of DTC, Euroclear or Clearstream is under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by either of them at any time. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of DTC, Euroclear or Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

None of the Initial Purchasers, the Trustee, the Security Agent, the Paying Agent, the Registrar, the Transfer Agent or any other agent acting with respect to the Notes accepts responsibility for or makes any representation or warranty, express or implied, as to the accuracy or completeness of the information set out in this offering memorandum and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Security Agent or any other agent acting with respect to the Notes as to the past or the future. By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from us for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes. None of the Trustee, Security Agent, Transfer Agent, Paying Agent nor Registrar (each as defined below) is responsible for the contents of this offering memorandum or expresses any opinion as to the merits of the Notes under this offering memorandum.

The contents of our websites do not form any part of this offering memorandum. Our websites are mainly addressed to potential clients of our services and, therefore, information available on our websites may differ in content or may be organized differently than information in this offering memorandum. For the purposes of making an investment decision regarding the Notes, you should not rely on our websites.

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other U.S. regulatory authority, has approved or disapproved the Notes and none of the foregoing authorities have passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the U.S. Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "*Plan of Distribution*" and "*Notice to Investors*."

The Notes will be available initially only in book-entry form. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global notes. The Rule 144A global notes will be deposited with a custodian for DTC and registered in the name of Cede & Co. as nominee of DTC. The Regulation S global notes will be deposited with, or on behalf of a common depositary for, Euroclear and Clearstream. The Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by DTC, Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the indenture governing the Notes. See "*Book-Entry; Delivery and Form*."

We reserve the right to withdraw the Offering at any time. We and the Initial Purchasers reserve the right to reject any offer to purchase the Notes, in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire a portion of the Notes for their own accounts.

We cannot guarantee that the application we will make to Euronext Dublin for the Notes to be listed on its Official List and admitted to trading will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditional on obtaining any of the foregoing admissions to trading.

IN CONNECTION WITH THE OFFERING OF THE NOTES, STANDARD CHARTERED BANK OR ONE OR MORE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE "**STABILIZING MANAGER**") MAY OVERALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING OF THE NOTES

IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE ISSUE DATE, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES, WHICHEVER IS EARLIER.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in the section entitled "*Notice to Investors*" of this offering memorandum.

No assurance is given by the Company or the Development Finance Structuring Agent that investing in the Notes or the use of proceeds by the Company will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to development impact financing, including related sustainability criteria or goals. See "*Development Impact*." No independent verification as to the accuracy or completeness or lack thereof of the "Development Impact" section of this offering memorandum has been done by J.P. Morgan Securities plc in its role as the Development Finance Structuring Agent. The information contained in the section "Development Impact" of this offering memorandum (a) is not a substitute for an investor's independent evaluation and analysis and (b) should not be considered as a recommendation by the Development Finance Structuring Agent that any transactions or related projects described in the "Development Impact" section of the offering memorandum achieve any particular development finance criteria or requirement to which it may be subject. The "Development Impact" section of this offering memorandum has been prepared, in part, based on certain forward looking statements and projections provided by the Company. Any such statements and projections reflect various estimates and assumptions by the Company concerning anticipated results. No representations or warranties are made by the Development Finance Structuring Agent as to the accuracy of any such statements or projections. Whether or not any such forward looking statements or projections are in fact achieved will depend upon future events some of which may not be within the control of the Company. See *"—Forward-Looking Statements*." Accordingly, actual results may vary from the projected results and such variations may be material. No fiduciary duties are owed to any party by the Development Finance Structuring Agent.

ALTERNATIVE SETTLEMENT CYCLE

We expect that the delivery of the Notes will be made against payment therefor on or about March 4, 2021, which is the sixth business day following the date of pricing of the Notes (such settlement cycle being herein referred to as "**T+6**"). Under Rule 15c6-1 of the U.S. Exchange Act (as defined herein), trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Notes initially will settle T+6, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding two business days should consult their advisors.

NOTICE TO INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to qualified institutional buyers within the meaning of Rule 144A, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. The Notes may be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Notice to Investors*."

NOTICE TO INVESTORS IN HONG KONG

The Notes may not be offered or sold in Hong Kong by means of any document other than to (1) "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO, or (2) in circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of (the C(WUMP)O). No invitation, advertisement or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors," as defined under the SFO and any rules made under the SFO.

NOTICE TO INVESTORS IN SINGAPORE

Each Initial Purchaser has acknowledged that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this offering memorandum, or any other document or material in connection with the offer or sale or invitation for subscription or purchase of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO INVESTORS IN THE UNITED KINGDOM

The offering memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), (iii) are persons falling within Article 43(2) of the Financial Promotion Order, (iv) are persons falling within Article 49(2)(a) to (d) (among others, high net worth companies or unincorporated associations) of the Financial Promotion Order, or (v) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is either (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO INVESTORS IN SOUTH AFRICA

No "offer to the public" (as such term is defined in the South African Companies Act, 71 of 2008, as amended (the "**South African Companies Act**")) in South Africa is being made in connection with the issue of the Notes and accordingly this Offering Memorandum does not, nor does it intend to, constitute a "registered prospectus", as contemplated in chapter 4 of the South African Companies Act. Any issue or offering of the Notes in South Africa constitutes an offer for the subscription and sale of the Notes in South Africa only to selected investors who fall within the exemptions set out in section 96(1)(a) or (b) of the South African Companies Act and, accordingly, such offer would not be considered to be an "offer to the public" for the purposes of the South African Companies Act.

No South African residents or offshore subsidiary of a South African resident may subscribe for or purchase any of the Notes or beneficially own or hold any of the Notes unless specific approval has been obtained by such persons from the Financial Surveillance Department of the South African Reserve Bank ("**SARB**") or such subscription, purchase or beneficial holding or ownership is otherwise permitted under the South African exchange control regulations or the rulings promulgated thereunder (including, without limitation, the rulings issued by the SARB providing for foreign investment allowances applicable to persons who are residents of South Africa under the applicable exchange control laws of South Africa).

Information made available in this Offering Memorandum should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

NOTICE TO INVESTORS IN KENYA

The Offering of the Notes is not a "public offer" as defined or described in (i) the Capital Markets Act, Chapter 485A of the laws of Kenya and (ii) the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002 and therefore the approval of the Capital Markets Authority has not been sought or granted. In addition, the Notes may not be offered, sold or resold to the public or a section of the public in Kenya as such phrases are described in the aforesaid Kenyan laws.

Any resale of the Notes in Kenya may only be done by way a private offer as defined in Regulation 21 of Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002. If you are in any doubt about any of the contents of this memorandum, you should obtain independent professional advice.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

AVAILABLE INFORMATION

For so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

FORWARD-LOOKING STATEMENTS

Certain statements in this offering memorandum are not historical facts and are forward-looking. Forward-looking statements appear in various locations, including, without limitation, in the sections entitled "*Overview*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry Overview*" and "*Business*." We may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications. In addition, this offering memorandum includes forward-looking information that has been extracted from third-party sources. Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy, and the trends we anticipate in the industries and the political and legal environments in which we operate and other information that is not historical information.

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

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond our control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed in the section entitled "*Risk Factors*," as well as those included elsewhere in this offering memorandum. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- political, social and economic instability;
- changes in laws, regulations or governmental policy
- changes in taxation regulation;
- disputes and legal, tax and regulatory proceedings;
- inefficiencies and corruption in the judicial systems;
- the ability to obtain licenses, permits or other authorizations required;
- intense competition in many of the markets in which we operate;
- inflation risks;
- downgrading of South Africa's debt rating;
- risks associated with our structure, the Notes, the Guarantees, the Collateral, the Security SPV structure and our other indebtedness;
- the other factors discussed in more detail under "Risk Factors"; and
- factors that are not known to us at this time.

This list of important factors and the other factors discussed in the section entitled "*Risk Factors*" is not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this offering memorandum. Accordingly, we do not intend, and do not undertake any obligation, to update forward-looking statements set forth in this offering memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on such forward-looking statements.

CERTAIN KEY DEFINITIONS

"**2017 Term Loan**" means a term loan facility entered into by the Company and certain guarantors on July 11, 2017; with a capacity of US$150 million;

"**ADC**" means Africa Data Centres Holdings Limited, a wholly-owned subsidiary of the Parent and an affiliate of the Group;

"**ADC Divestment**" means the divestment by the Group of the Group's former data center business to ADC pursuant to the ADC Sale and Purchase Agreements;

"**ADC Sale and Purchase Agreements**" has the meaning ascribed to it in "*Business—Material Contracts—ADC Sale and Purchase Agreements*";

"**Annual Financial Statements**" means the audited consolidated financial statements of the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020, including the related notes thereto, which have been prepared in accordance with IFRS;

"**CAGR**" means compound annual growth rate;

"**Collateral**" means, collectively, the rights and assets directly and indirectly securing the Notes and the Guarantees, composed of the Global Collateral and the South African Collateral, as further described in "*Description of the Notes—Security*";

"**Company**" means Liquid Telecommunications Holdings Limited, a private company limited by shares incorporated under the laws of Mauritius, registered under company number C068355 C2/GBL;

"**Convertible Preference Shares**" means the 16,492,914 fully paid-up convertible preference shares of the Company, with a par value of US$0.029754158 each, convertible into 18,076,055 Ordinary Shares.

"**Counter-Indemnity Agreement**" means the counter-indemnity agreement dated March 4, 2021among the Security SPV, the South African Subsidiary Guarantors and the Company, among others, in terms of which the South African Subsidiary Guarantors agree to indemnify the Security SPV against claims made on it under the SPV Guarantee;

"**Deloitte**" means Deloitte, independent auditors of the Company;

"**DRC**" means the Democratic Republic of the Congo;

"**Existing Senior Secured Notes**" means the Issuer's US$730 million 8.500% senior secured notes due 2022;

"**Existing Revolving Credit Facility**" means a revolving credit facility entered into by the Company and certain guarantors on July 11, 2017;

"**Existing Senior Facilities Agreement**" means a senior facilities agreement entered into by the Company and certain guarantors on July 11, 2017 consisting of (i) the Existing Revolving Credit Facility and (ii) the 2017 Term Loan;

"Facilities" means, collectively, the Term Loan Facilities and the Revolving Credit Facility.

"**FCAs**" means foreign currency accounts;

"**Financial Statements**" means, collectively, the Annual Financial Statements and the Interim Financial Statements;

"**Group**", "**we**", "**our**" or "**us**" means the Company and its direct and indirect consolidated subsidiaries, except as otherwise indicated or where the context otherwise requires;

"**Global Collateral**" means, collectively, the rights and assets located outside of South Africa securing the Notes and the Guarantees, as further described in "*Summary Corporate and Financing Structure*";

"**Guarantees**" means the guarantees of the Notes by the Guarantors;

"**Guarantors**" means, collectively, the Company, the South African Subsidiary Guarantors and the Non-South African Subsidiary Guarantors;

"**IFRS**" means the International Financial Reporting Standards issued by the International Accounting Standards Board;

"**Indenture**" means the indenture governing the Notes, dated March 4, 2021 between, among others, the Issuer, the Guarantors, the Trustee and the Security Agent;

"**Intercreditor Agreement**" means the intercreditor agreement dated March 4, 2021, between, among others, the Issuer, the Guarantors, the Security SPV, the Trustee and the Security Agent as described in the section entitled "*Description of Certain Financing Arrangements"*;

"**Interim Financial Statements**" means the reviewed interim financial statements of the Liquid Group as of and for the nine-month period ended November 30, 2020, including the related notes thereto, which have been prepared in accordance with International Accounting Standards IAS 34 Interim Financial Reporting;

"**IRU**" means indefeasible right of use.

"**Issue Date**" means the date of issuance of the Notes;

"**Issuer**" means Liquid Telecommunications Financing plc, a public company limited by shares incorporated under the laws of England and Wales, registered under company number 10759673, with its registered office at 9th Floor, 6 New Street Square, London EC4A 3BF;

"**Listing Agent**" means Walkers Listing Services Limited;

"**Liquid Group**" means the Group, excluding any of its direct or indirect consolidated subsidiaries prior to their respective acquisition by the Group;

"**Managed Float**" means the RBZ's exchange rate regime, which established a limited interbank foreign exchange market to formalize trading of RTGS balances with other currencies;

"**MSAs**" means master service agreements which the Group has entered into;

"**New Revolving Credit Facility**" means the revolving credit facility providing for borrowings of up to US$60,000,000 under the New Senior Facilities Agreement;

"**New Senior Facilities Agreement**" means the senior facilities agreement among, among others, the Company, Liquid Telecommunications South Africa (Pty) Limited, J.P. Morgan Securities plc, The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) and Standard Chartered Bank as mandated lead arrangers, and The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) as agent and the Security Agent, dated March 4, 2021 providing for the Revolving Credit Facility and the Term Loan Facilities;

"**Non-South African Subsidiary Guarantors**" means, collectively, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Zambia Limited and Liquid Telecommunications Kenya Limited;

"**Notes**" means the US$620.0 million 5 ½% Senior Secured Notes due 2026 offered hereby;

"**Offering**" means the offering of the Notes;

"**Option Holder**" has the meaning ascribed to it in "*Summary Corporate and Financing Structure*";

"**Option Holder Flip-Up**" has the meaning ascribed to it in "*Summary Corporate and Financing Structure*";

“**Ordinary Shares**” means 124,857,914 fully paid-up ordinary shares of the Company, with a par value of US$0.029754158 each;

“**PAAB**” means the Public Accountants and Auditors Board of Zimbabwe;

“**Parent**” means Liquid Telecommunications (Jersey) Limited, the majority shareholder of the Group;

“**Paying Agent**” means The Bank of New York Mellon, London Branch;

“**Postal Act**” means the Postal and Telecommunications Act, the main statute governing the telecommunications industry in Zimbabwe;

“**POTRAZ**” means the Postal and Telecommunications Regulatory Authority, the regulator for the telecommunications industry in Zimbabwe, which is a body corporate capable of suing and being sued in its corporate name and, subject to the Postal Act, of performing all acts that bodies corporate may by law perform;

“**Purchase Agreement**” means the purchase agreement to be dated as of the date of this offering memorandum, among the Issuer, the Guarantors, and the Initial Purchasers;

“**QIB**” means “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act;

“**Raha**” means Raha Tanzania Holdings Limited, a company registered in accordance with the laws of Mauritius under number C134316 C2/GBL, and its direct and indirect consolidated subsidiaries;

“**RBZ**” means Reserve Bank of Zimbabwe;

“**Redemption**” has the meaning ascribed to it in “*Summary—Transactions*”;

“**Registrar**” means The Bank of New York Mellon SA/NV, Dublin Branch;

“**RTGS**” means the real-time gross settlement dollar, an interim synthetic currency that was controlled by the RBZ under a strictly controlled foreign exchange regime, now denominated as the Zimbabwean dollar under the RBZ’s Managed Float exchange rate regime, permitting some foreign exchange trading;

“**SARB**” means Financial Surveillance Department of the South African Reserve Bank;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**Security Agent**” means The Standard Bank of South Africa Limited;

“**Security Documents**” means the agreements between, among others, the Security Agent, the Issuer, the Guarantors and any other guarantor, as applicable, pursuant to which security interests over the Collateral are granted to secure the Notes, the Guarantees and the Counter-Indemnity Agreement;

“**Security SPV**” means Main Street 1805 Proprietary Limited, an insolvency remote special purpose vehicle company organized in accordance with the laws of South Africa under registration number 2020/614575/07;

“**Shares**” means the Convertible Preference Shares and the Ordinary Shares;

“**South African Collateral**” means, collectively, the rights and assets located inside South Africa securing the Notes and the Guarantees, as further described in “*Summary Corporate and Financing Structure*”;

“**South African Subsidiary Guarantors**” means, collectively, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunication Holdings South Africa (Pty) Limited;

“**SPV Guarantee**” means the limited recourse guarantee granted by the Security SPV on a first-priority basis;

“**Tender Offer**” means the concurrent tender offer for the Existing Senior Secured Notes, as further described under “*Use of Proceeds*”;

"**Tender Offer Memorandum**" means the tender offer memorandum distributed in connection with the Tender Offer;

"**Term Loan A Facility**" means the amortizing term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000 under the New Senior Facilities Agreement;

"**Term Loan B Facility**" means a bullet repayment term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000 under the New Senior Facilities Agreement;

"**Term Loan Facilities**" means, collectively, the Term Loan A Facility and the Term Loan B Facility;

"**Transactions**" has the meaning ascribed to it in "*Summary—Transactions*";

"**Transfer Agent**" means The Bank of New York Mellon, London Branch;

"**Trustee**" means BNY Mellon Corporate Trustee Services Limited;

"**U.S. GAAP**" means the generally accepted accounting principles in the United States;

"**Zanlink**" means Zanlink Limited, a company registered in accordance with the laws of Zanzibar under number Z0000039752, and its direct and indirect consolidated subsidiaries;

"**Zimbabwean CPI**" means the Zimbabwe Consumer Price Index; and

"**ZWL**$" means the Zimbabwean currency, being the Zimbabwean Dollar.

PRESENTATION OF FINANCIAL AND OTHER DATA

PRESENTATION OF FINANCIAL INFORMATION

We present in this offering memorandum certain historical financial information for the entities that comprise the Group. The Company is the holding company for the Group. The Issuer has no significant operations and has not engaged in any significant activities other than financing activities relating to the Group.

Included herein are the following consolidated financial statements:

- the audited consolidated financial statements of the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020, including the related notes thereto, which have been prepared in accordance with IFRS (the "**Annual Financial Statements**"); and

- the reviewed interim financial statements of the Liquid Group as of and for the nine-month period ended November 30, 2020, including the related notes thereto, which have been prepared in accordance International Accounting Standards IAS 34 Interim Financial Reporting (the "**Interim Financial Statements**" and together with the Annual Financial Statements, the "**Financial Statements**").

The Annual Financial Statements have been audited by Deloitte. The Interim Financial Statements have been reviewed by Deloitte.

The Financial Statements included in this offering memorandum include the consolidated financial statements of the guarantor and non-guarantor subsidiaries of the Group (except those incorporated after November 30, 2020).

The financial information included in this offering memorandum was not prepared in accordance with generally accepted accounting principles in the United States ("**U.S. GAAP**"). There could be significant differences between IFRS, as applied by us, and U.S. GAAP. We neither describe the differences between IFRS and U.S. GAAP nor reconcile our IFRS financial statements to U.S. GAAP. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision. The financial information included in this offering memorandum is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information.

All financial statements contained in the F-Pages to this offering memorandum should be read in conjunction with the relevant notes thereto.

The Issuer has no material assets and no material liabilities other than the Notes and the Existing Senior Secured Notes to be redeemed with the proceeds of this Offering. The Issuer will not engage in any significant activities other than financing activities. Consequently, we have not provided herein financial statements for the Issuer.

OTHER FINANCIAL INFORMATION

As adjusted financial information to give effect to the Transactions

This offering memorandum includes certain as adjusted financial information as of and for the 12 months ended November 30, 2020, which gives effect to the Transactions as if they had been consummated on: (i) December 1, 2019 (with respect to As Adjusted Interest Coverage) for the 12 months ended November 30, 2020; and (ii) November 30, 2020 (with respect to all other metrics).

The as adjusted financial information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position we would have reported had the Transactions been consummated as of December 1, 2019 or November 30, 2020, as applicable.

The as adjusted financial information should be read in conjunction with sections entitled "*Presentation of Financial Information*," "*Use of Proceeds*," "*Business*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations,"* and "*Description of Certain Financing Arrangements*," as well as the Financial Statements and the notes thereto included in this offering memorandum. Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of fees and expenses, fluctuations in cash on hand between November 30, 2020 and the Issue Date and fluctuations in applicable exchange rates.

Pro forma financial information with respect to the ADC Divestment

This offering memorandum includes certain pro forma financial information as of and for the 12 months ended November 30, 2020, which gives pro forma effect to (a) the Transactions as if they had occurred as of November 30, 2020 and (b) the ADC Divestment as if it had occurred (i) on December 1, 2019 (with respect to pro forma Adjusted EBITDA) and (ii) on November 30, 2020 (with respect to all other pro forma metrics).

The pro forma financial information with respect to the ADC Divestment is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position we would have reported had the ADC Divestment been completed as of December 1, 2019 or November 30, 2020, as applicable.

The pro forma financial information with respect to the ADC Divestment has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act or any generally accepted accounting standards. The pro forma financial information with respect to the ADC Divestment has not been audited or reviewed in accordance with any generally accepted auditing standards.

OPERATING AND MARKET DATA

Key performance indicators

Below are some of the key performance indicators we use to monitor our business.

- Total wholesale voice minutes on our network.
- Number of km of fiber laid: represents the number of kilometers of new routes (including backbone, metro and FTTx) over which fiber is installed over a particular period. Multiple fiber cables or ducts within the same trench are only counted once. Includes both owned and leased capacity through partnerships.
- Number of enterprise customers: the number of enterprise customers, without taking into account the number of customer connections where the number of customers is not available (except for our Ugandan and Tanzanian entities, which still report the number of customer connections if the number of customers is not available).
- Number of retail customers: represents the number of broadband fiber-to-the-home ("**FTTH**"), WIMAX and LTE customers (including subscription customers and prepaid customers) by each operation at a given time.
- Average churn rate: represents the monthly recurring revenue that was lost during a month following a price reduction or termination of service due to disconnections, downgrades and non-renewals, divided by the monthly recurring revenue for the period.
- New Sales: represents the total value in terms of non-recurring (one-off) revenue and the sum of all expected monthly recurring revenues over the duration of each contract (at undiscounted nominal value) from service orders for new services, signed by our wholesale and enterprise customers during the period. This excludes upgrades, downgrades, renewals and roaming contracts. Some of these contracts may be cancelled or terminated before the end of their term.
- Service Activation Pipeline: or MRR Backlog, represents the monthly recurring revenue expected from service orders, signed by our wholesale and enterprise customers, that have not yet been installed, accepted by the customer or activated, and therefore have not yet generated revenue. This excludes roaming contracts.

Market data

In this offering memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this offering memorandum were extracted from market research and other publicly available information, independent industry publications and reports prepared by industry consultants. These external sources include the World Bank, the International Monetary Fund ("**IMF**"), the Organisation for Economic Co-operation and Development ("**OECD**"), the African Development Bank ("**AfDB**"), Analysys Mason Ltd, Xalam Analytics, Hamilton Research, TeleGeography, OMDIA, Tower Xchange, GSMA and Ericsson, among others. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts, to the extent quoted or referred to herein, are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness. While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain, no facts have been omitted which would render this information inaccurate or misleading, neither we nor the initial purchasers accept further responsibility in respect of such information.

NON-IFRS FINANCIAL MEASURES

In this offering memorandum, we present certain financial measures that are not defined in and, thus, not calculated in accordance with IFRS, U.S. GAAP or generally accepted accounting principles in any other relevant jurisdiction. These include Gross Profit Margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Capital Expenditure, Gross Debt, Net Debt, Gross Debt to Adjusted EBITDA ratio, Net Debt to Adjusted EBITDA ratio and Interest Coverage (each as defined below). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

An explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

- We define "Gross Profit Margin" as the ratio of consolidated gross profit for the year / period to our revenue, expressed as a percentage.
- We define "EBITDA" as consolidated profit or loss for the year / period, excluding the impact of tax benefit or expense, interest income, finance costs and depreciation and amortization.
- We define "Adjusted EBITDA" as EBITDA adjusted for the following items: impairment expense, stock write-off/obsolescence expense, restructuring costs, acquisition and other investment costs, foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.
- We define "Adjusted EBITDA Margin" as the ratio of Adjusted EBITDA to our revenue, expressed as a percentage.
- We define "Capital Expenditure" as any expenditure that should be treated as capital expenditure in the financial statements in accordance with applicable accounting principles, including advance payments for capital expenditure and excluding any non-cash expenditure.
- We define "Gross Debt" as borrowings as stated on the balance sheet.
- We define "Net Debt" as Gross Debt less cash and cash equivalents (excluding restricted cash) at a stated balance sheet date.
- We define "Gross Debt to Adjusted EBITDA" ratio as Gross Debt divided by Adjusted EBITDA for a stated period, expressed as a multiple.

- We define “Net Debt to Adjusted EBITDA” ratio as Net Debt divided by Adjusted EBITDA for a stated period, expressed as a multiple.

- We define “Interest Coverage” as Adjusted EBITDA divided by the net of interest income and finance costs for a stated period, expressed as a multiple.

Our management believes that the presentation of these non-IFRS financial measures is helpful to investors as measures of our operating performance and our ability to service our debt.

We present EBITDA because it is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. EBITDA may normalize potential differences in performance caused by variations in tax positions and jurisdictions, capital structures affecting net finance income/costs, the cost and age of tangible assets affecting relative depreciation expense, and the extent to which intangible assets are identifiable affecting relative amortization expense.

We present Adjusted EBITDA as it represents EBITDA before additional specific items that are considered to hinder analysis of the trading performance of the Group’s businesses, such as share of profit of associates which we cannot exercise control over, foreign exchange gains and losses which do not reflect the underlying performance of our companies in their local country currencies, impairment and write-off charges as these do not reflect cash expenditures, and acquisition costs as these do not relate to our ongoing performance. We believe that Adjusted EBITDA should, therefore, be made available to securities analysts, investors and other interested parties to assist in their assessment of the trading performance of our businesses.

We present Gross Debt and Net Debt as we believe they are useful indicators of our indebtedness, financial flexibility and capital structure as they indicate the level of borrowings after taking account of cash and cash equivalents and restricted cash within our business that could be utilized to pay down the outstanding borrowings.

None of EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, or any of the other non-IFRS financial measures is a measurement of performance or liquidity under IFRS or any other generally accepted accounting principles and you should not consider EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, or any of the other non-IFRS financial measures as an alternative to net income, operating profit or other financial measures determined in accordance with IFRS or other generally accepted accounting principles. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and the other non-IFRS financial measures described in this offering memorandum are unaudited and the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and the other non-IFRS financial measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our operating performance reported in accordance with IFRS. Some of these limitations are:

- they do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- with the exception of Interest Coverage, they do not reflect the significant interest expense on our debt or the cash requirements necessary to service interest or principal payments on our debt;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA-based measures do not reflect any cash requirements for such replacements;

- they do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations;

- other companies in the industry in which we operate may calculate these measures differently than we do, limiting their usefulness as comparative measures; and

- our calculation and presentation of Adjusted EBITDA in this offering memorandum is similar to, but different from, the calculation of consolidated EBITDA under the Indenture. Accordingly Adjusted EBITDA does not provide precise indications as to the level of our adherence to the terms of our Indenture.

Accordingly, prospective investors should not place undue reliance on EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, or the other non-IFRS financial measures contained in this offering memorandum.

The financial information included in this offering memorandum is not intended to comply with the SEC requirements. Compliance with such requirements would require, among other things, compliance with the requirements of Regulation S-X and the exclusion of certain non-IFRS measures.

For a reconciliation of non-IFRS financial measures to the nearest corresponding IFRS financial measure, see "*Selected Financial and Other Data—Certain Non-IFRS Financial Measures.*"

GUARANTOR COVERAGE

We present in this offering memorandum certain information with respect to the proportion of our consolidated net assets and our Adjusted EBITDA (excluding dividend income and profit from the sale of subsidiaries) represented by subsidiaries that will guarantee the Notes. Certain of our subsidiaries will not provide Guarantees due to, among other factors, jurisdiction-specific corporate law restrictions, burdensome regulatory approvals and joint venture agreements.

As of and for the year ended February 29, 2020, the Guarantors represented (i) 94.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 90.7% of our net assets, after adjusting for intercompany payables and receivables. In the nine months ended November 30, 2020, the Guarantors represented (i) 76.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 84.9% of our net assets, after adjusting for intercompany payables and receivables.

ROUNDING

Certain amounts that appear in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

CURRENCIES

In this offering memorandum, references to "U.S. dollar", "$" or "US$" are to the lawful currency of the United States, references to "ZAR", "R" or "South African Rand" are to the lawful currency of South Africa and references to "sterling", "pounds sterling", "GBP" or "£" are to the lawful currency of the United Kingdom. No representation is made that any specific currency amount in this offering memorandum could have been converted into any of the other currencies presented in this offering memorandum at any particular rate or at all.

EXCHANGE RATE INFORMATION

The following table sets out for the periods indicated below the high, low, average and period end exchange rates as published by Bloomberg Composite Rate (London), of the U.S. dollars against the South African Rand. We make no representation that any specific currency amount in this offering memorandum have been, could have been or could in the future be converted into any of the other currencies presented in this offering memorandum at any particular rate at all. On February 23, 2021, the exchange rate published by Bloomberg Composite Rate of the ZAR per 1.00 US$ was 14.5438.

Year	**High**	**Low**	**Average**	**Period End**
February 29, 2016	16.8717	11.7572	13.5014	15.8715
February 28, 2017	15.9260	12.8720	14.2642	13.1285
February 28, 2018	14.4700	11.5542	13.0864	11.7957
February 28, 2019	15.4234	11.6337	13.5486	14.0849
February 29, 2020	15.6609	13.8411	14.5936	15.6609

Monthly	**High**	**Low**	**Average**	**Period End**
March 2020	17.9368	15.2362	16.6966	17.8379
April 2020	19.0815	17.9619	18.5855	18.5264
May 2020	18.8100	17.3856	18.1595	17.5464
June 2020	17.4730	16.5259	17.1225	17.3512
July 2020	17.1672	16.4102	16.7654	17.0718
August 2020	17.6886	16.5956	17.2479	16.9416
September 2020	17.1313	16.1588	16.7300	16.7487
October 2020	16.7326	16.1816	16.4558	16.2439
November 2020	16.2265	15.1263	15.5185	15.4681
December 2020	15.3151	14.5400	14.8639	14.6948
January 2021	15.5302	14.7258	15.1487	15.1609
February 2021 (to February 23)	15.0694	14.4557	14.7437	14.5438

The above rates may differ from the actual rates used in the preparation of the Financial Statements, certain convenience translations included herein and other financial information appearing in this offering memorandum.

SUMMARY

The following overview information should be read as an introduction to the more detailed information appearing elsewhere in this offering memorandum, including the Financial Statements and the accompanying notes beginning on page F-1. You should read this offering memorandum carefully in its entirety to understand our business, the nature and terms of the Notes and the tax and other considerations that are important to your decision to invest in the Notes, including the risks discussed under "Risk Factors". In addition, certain statements include forward-looking information that involves risks and uncertainties. Please see "Forward-Looking Statements".

OVERVIEW

We are one of the largest multi country, open access fiber network operators in Africa, delivering national and international connectivity solutions, 4G and 5G national roaming, hosting and digital services to mobile operators, carriers, enterprises, media and content companies, other internet service providers, as well as retail customers. Following significant demand across Africa from businesses and individuals for cloud-based products and content offerings, we have broadened our portfolio to include digital services, managed enterprise solutions and system integration consulting services, thereby leveraging our infrastructure footprint and technological know-how to optimize return on investment.

Our fiber optic network currently stretches more than 73,000 km across Sub-Saharan Africa, one of the world's fastest growing data market regions, and enables us to support high-bandwidth, low-latency applications, such as 3G/4G LTE/5G mobile tower backhauling, OTT content and service delivery, entertainment video and security CCTV streaming, machine-to-machine connectivity, private connections to data center storage and computing services, cloud services, and other applications. Direct access to international submarine cable infrastructure, with equity stakes in SAT3/SAFE, EASSy, TEAMS and WACS cables, as well as significant investment in other cables complements and extends our pan-African fiber network to global destinations.

We own and operate our own fiber optic and wireless networks across ten countries in Africa: Botswana, DRC, Kenya, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe, with further commercial presence in Nigeria, Mauritius, Togo, the United Arab Emirates and the United Kingdom. This makes us the only operator in Sub-Saharan Africa with a single multi-country fiber network of such geographic breadth. Our cross-border backbone fiber network links to our own extensive metropolitan and last-mile networks, which are composed of fiber and fixed wireless access networks in most major cities and secondary cities in the region. We have attracted a high quality and geographically diversified customer base in some of Africa's fastest growing markets, that includes some of the largest consumers of infrastructure-based solutions, such as MNOs, OTTs, international carriers and over 11,000 enterprise customers including financial institutions, other multinational corporations, international carriers and other leading national companies, as well as SMEs and retail consumers.

We believe digital services in Africa represent a significant revenue growth opportunity, particularly in the enterprise and SME markets (see "*Industry Overview—Key drivers of broadband demand*"). Our inclusive vision of helping to build Africa's digital future has also allowed us to provide high-bandwidth connectivity into regions that have never had any fixed-line infrastructure, allowing these emerging markets to leapfrog older fixed-line technologies to fiber optics (DWDM, ME & GPON) and 4G LTE and 5G networks, providing greater bandwidth for voice and data communications and services. We provide over 3500 VSAT CPE Internet connections with satellite VSAT technology in some of the most remote destinations in Africa, creating a ubiquitous area of service across the continent. We believe we are well positioned to build and capture the potential of the African digital future, as digitization expands across Africa (as consumers switch from 2G to 3G/4G LTE and in future, 5G enabled handsets, from traditional voice to broadband and VoIP, and from individual small screen data consumption to always-on multiscreen broadband in the home) and enterprises transform their operations, expand their geographical reach and increase their connectivity, reliability and digital service requirements.

Key Strengths

We consider our key strengths to include the following:

We have a demonstrated track record of executing our outlined strategy supported by a strong management team.

Led by our founder and a seasoned management team, and supported by industry professionals with deep experience in our core markets, we have built a strong operational track record through executing our strategy to build and monetize the extensive network that exists today. In recent years, we have successfully implemented a large-scale network expansion, having increased our fiber-optic network by over 20,000 km since February 28, 2018, to more than 73,000 km network as of November 30, 2020 (representing 47% growth from approximately 50,000 km in July 2017). This network stretches across ten countries in Sub-Saharan Africa and represents the largest cross-border fiber optic network on the continent. This positioning allows us to take advantage of the increased demand for data intensive applications, particularly from enterprise and wholesale data customers across Africa. We have reinforced this capability by securing direct access to international submarine cable infrastructure through a number of strategic investments that allow us to deliver reliable connectivity to our customers. On the back of this unique network infrastructure, and in line with our strategy, as of November 30, 2020, we served over 12,360 enterprises and over 131,000 retail customers across Sub-Saharan Africa (compared to a total of 112,672 network customers as of July 2017). In addition, we have leveraged our customer satisfaction and technical support centers in Harare, Nairobi, Johannesburg and London to provide a consistently high level of customer service, as demonstrated by our reduced average customer churn rate of 0.73% for the year ended February 29, 2020, as compared to 1.55% for the year ended February 28, 2018. (For the nine months ended November 30, 2020, our average churn rate was 0.9% due to the economic impact of COVID-19 pandemic.)

In recent years, we have focused on optimizing and simplifying our corporate structure. This has involved making strategic moves to acquire full ownership and control of former commercial partnerships in Zambia, Zimbabwe and Botswana, thus increasing operational efficiency through streamlined organizational structures. See "—*Employees*."

We have also demonstrated a strong track record of making strategic acquisitions and successfully integrating acquired businesses into the Group. We successfully completed the KDN, RwandaTel and Infocom acquisitions in 2013, and the Raha, Neotel and Zanlink acquisitions in 2017. These acquisitions have been used to rapidly grow our fiber network footprint in new countries such as Kenya, Uganda, Rwanda and Tanzania, or to strengthen some of our existing market positions in South Africa, Zimbabwe and Zambia. Since the acquisition of Neotel (now Liquid Telecommunications South Africa (Pty) Limited, or "**LTSA**"), we have achieved significant revenue growth, commercialized LTSA's under-utilized spectrum assets and implemented IT systems across the Group, such as ServiceNow (a service assurance system), thus driving greater operational efficiencies. More recently, on June 10, 2020, the Group entered into an agreement to purchase a 71% holding in Worldstream (Pty) Ltd from Econet Group Ltd for a non-cash consideration of US$9.0 million and has already made significant progress in integrating the business and realising its value. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Impacting Our Results of Operations—Acquisitions.*"

Our swift and effective response to the COVID-19 pandemic provides further evidence of the strength and resilience of our network and the competence and agility of our management team. This team has managed the Group response throughout the pandemic by means of a targeted COVID-19 task force formed in March 2020 to respond to operational and working capital challenges.

Our network and communication infrastructure assets are mission-critical and difficult to replicate.

We have the largest cross-border independent pan-African fiber-optic network and cloud infrastructure on the continent**.** Our fiber network spans more than 73,000 km from Cape Town to Cairo, crossing ten countries, and includes dense metro, regional and backbone network infrastructure. Our fiber network is supported by a large inventory of leased international capacity on submarine cables, voice switches in the UK, Mauritius, Kenya, and South Africa, leased capacity on C-Band, Ku-Band and Ka-Band satellites, state-of-the-art satellite hubs in South Africa, Kenya and the UK, and over 1,000 (mostly leased) wireless sites that support fixed wireless service rollout.

In addition to our cross-border and national backhaul networks, we have built an extensive FTTx network, connecting almost 89,000 homes and buildings in Zimbabwe, Zambia, Kenya, Uganda and Rwanda, and increased our reach to enterprise customers across Africa. Unlike others in the industry, we also own over 70% of our fiber network, the remainder of which is secured via long-term IRU contracts with typical remaining contract terms of over ten to fifteen years as of November 30, 2020.

The development and maintenance of a pan-African network infrastructure of this scale can be both capital intensive and operationally challenging, requiring significant knowledge of the markets, geography and regulatory environments in which we operate. We incurred capital expenditure of US$196.9 million, US$178.1 million and US$104.0 million in the financial years ended February 28, 2018, February 28, 2019 and February 29, 2020, respectively, and US$92.6 million and US$59.5 million in the nine months ended November 30, 2019 and November

30, 2020, respectively. We have a proven track record of leveraging our industry experience in Africa to successfully negotiate the acquisition of licenses and authorizations in new countries, across international borders and in complex and diverse regulatory environments. Obtaining such licenses and authorizations can be a lengthy and time-consuming process for potential competitors. In addition, managing and monitoring the compliance obligations of a large number of local contractors that are essential to expand and maintain a network of our scale and to cost-effectively maintain the infrastructure necessary to deliver a high quality of service constitute significant barriers to entry for potential competitors.

We have also made significant investments in redundant network infrastructure, cybersecurity and upgrades in recent years, including the implementation of triple route redundancy, fully redundant equipment and ample capacity to steer traffic. These investments have allowed us to maintain a best-in-class operational track record, as demonstrated by high customer uptime levels and robust network security**.**

The unique breadth and resilience of our network infrastructure has allowed us to become the undisputed market leader in Africa, leading to our recognition for eight successive years as the Best African Wholesale Carrier at the Global Carrier Awards. We are also a market leader in pan-African cloud and wholesale data services, a position enhanced through key commercial and operating partnerships, such as our partnership with Microsoft, for whom we are a Tier 1 and Tier 2 Cloud Service Provider across Africa. Given the limited number of pan-African operators with our network capabilities and regional expertise, we believe we will continue to be the preferred partner of global technology and communications companies wishing to access the largest number of African markets.

Having largely completed the primary phase of our capital-intensive rollout of network infrastructure (in terms of reach and capacity), we are well positioned to realize the benefits of over a decade's worth of strategic investments and expansion. We expect to realize these benefits through continued growth of our enterprise and wholesale data business, the roll-out of additional service offerings, such as cybersecurity, to enterprise customers and continued improvement in our operational efficiency and customer monetization.

We have established strong and lasting relationships with a diversified and blue-chip customer base.

We have established a broad customer base, covering many industries and organizations of various sizes across all of the territories we operate in. This range includes international MNOs and government agencies, to small, medium and large enterprises, as well as a growing retail base. Our relationships with voice carriers date back to the beginnings of the company and are evolving to enable us to deliver traffic to an increasing number of countries.

We maintain strong relationships with over 12,360 enterprise customers across Africa, representing a diversified, stable, blue-chip customer base, with global, pan-African and local clients in multiple sectors. Such sectors include financial institutions, multinational corporations, international carriers, ISPs and other leading national companies. Capitalizing on our investments in high-quality infrastructure, our competitive pricing and high quality of service levels, we have achieved substantial revenue growth in our data and other services segment, which increased by 23.6% in the year ended February 29, 2020. In the nine months ended November 30, 2020, revenues for the data and other services segment were flat as compared to the nine months ended November 30, 2019 largely as a result of exchange rate volatility resulting from the COVID-19 pandemic.

Supported by our network capabilities and high standards of customer service, we have succeeded in achieving a high level of customer satisfaction, thus becoming the preferred partner for these customers, as demonstrated by a reduced average customer churn rate of 0.73% for the financial year ended February 29, 2020, as compared to 1.55% for the year ended February 28, 2018. (For the for the nine months ended November 30, 2020, our average churn rate was 0.9% due to the economic impact of COVID-19 pandemic.) Many of our largest customers have entered multi-year contracts, with some wholesale data contracts extending out over a 15 to 20-year period, providing a degree of revenue visibility and stability, as well as strengthening relationships through which we can promote the growth of further service offerings.

We have been particularly successful in leveraging the breadth and resilience of our network, our operating experience, regional knowledge and commitment to Africa to become the go-to service provider on the continent for a number of global technology leaders. We have partnered with these and other players to provide regional network, cloud computing and fixed line infrastructure to help the world's largest technology players access vital and growing African markets for online services, distribute content and roll-out a range of new services. For example, our relationship with Microsoft, as a Gold Partner for cloud and cyber services, enables us to sell Office 365, Azure and ExpressRoute, services that allow us to deepen and broaden the relationship with our enterprise and retail customers, leading to a higher wallet share and lower churn.

The resilience of our customer base and the essential nature of the services we provide is underscored by the impacts of the recent COVID-19 pandemic on our business, which has remained largely stable despite the widespread economic impacts being felt both throughout Africa and globally. In all countries in which we operate, our staff have been able to work remotely where required, and, in most territories, our engineers and field staff have been afforded essential worker status, enabling them to continue operating through the crisis. Across all areas, we have continued to work with local officials to support our customers and provide help and resources to local communities.

We have a strong market position across our geographies and are best placed to benefit from compelling market trends.

As a pan-African operator, we have achieved significant geographic coverage facilitated by the expansion of our fiber network, including roll-out in Botswana, South Sudan and Nigeria between 2017 and 2020, and significant densification across our existing footprint. Our network roll-out success across Africa has resulted in us being active in more countries than competing fiber operators and has positioned us to benefit from market trends in key geographies. Such trends include the growing demand and requirement for fiber infrastructure as remote working models gain popularity following the emergence of the COVID-19 pandemic.

We are one of the largest fiber network operators (in terms of both revenues and length of fiber routes) in Zimbabwe, Zambia, Kenya, Rwanda and Uganda, and the second largest in South Africa. We also believe we are one of the largest wholesale data carriers and enterprise connectivity service providers (in terms of revenues) in all of our markets but South Africa, DRC (the largest in the south-east region of Katanga), Tanzania and Botswana (where operations launched in 2017). We believe that we are one of the largest FTTB and FTTH providers (in terms of buildings connected and premises passed) in Zimbabwe, Zambia, Rwanda, Uganda and Tanzania.

Substantial long-term growth is forecast in our target countries and industry and we see opportunities for development in eight additional countries. While the majority of countries in Africa are forecast to contract economically in 2021, some have even continued to grow during the COVID-19 pandemic. Other countries on the continent are expected to resume growth in 2021.

According to the OECD, Africa will continue to have the fastest urban growth in the world. The continent's population is projected to double between the 2020 and 2050, and two-thirds of this growth will be absorbed by urban areas. Young and urban populations tend to have stronger demand for high-speed broadband and are easier to serve due to higher density in urban areas. It is forecast that the total number of FTTH connections in Africa will reach almost six million by 2025, with a run rate of approximately 628,000 new connections per year. The number of African mobile broadband connections is expected to grow at a 10.5% CAGR from 434.1 million in 2020 to 586.2 million in 2023, resulting in a Sub-Saharan penetration rate of 72% of all mobile subscriptions by 2025. The increased uptake of smartphones and other "smart" devices and the roll-out of 4G and 5G technology is also expected to increase the demand for data in key geographies, with average data traffic per smartphone, measured in gigabytes per month, projected to be 7.1GB by 2025 in Sub-Saharan Africa. As demonstrated by the increased reliance on mobile data and internet connectivity during the COVID-19 pandemic, due in part to an increase in the proportion of people working remotely, such services have become essential to many households and businesses.

The scale of the Group allows us to derive significant operational and cost synergies, including the ability to profitably launch services that were not previously available in some of the countries in which we operate, and to negotiate more favorable pricing and other commercial terms with our key suppliers. Our unique market position on the African continent attracts interest from the owners of smaller competitors in an industry under pressure to provide greater access to capital to cope with rapid growth. We undergo a rigorous process when selecting organic and inorganic growth opportunities following governance procedures led by our financial, technical, planning and strategic process committees.

We have strategically designed our network footprint and product offerings to benefit from the growing market for telecommunication services in Africa. Africa still represents one of the least penetrated fixed and mobile data connectivity markets in the world, poising it for sustained long-term growth (see "*Industry Overview—Market size and growth prospects of data in Africa").*

We have a differentiated and comprehensive service offering, with an increasing shift towards cloud and value-add products.

We believe we are the only African fixed network operator with a complete telecommunication service portfolio across the enterprise, wholesale data, wholesale voice and retail segments across the ten Sub-Saharan countries where we operate. In recent years, we have focused on increasing our network diversification, including through the development of cloud computing infrastructure to support growth in our enterprise business, wireless infrastructure to support fixed wireless service rollout and satellite capacity and VSAT technology to provide remote internet connectivity and support our existing network services. Our access to an end-to-end network (on which we can provide the entire service, without relying on third party telecommunication infrastructure providers) allows us to differentiate ourselves by our ability to manage the standards of our service, ensuring higher quality and reliability levels. This platform ultimately allows us to provide more services to end users, such as LAN management, onsite and cloud-based PBX, and other IT services which create cross-selling and up-selling opportunities and revenue growth potential. We are able to capture a larger share of the total telecommunications and IT spend of our customers (including wholesale, enterprise and retail customers) by selling multiple products, which are all supported on our infrastructure (with limited variable increased operating costs).

More recently, our evolution has continued to encompass technology offerings alongside the more traditional telecommunications services. In this way we can offer our customers a broader, more holistic range of services that add efficiency and security to their business and generate value for ours. Our product set includes cloud-based applications, cyber security offerings, undersea capacity as well as land based backhaul and fiber capacity. Commencing with our reporting for the nine-month period ended November 30, 2020, we have begun categorizing our reported revenue into a new set of reporting segments to give greater visibility on our evolving product set and allow us to drive value creation. For further information on adoption of the new reporting segmentation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—Change in segment reporting*."

We have worked to further expand our network diversity and capability through strategic acquisitions and investments. In 2020, we acquired a metropolitan network in Lagos, Nigeria, interconnecting the major data centers and the cable landing stations of submarine cable networks. We have also acquired the rights to use a portion of a fiber pair on a submarine cable for the lifetime of the cable, commencing in 2022 and connecting South Africa and Nigeria with the European continent at Portugal.

We believe such initiatives enable us to provide a rich mix of products across the markets in which we operate and to become an integrated telecommunications services provider and technology company providing varied, complex and higher-value services to our customers.

Stable and predictable revenue and earnings profile, solid operating performance and less intensive capex requirements.

The contractual nature of earnings and the inherent "stickiness" of customers to our network, combined with our diversified product offering, provides significant revenue and earnings visibility and stability. We are focused on generating strong cash flows. We believe our market position and exposure to a rapidly growing region and our movement from wholesale voice services to higher margin data and enterprise connectivity solutions, will further support robust and sustained revenue, EBITDA and cash performance.

We have multiple blue-chip clients that provide revenue stability and U.S. dollar denominated revenues. This stability has been enhanced by an increased diversification of our customer base, reducing our dependence on any one customer or region. While we have some local currency exposure, 48.6% and 31.8% of our revenue in the year ended February 29, 2020 were in South African Rand and U.S. dollars, respectively. During the nine months ended November 30, 2020, the South African Rand accounted for approximately 41.6% of revenues, U.S. Dollar for 36.6%, with the remaining revenues in other local currencies, which offset local currency costs. A significant part of the U.S Dollar revenue is paid into the UK and Mauritius by blue chip clients. This significantly reduces foreign exchange rate impacts on our revenues and profitability. In addition, as our South African Rand denominated earnings have increased as a share of the Group's earnings, we intend to refinance the Existing Senior Secured Notes in part with South African Rand denominated debt under the New Senior Facilities Agreement, thus limiting the impact of volatility against the U.S. dollar. In addition, we make use of hedging instruments where we have known and material foreign currency flows, in order to mitigate the impact of exchange rate volatility whilst also pricing local currency revenues in U.S. dollar equivalents.

Having completed a large section of our network roll-out, we are now in a position to drive revenue growth from our investment and will focus capital expenditure going forward on entering into new geographies and specific projects. In addition, a significant portion of the initial cost of large infrastructure build (e.g. a new fiber route connecting cities) is sometimes shared with anchor customers, through IRUs (which include high initial connection costs), giving our customers long term certainty and faster payback for our business and the sale of dark fiber. We are building partnerships with other global providers and these are also contributing to new project build costs. Relative to the initial investment to build the network, the cost of upgrading the data transmission equipment installed on our fiber network to transport a substantially higher amount of data is marginal. Additionally, the cost of operating and maintaining the network is broadly fixed and relatively low, as efficiencies increase rapidly with the size of the fiber network routes. This fixed cost structure allows us to benefit from the fast growth in demand and potential additional revenues, resulting in higher margins. New capital projects are assessed against stringent criteria and reviewed by the Board as appropriate. These projects are typically discretionary in nature and are only undertaken where they enhance our existing offerings or open up new opportunities.

Historically, we have maintained prudent financial policies and are targeting a Net Debt to EBITDA ratio within a 2.0x-3.0x range. If leverage peaks above this level due to acquisitions or unexpected changes, management seeks to bring it back to normal levels within an appropriate period of time. We have a disciplined approach to the payment of dividends and have not made any cash pay-outs since fiscal year 2017. We do not expect to pay any dividends for the foreseeable future.

Our Strategy

Our mission is to build Africa’s digital future by providing our customers with high-quality and technologically advanced ecosystem. Such an ecosystem includes reliable communication services and technology solutions at competitive prices across the African continent. Specific components of our strategy include the following:

Extend and improve our network reach and international connectivity and leverage our infrastructure to capture exponential growth in mobile traffic data.

We will continue to leverage our terrestrial networks to deliver services at low incremental costs and to harvest the largest cross-border, backbone, backhaul and last-mile fiber networks, to provide a cost-effective offering with better reliability, better quality of service and lower latency. We aim to expand our network reach through a combination of self-build projects, co-build projects with MNOs and technology companies and partnerships with established fiber operators in countries where we are not present. We will extend our last-mile network to connect to and provide advanced cloud services to more customers both at the enterprise level and at home. Our satellite VSAT offering will be expanded to provide a ubiquitous, value-priced service in rural and remote areas in Africa, as well as providing backup connectivity services for critical applications.

We will continue to invest in submarine cable systems, to complement our current internet and international connectivity offering. We will achieve this by bridging the gap with subsea providers through direct investments or reciprocal deals and swap deals on our fiber assets. We will take steps to ensure our ability to provide protected, reliable and low latency services between Africa and other continents and between African countries, thus improving our reach and capacity to keep pace with the rapid growth of international traffic. We will strengthen our access to landing stations through partnerships and offering our own landing stations to new cable systems, operating open access and low-cost points of presence in order to foster international connectivity and a rich local ICT ecosystem.

We will pursue an organic growth strategy driven by strong demand for our services and optimized investments. We will continue to expand our metro and FTTB networks in high-density business areas, by targeting multinational enterprise customers operating in connected buildings or within reasonable reach. We will leverage our infrastructure to capture exponential growth in mobile traffic data, including cloud services delivered on mobile, as well as create new routes connecting regions with high data creation and transmission needs. To continue developing our wholesale voice activities we will continue exploring new partnerships with continents and countries with a strong affinity and commercial relationships with our current countries of operations.

We also aim to expand and enhance revenue and profitability by leveraging the efficiencies of our corporate structure and network. We strategically target dense metro areas where large populations, increasing urbanization rates and growing business parks lend themselves to large bandwidth data requirements. The aggregation of additional fiber into conduits (ducts) that have already been amortized and/or paid for, provides significant value upside. Additionally, fiber networks are resilient assets, mostly buried underground, requiring relatively low maintenance capex.

We will also continue to pursue opportunities to consolidate the sector as well as grow our in-house expertise in new services and value propositions, through targeting under-valued assets or strategically complementary presence and teams.

Become Africa's leading cloud services provider.

We aim to become Africa's leading cloud provider, partnering with all global cloud service providers, thus enabling our customers to on-ramp with the cloud service of their choice through our network across Africa. We will continue to develop our best-in-class Infrastructure as a Service, Platform as a Service, and Software as a Service applications, increasing share of wallet and stickiness to our connectivity services. We will foster and develop our existing relationships with global cloud service providers, by extending our partnerships and becoming their leading point of contact with the largest businesses on the continent. We believe COVID-19 will accelerate the demand for cloud and related services and believe our response and resilience to the crisis to date has demonstrated our ability to deliver for our customers.

Position ourselves as a leading provider of cybersecurity solutions.

We will position ourselves as a leading provider of cybersecurity solutions, with an early move in many markets, leveraging our customer base of large enterprises and government agencies, particularly in the financial industry and other key verticals. We intend to set up a new cybersecurity operations center through partnerships with the leading global cybersecurity and cloud service providers, offering a one-stop shop for enterprises to protect their data, private networks and businesses and enabling them to safely use new cloud services and the web.

Develop further tools and approaches to meeting our customers' needs.

We will develop new tools and approaches to addressing the pressing requirements of African businesses and people through technology and by leveraging our network, product offering, know-how, spectrum, local presence, licenses and other assets. We will expand on our early successes in the Internet of Things ("**IOT**") with Sigfox, free space optics links, low-cost rural connectivity deployment and 4G/5G neutral wholesale mobile networks in South Africa including small cell deployments, as well as numerous initiatives in the education, gaming, community and entrepreneurship space. Our approach will focus on in-house research and development as well as partnerships with global technology and non-governmental organizations.

Optimize cash flow generation.

We intend to continue optimizing our operations in a manner that prioritizes cash flow generation. Cash flows from operating activities before working capital changes were US$189.3 million in the year ended February 28, 2018, US$182.8 million in the year ended February 28, 2019, and US$259.4 million in the year ended February 29, 2020. We seek to maintain a disciplined approach in relation to planned capital expenditures and working capital, and aim for our cash flows from operating activities to be sufficient to fund our anticipated capital expenditure, working capital requirements and debt service requirements as they become due.

USE OF PROCEEDS

We expect to use the proceeds of the Offering, together with proceeds of the Facilities and cash on hand, to (i) finance the purchase of the Existing Senior Secured Notes tendered and accepted for purchase in accordance with the terms and conditions of the Tender Offer, which is expected to be settled on or about March 4, 2020, subject to the Tender Offer Financing Conditions; (ii) finance the redemption, following and conditional upon settlement of the Tender Offer, of all Existing Senior Secured Notes not tendered and accepted for purchase in the Tender Offer; (iii) repay all amounts outstanding under the Existing Senior Facilities Agreement; (iv) for general corporate purposes; and (v) to pay costs, expenses and fees (including the Initial Purchasers' fees, legal, accounting and other fees and expenses) in connection with the Transactions. For descriptions of the Group's current and anticipated indebtedness following completion of the Offering, see "*Description of Certain Financing Arrangements*" and "*Capitalization*."

THE TRANSACTIONS

On February 22, 2021, the Issuer launched the Tender Offer, pursuant to which it will purchase all Existing Senior Secured Notes tendered and accepted for purchase in the Tender Offer accordance with the terms and conditions described in the Tender Offer Memorandum. The completion of the Tender Offer is subject to the Tender Offer Financing Conditions. All Existing Senior Secured Notes tendered and accepted for purchase in the Tender Offer will be cancelled following completion of the Tender Offer.

Following and conditional upon the settlement of the Tender Offer, the Issuer intends to issue a notice of redemption with respect to all Existing Senior Secured Notes that, subject to the receipt by the Issuer of net proceeds from this offering and the Facilities in an amount that, together with cash on hand, is sufficient to effect the redemption of all such Existing Senior Secured Notes (the "**Redemption**") and the repayment of all amounts outstanding under the Existing Senior Facilities Agreement, including the payment of any premiums, accrued interest, and costs and expenses incurred in connection therewith, the Issuer will redeem for cash, on July 13, 2021 (the "**Redemption Date**"), all Existing Senior Secured Notes then outstanding, at a redemption price of 100.00% of the aggregate principal amount of the Existing Senior Secured Notes, plus accrued and unpaid interest, if any, on the principal amount being redeemed to but excluding the Redemption Date. In connection with the Redemption, on or aound the time of the closing of the Offering, the indenture governing the Existing Senior Secured Notes will be satisfied and discharged in accordance with its terms. This offering memorandum does not constitute a notice of redemption.

See *"—Sources and Uses of Funds*" for additional detail regarding the Transactions.

Throughout this offering memorandum, we collectively refer to this Offering, the Redemption and entry into the New Senior Facilities Agreement as the "**Transactions**."

RECENT DEVELOPMENTS

- Prior to the date of closing of the Offering, we will enter into a series of agreements (the "**ADC Sale and Purchase Agreements**") with Africa Data Centres Holdings Limited, a wholly-owned subsidiary of the Parent and an affiliate of the Group, ("**ADC**"), pursuant to which we will agree to transfer certain assets in South Africa and Kenya relating to our data center business, together with substantially all of our data center business, including certain customer contracts, immoveable property and accounts receivable to ADC (the "**ADC Assets**") in exchange for an aggregate consideration of US$193.0 million, to be settled by (i) a cash consideration of US$60.0 million and (ii) US$133.0 million unsecured loan notes from ADC to Liquid Telecommunications South Africa Proprietary and Liquid Telecommunications Kenya Limited ("**LTK**"). These transactions are expected to complete before the Company enters into the New Senior Facilities Agreement and at or prior to the closing of the Offering. Following completion of the transactions contemplated by the ADC Sale and Purchase Agreements, and at the time of closing of the Offering, the ADC Assets will no longer be owned by the Group. In South Africa, certain of the ADC Assets consist of an undivided share in immovable property, and ADC is in the process of constructing further data centers on that immoveable property. The ADC Sale and Purchase Agreements contemplate that we will be required to transfer a portion of our undivided share in that immoveable property once ADC has completed the construction to compensate ADC for the relative increase in value of the aggregate property. The value of the undivided share which is held by us will be the same relative value as the value as of the date of this offering memorandum. The Security SPV and the Security Agent will, at the time contemplated in the ADC Sale and Purchase Agreement for such further transfer, sign any and all documentation which may be necessary to procure that the relevant portion of the undivided share that is transferred to ADC is unencumbered.

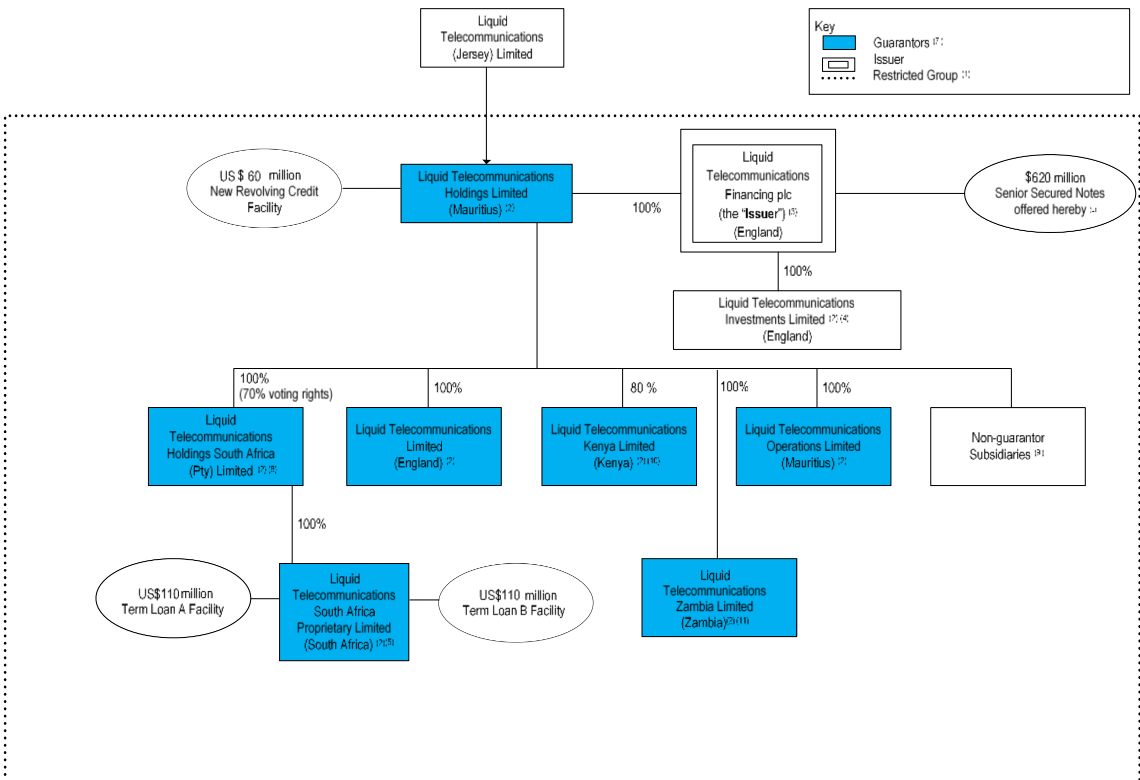
- Prior to the date of closing of the Offering, our subsidiary, Liquid Telecom DRC SA ("**LTDRC**") will enter into a usufruct agreement and a framework agreement (together, the "**DRC Financing Agreements**") with Liquid Technologies Infrastructure Finance SARL ("**LTIF**"), a financing vehicle owned by our Parent, whereby LTDRC will develop, operate and, in the course of its business, enjoy the benefits of certain telecommunications infrastructure owned by LTIF in the DRC (the "**New DRC Infrastructure**") in exchange for certain payments to be made to LTIF as provided under the DRC Financing Agreements. The DRC Financing Agreements relate to a US$40 million facility agreement between LTIF, as borrower, the Parent, as guarantor, and an affiliate of a global technology company, as lender, for the purposes of the developing the New DRC Infrastructure and will be secured against the New DRC Infrastructure.

- Trading in the fourth quarter continues to strengthen with revenue on an improving trajectory. Gross profit margins have improved slightly on the November 2020 YTD reported position and EBITDA is on track to meet full-year expectations. Cash generation is strong in the final three months, with working capital reflecting the receipt of funds from certain long dated amounts invoiced at the end of the prior year, although we expect a small portion of this benefit to be offset by the invoicing of new contract revenue on similar payment terms in February 2021. We drew US$40.0 million under the Existing Revolving Credit Facility, in December 2020, which amount remains drawn at the date of this Offering Memorandum. This amount will be repaid in full and the Existing Revolving Credit Facility will be discharged in connection with the closing of the Offering.

The above information is based on our management's review of our preliminary results and estimates, which have not been audited or reviewed by any audit firm, and is not intended to be a comprehensive statement of our financial or operational results up to the date hereof. Our preliminary results are based on a number of assumptions and judgments, and as a result, reflect a certain level of uncertainty and remain subject to change. The estimated results described above may change in connection with the preparation of our third-quarter accounts and our normal end-of-quarter review process. Our preliminary results may not be indicative of our results for any other period. As such, you should not place undue reliance on them. See "Forward-Looking Statements" and "Risk Factors" for a more complete discussion of certain of the factors that could affect our future performance and results of operations.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following chart shows a simplified summary of the Group's corporate and financing structure as of the Issue Date and as adjusted to give effect to the Transactions (assuming that all Transactions occurred on the Issue Date). The chart does not include all of the Company's subsidiaries, or all of the debt obligations thereof. Unless otherwise indicated, the subsidiaries included in the simplified structure below are directly or indirectly wholly-owned by the Company. For a summary of the debt obligations identified in this diagram, see the sections entitled "*Use of Proceeds,*" "*Description of the Notes,*" "*Description of Certain Financing Arrangements*" and "*Capitalization*".



(1) The entities in the Restricted Group are subject to the covenants in the Indenture. See "*Description of the Notes*."

(2) The Notes will be guaranteed by the Guarantors on a senior secured basis as of the Issue Date. The Guarantees will be subject to certain limitations under applicable law or based on regulatory consents and conditions under which those regulatory consents may be granted. See "*Certain Insolvency and Enforceability Considerations*" and "*Risk Factors—Risks relating to the Notes and the Guarantees*." The Notes and the Guarantees of the Non-South African Subsidiary Guarantors will be secured by first-priority Liens over certain assets located outside of South Africa (the "**Global Collateral**"). The Notes and the Guarantees of the South African Subsidiary Guarantors will be secured by indirect security interests over certain assets located in South Africa by virtue of arrangements through the Security SPV (the "**South African Collateral**" and, together with the Global Collateral, the "**Collateral**"). The Global Collateral will include the following properties and assets, which will be secured on a first-ranking basis: English law share charge in respect of the shares owned by the Company in the Issuer and Liquid Telecommunications Limited; English law security assignment agreement in respect of the Company's present and future rights, title and interest in certain inter-group agreements owed by any member of the Group and related rights; Mauritian law share pledge in respect of the shares owned by the Company in Liquid Telecommunications Operations Limited; Mauritian law floating charge over the present and future, movable and immovable, corporeal and incorporeal properties of the Company; Mauritian law floating charge over the present and future, movable and immovable, corporeal and incorporeal properties of Liquid Telecommunications Operations Limited; Kenyan law Memorandum of Deposit in respect of the shares in Liquid Telecommunications Kenya Limited; Zambian law share charge in respect of the shares owned by the Company and Liquid Telecommunications Operations Limited in Liquid Telecommunications Zambia Limited; Zambian law security assignment agreement in respect of the Company's and Liquid Telecommunications Operations Limited's present and future rights, title and interest in the receivables owed to Liquid Telecommunications Zambia Limited; Zambian law floating charge entered into by Liquid Telecommunications Zambia Limited over the present and future assets of Liquid Telecommunications Zambia Limited. The South African Collateral will initially include the following properties and assets, which will be secured on a first-ranking basis: South African law pledge and cession over the shares and shareholder loan claims owned by the Company in Liquid Telecommunications Holdings South Africa (Pty) Ltd; South African pledge and cession over all shares, securities and other ownership interests, all debt claims, all present and future claims (including trade debtors), investments, bank accounts, intellectual property rights, all insurances and other rights of Liquid Telecommunications South Africa (Pty) Limited; South African pledge and cession over certain shares, securities and other ownership interests, all debt claims, all present and future claims (including trade debtors), investments, bank accounts and other rights of Liquid Telecommunications Holdings South Africa (Pty) Ltd; and South African deed of hypothecation over trademarks, a first-ranking mortgage bond over all immovable property, a first-ranking special notarial bond over certain movable assets and a general notarial bond over all movable assets of Liquid Telecommunications South Africa (Pty) Limited. The Collateral will be contractually limited to reflect limitations under applicable law or conditions applicable to regulatory consents with respect to maintenance of share capital,

corporate benefit, fraudulent conveyance and other legal or regulatory restrictions applicable to the security providers and their respective shareholders, directors and general partners. See "*Description of the Notes—Security*."

(3) The Issuer is a public company limited by shares incorporated under the laws of England and Wales for the purpose of issuing debt securities. The Issuer is a wholly owned finance subsidiary of the Company and has no material assets (other than holdings in the capital stock of its subsidiary) and no material liabilities (other than the Notes) and has not engaged in any significant activities other than financing activities. See "*Risk Factors—Risks relating to the Notes and the Guarantees—The Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from other members of the Group to be able to meet their obligations on the Notes and the Guarantees, respectively; not all of our subsidiaries, including certain of the Guarantors, are wholly owned by us*."

(4) LTIL is a private company limited by shares incorporated under the laws of England and Wales. LTIL is a wholly owned finance subsidiary of the Issuer with no business operations or significant assets of its own.

(5) On or about the Closing Date, the Company and Liquid Telecommunications South Africa (Pty) Limited will enter into (i) the New Senior Facilities Agreement with, among others, J.P. Morgan Securities plc, The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) and Standard Chartered Bank as mandated lead arrangers, and The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) as agent and the Security Agent providing for (a) a senior secured revolving credit facility providing for borrowings of up to US$60,000,000; (b) senior secured term loan facilities comprising an amortizing term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000; and (c) a bullet repayment term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000; and (ii) an intercreditor agreement among, among others, the Issuer, the Guarantors, the Security Agent and the Trustee (each as named therein). Each of the Guarantors will guarantee our obligations under the Facilities and we will grant security interests in the Collateral to secure our obligations under the Facilities. Pursuant to the Intercreditor Agreement, proceeds from enforcement of the Collateral will be shared pro rata among the holders of the Notes and the lenders under the Facilities. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

(6) We intend to use the proceeds of the Offering, together with amounts drawn under the Facilities, to (i) finance the purchase of the Existing Senior Secured Notes tendered and accepted for purchase in accordance with the terms and conditions of the Tender Offer, which is expected to be settled on or about March 4, 2021, subject to the Tender Offer Financing Conditions; (ii) finance the redemption, following and conditional upon settlement of the Tender Offer, of all Existing Senior Secured Notes not tendered and accepted for purchase in the Tender Offer; (iii) repay all amounts outstanding under the Existing Senior Facilities Agreement; (iv) for general corporate purposes; and (v) to pay costs, expenses and fees (including the Initial Purchasers' fees, legal, accounting and other fees and expenses) in connection with the Transactions. For detailed discussion of the use of proceeds, see "*Use of Proceeds.*"

(7) The Notes, the Guarantees and the Facilities will be secured by the Collateral on a pari passu basis pursuant to the terms of the Intercreditor Agreement.

(8) As of the date of this offering memorandum, Lisinfo 213 Property (RF) Proprietary Limited ("**RBH**"), a limited company incorporated under the laws of South Africa and a wholly-owned subsidiary of Royal Bafokeng Holdings Proprietary Limited, holds 30% of the voting rights in Liquid Telecommunications Holdings South Africa (Pty) Limited (the remaining 70% being held by the Company). RBH holds no economic interest in Liquid Telecommunications Holdings South Africa (Pty) Limited.

(9) Includes direct and indirect non-guarantor subsidiaries of (i) the Company; and (ii) certain other Guarantors. Further, in addition to the Guarantors that are not wholly owned by us, some of our non-guarantor subsidiaries are also not wholly owned by us. See ''*Risk Factors—Risks relating to the Notes and the Guarantees—Not all of our subsidiaries will guarantee the Notes, and the Notes and the Guarantees will be structurally subordinated to all of the claims of creditors of those subsidiaries that do not guarantee the Notes.*'' Some of our non-guarantor subsidiaries are joint ventures. See ''*Business—Joint Ventures*.''

(10) In order to comply with local shareholding requirements, 196,164 ordinary shares, representing approximately 20% of the share capital of Liquid Telecommunications Kenya Limited, are held by Stamford TC Limited, an employee benefit trust vehicle. One ordinary share is held by Liquid Telecommunications Operations Limited.

(11) One ordinary share of Liquid Telecommunications Zambia Limited is held by Liquid Telecommunications Operations Limited.

In addition to the holdings presented in the chart above, the Company holds interests in certain other subsidiaries which are not material for our business or which currently have no material operations.

As of the Issue Date (as defined below), all of the Company's subsidiaries will be Restricted Subsidiaries for purposes of Notes and the Indenture. The Guarantors will guarantee the Notes as of the Issue Date, and one or more other subsidiaries may become obliged to guarantee the Notes in the future to the extent that they provide guarantees of certain other indebtedness. See "*Description of the Notes—Covenants—Limitations on Guarantees of Indebtedness by Restricted Subsidiaries*."

OVERVIEW OF THE OFFERING

The overview below describes the principal terms of the Notes and the Guarantees. Certain of the terms and conditions described below are subject to important limitations and exceptions. The section entitled "Description of the Notes" of this offering memorandum contains a more detailed description of the terms and conditions of the Notes and the Guarantees, including definitions of certain terms used in this overview.

Issuer	Liquid Telecommunications Financing plc (the "**Issuer**").
Guarantors	The Company; Liquid Telecommunications Operations Limited; Liquid Telecommunications Limited; Liquid Telecommunications Kenya Limited; Liquid Telecommunications Holdings South Africa (Pty) Limited; Liquid Telecommunications South Africa (Pty) Limited; and Liquid Telecommunications Zambia Limited (collectively, the "**Guarantors**").
Notes Offered	US$620.0 million aggregate principal amount of 5 ½% Senior Secured Notes due 2026 (the "**Notes**") under an indenture dated March 4, 2021(the "**Indenture**").
Issue Date	On or about March 4, 2021 (the "**Issue Date**").
Issue Price	100.00% plus accrued interest from the Issue Date.
Maturity Date	March 4, 2026.
Interest Rate	5.500 % per annum.
Interest Payment Dates	Interest will be payable semi-annually in arrears on March 4 and September 4 of each year, commencing on September 4, 2021.
Denomination of Notes	The Issuer will issue the Notes in minimum denominations of US$200,000 in principal amount and integral multiples of US$1,000 in excess thereof.
Form of Notes	The Notes will be represented on issue by global notes which will be deposited with (i) in the case of the Regulation S Global Notes, a common depositary for Euroclear and Clearstream and registered in the name of their respective nominees, and (ii) in the case of the Rule 144A Global Notes, a custodian for DTC, and registered in the name of Cede & Co. as nominee of DTC. If definitive registered notes are issued in respect of the Notes, they will be issued only in minimum denominations of US$200,000 in principal amount and integral multiples of US$1,000 in excess thereof. Interests in each Global Note will be exchangeable for definitive registered notes only in certain limited circumstances. See "*Book-Entry; Delivery and Form*."
Guarantees	The Notes will be guaranteed by the Guarantors. As of and for the year ended February 29, 2020, the Guarantors represented (i) 94.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 90.7% of our net assets, after adjusting for intercompany payables and receivables. In the nine months ended November 30, 2020, the Guarantors represented (i) 76.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 84.9% of our net assets, after adjusting for intercompany payables and receivables.

See "*Risk Factors—Risks relating to the Notes and the Guarantees—Not all of our subsidiaries will guarantee the Notes, and the Notes and the Guarantees are or will be structurally subordinated to all of the claims of creditors of those subsidiaries that do not guarantee the Notes*." There are circumstances other than repayment or discharge of the Notes under which the Guarantees will be released automatically, without your consent or the consent of the Trustee. See "*Risk Factors—Risks relating to the Notes and the Guarantee—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the Trustee*."

As of November 30, 2020 and as adjusted to give effect to the Transactions, we would have US$961.2 million of debt, of which US$620.0 million would be represented by the Notes, all of which would be held by our guarantor subsidiaries in addition to their obligations under the Guarantees.

Ranking of the Notes and the Guarantees .... The Notes will be general senior obligations of the Issuer and the Notes will:

- be secured as set forth under "*Collateral*";
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to all future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes, if any;
- be effectively senior to all existing and any future unsecured Indebtedness of the Issuer to the extent of the value of the Collateral;
- be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to all obligations of the Issuer's Subsidiaries that are not Guarantors.

(a) The Notes will be (i) unconditionally guaranteed by the Guarantors (subject to limitations under applicable law and certain contractual limitations as described in "*Description of the Notes—Note Guarantees and SPV Guarantee*"); and (ii) initially guaranteed on a limited recourse basis by the Security SPV, which guarantee will, in turn, be initially supported by the Counter-Indemnity Agreement; and (b) the Notes may be in the future be guaranteed by other Restricted Subsidiaries of the Issuer and the Company.

- Each Guarantee will be a general senior obligation of each Guarantor and, subject to certain contractual and legal limitations and regulatory conditions, with respect to The Notes will:
- be secured as set forth under "*Collateral*";

- will rank *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor, that is not subordinated in right of payment to that Guarantee;
- will rank senior in right of payment to all future Indebtedness of such Guarantor that is expressly subordinated in right of payment to that Guarantee, if any;
- will be effectively senior to all existing and any future unsecured Indebtedness of such Guarantor to the extent of the value of the Collateral securing such Guarantee either directly or indirectly;
- will be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and will be structurally subordinated to all obligations of such Guarantor's Subsidiaries that are not Guarantors.

The obligations of the Guarantors with respect to the Notes will be subject to significant contractual and legal limitations under the applicable Guarantees, including but not limited to, with respect to maintenance of share capital, financial assistance, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors, and their respective shareholders and directors. See "*Description of the Notes—The Note Guarantees and the SPV Guarantee*". By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks Relating to the Notes and the Guarantees—The Guarantees and the Collateral securing the Notes are subject or will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*." In addition, the Guarantees may be released under certain circumstances. See "*Description of the Notes—The Note Guarantees and the SPV Guarantee*" and "*Certain Insolvency and Enforceability Considerations.*"

Collateral .... On or about the Issue Date:

- The Notes will be secured on a first priority basis directly by the Global Collateral and indirectly by the South African Collateral (in each case, subject to certain perfection requirements, any permitted collateral liens and limitations under applicable law), equally and ratably with the Issuer's obligations under the Facilities, as described under "*Description of the Notes—Security*"; and
- The Guarantees with respect to the Notes will be secured, directly or indirectly, on a first priority basis by the Collateral (subject to certain perfection requirements, any permitted collateral liens and limitations under applicable law), equally and ratably with the Guarantors obligations under the Facilities, as described under "*Description of the Notes—Security*".

The security interests in the Collateral with respect to the Notes will be granted directly to the Security Agent (with respect to the Global Collateral) and indirectly through the Security SPV (with respect to the South African Collateral). See "*—Security SPV*."

As of November 30, 2020 and as adjusted to give effect to the Transactions, we would have no debt secured by assets other than the Collateral.

Use of Proceeds...	We intend to use the gross proceeds of the Offering, together with proceeds of the Facilities, to (i) finance the purchase of the Existing Senior Secured Notes tendered and accepted for purchase in accordance with the terms and conditions of the Tender Offer, which is expected to be settled on or about March 4, 2021, subject to the Tender Offer Financing Conditions; (ii) finance the redemption, following and conditional upon settlement of the Tender Offer, of all Existing Senior Secured Notes not tendered and accepted for purchase in the Tender Offer; (iii) repay all amounts outstanding under the Existing Senior Facilities Agreement; (iv) for general corporate purposes; and (v) to pay costs, expenses and fees (including the Initial Purchasers' fees, legal, accounting and other fees and expenses) in connection with the Transactions. For detailed discussion of the use of proceeds see "*Use of Proceeds*."
Security SPV..	The obligations of the Issuer under the Notes and of the Guarantors under the Guarantees, with respect to the Notes will also be guaranteed on a limited recourse basis under South African law by the Security SPV. The Company and certain South African Subsidiary Guarantors are parties to the Counter-Indemnity Agreement with respect to the guarantee provided by the Security SPV, which agreement is secured by first priority security interests over the South African Collateral. See "*Description of the Notes—Security—Security SPV*" and "*Risk Factors—Risks Relating to the Collateral Securing the Notes—The Security over the Collateral will not be granted directly to the holders of the Notes*."
Taxation / Additional Amounts..................	All payments by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or any Note Guarantee will be made free and clear of, and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) except to the extent required by law. If withholding or deduction is required by law in any such jurisdiction in which the Issuer or any applicable Guarantor is then incorporated, engaged in business or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction (including, without limitation, the jurisdiction of any paying agent) from or through which payment on the relevant Notes is made by or on behalf of the Issuer or any Guarantor (a "**Relevant Taxing Jurisdiction**"), subject to certain exceptions, the Issuer or any applicable Guarantor will pay such additional amounts as may be necessary so that the net amount received by any holder or beneficial owner of Notes (including additional amounts) after such withholding or deduction will not be less than the amount such holder would have received if such withholding or deduction had not been required. See "*Description of the Notes—Taxation—Additional Amounts*."
Optional Redemption.................................	At any time prior to March 4, 2023, we may redeem up to 40% of the aggregate principal amount of the Notes using the net cash proceeds of certain equity offerings, at the redemption price of 105.5% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date. See "*Description of the Notes—Optional Redemption.*"

At any time prior to March 4, 2023, we may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus, in each case, accrued and unpaid interest and additional amounts, if any, to the applicable redemption date plus the applicable "make whole" premium. See "*Description of the Notes—Optional Redemption.*"

At any time on or after March 4, 2023, we may redeem some or all of the Notes at the redemption prices set forth in "*Description of the Notes—Optional Redemption*."

Change of Control...................................... Upon the occurrence of certain events constituting a "change of control," holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to the repurchase date. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control.*"

Optional Redemption for Tax Reasons..... If certain changes in the law (or in its interpretation) of any Relevant Taxing Jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes, we may redeem the Notes in whole, but not in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the redemption date. See "*Description of the Notes—Optional Redemption for Taxation Reasons*."

Certain Covenants .... We have agreed to certain covenants with respect to the Notes, including, among other things, limitations on our ability to:

- incur or guarantee additional indebtedness;
- make certain investments or other restricted payments;
- sell assets and subsidiary stock;
- enter into certain transactions with affiliates;
- create liens;
- consolidate, merge or sell all or substantially all of our assets;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; and
- impair the security interests with respect to the Collateral.

Each of these covenants is subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Notes receive investment grade ratings from the relevant credit rating agencies. See "*Description of the Notes—Certain Covenants*."

Transfer Restrictions.................................. The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to certain restrictions on transfer and resale.

No Established Market.............................. The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing .... Application has been made to list the Notes on the Official List of Euronext Dublin and to admit them for trading on the Global Exchange Market thereof.

Governing Law.. The Notes and the Indenture (including the Guarantees) will be governed by the laws of New York.

The SPV Guarantee is governed by the laws of the Republic of South Africa.

The Intercreditor Agreement is governed by English law.

The Security Documents are governed by Mauritian, South African, Kenyan, Zambian and English law, as applicable.

The Counter-Indemnity Agreement in favor of the Security SPV is governed by South African law.

Registrar .... The Bank of New York Mellon SA/NV, Dublin Branch.

Security Agent .... The Standard Bank of South Africa Limited.

Trustee .... BNY Mellon Corporate Trustee Services Limited.

Paying Agent .... The Bank of New York Mellon, London Branch.

Transfer Agent .... The Bank of New York Mellon, London Branch.

Listing Agent .... Walkers Listing Services Limited.

Risk Factors.. Investing in the Notes involves a high degree of risk. See the section entitled "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The tables below show summary consolidated financial information for (i) the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020 and (ii) the Liquid Group as of and for the nine-month period ended November 30, 2020 with comparative figures for the nine-month period ended November 30, 2019. The financial information for the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020 has been extracted or derived from audited consolidated financial statements of Liquid Group as of and for the year ended February 29, 2020.

This section contains non-IFRS financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Capital Expenditure, Gross Debt, Net Debt, Gross Debt to Adjusted EBITDA ratio, Net Debt to Adjusted EBITDA ratio, Gross Profit Margin and Interest Coverage. The non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. The non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Our management believes that the presentation of these non-IFRS financial measures is helpful to investors as measures of our operating performance and our ability to service our debt. Since all companies do not calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies.

This section also contains (i) certain as adjusted financial information, presented on an as adjusted basis to give effect to the Transactions and (ii) certain pro forma financial information, which gives pro forma effect to (a) the Transactions as if they had occurred as of November 30, 2020 and (b) the ADC Divestment as if it had occurred (i) on December 1, 2019 (with respect to pro forma Adjusted EBITDA) and (ii) on November 30, 2020 (with respect to all other pro forma metrics). The as adjusted financial information and pro forma financial information should not be taken as indicative of our future consolidated results of operations or financial position. Our historical results may not be indicative of our future results following completion of the Transactions. The as adjusted financial information and pro forma financial information have not been prepared in accordance with any generally accepted accounting standards.

The information below should be read in conjunction with the Financial Statements and accompanying notes included elsewhere in the offering memorandum and the discussion in sections entitled "Presentation of Financial and Other Data," "Summary," "Business," "Use of Proceeds," "Capitalization," "Selected Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SUMMARY FINANCIAL AND OTHER INFORMATION FOR THE LIQUID GROUP

Summary Statements of Profit or Loss and Other Comprehensive Income

	For the year ended			For the nine months ended	
	February 28, 2018	**February 28, 2019**	**February 29, 2020**	**November 30, 2019**	**November 30, 2020**
	(US$ thousands) (Audited)			**(US$ thousands) (Unaudited)**	
Revenue	680,948	668,910	785,741	547,936	535,279
Interconnect related costs	(121,141)	(119,875)	(123,560)	(89,956)	(81,693)
Data and network related costs	(176,413)	(178,413)	(242,414)	(166,137)	(181,270)
Other income	1,343	1,832	4,583	2,134	379
Selling, distribution and marketing costs	(19,258)	(18,787)	(27,032)	(9,561)	(12,618)
Administrative expenses	(59,227)	(57,362)	(50,659)	(35,637)	(34,970)
Staff costs	(114,863)	(115,428)	(99,319)	(74,090)	(66,897)
Depreciation, impairment and amortisation	(94,347)	(99,414)	(149,889)	(111,252)	(86,746)
Operating profit	**97,042**	**81,463**	**97,451**	**63,437**	**71,464**
Dividend received	-	629	-	-	292
Restructuring costs	-	(5,757)	(455)	(465)	(5,139)
Acquisition and other investment costs	(2,494)	(5,269)	(921)	(349)	(466)
Interest income	3,383	5,589	2,979	2,262	1,493
Finance costs	(78,961)	(73,528)	(79,427)	(58,706)	(58,970)
Foreign exchange loss	(1,314)	(91,780)	(599,078)	(471,889)	(334,310)
Hyperinflation monetary gain	-	-	458,507	236,240	327,586
Share of profits of associate	76	62	105	17	7
Profit / (loss) before taxation	**17,732**	**(88,591)**	**(120,839)**	**(229,453)**	**1,957**
Tax (expense) / credit	(17,594)	(27,540)	57,511	19,908	(13,988)
Profit / (loss) for the period	**138**	**(116,131)**	**(63,328)**	**(209,545)**	**(12,031)**

Summary Statements of Financial Position

	As of			
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2020
		(US$ thousands) (Audited)		(US$ thousands) (Unudited)
Non-current assets				
Goodwill	162,069	137,341	125,770	127,924
Intangible assets	183,352	153,126	127,325	125,086
Property, plant and equipment	764,833	786,596	741,380	753,961
Right-of-Use assets	-	-	97,342	113,113
Investment in associates	506	480	528	549
Investments at FVTOCI	12,447	10,814	10,814	10,814
Deferred tax assets	37,115	34,938	31,708	32,286
Held to maturity investments	3,206	-	-	-
Investments at amortised cost	-	1,384	193	51
Long-term receivables	1,153	437	61	13
Total non-current assets	**1,164,681**	**1,125,116**	**1,135,121**	**1,163,797**
Current assets				
Inventories	31,310	11,701	27,049	27,826
Trade and other receivables	277,278	172,586	221,373	189,042
Taxation	957	451	966	2,158
Cash and cash equivalents	160,718	93,275	83,492	80,936
Restricted cash and cash equivalents	2,937	1,807	1,511	1,240
Total current assets	**473,200**	**279,820**	**334,391**	**301,202**
Total assets	**1,637,881**	**1,404,936**	**1,469,512**	**1,464,999**
Equity and liabilities				
Capital and reserves				
Share capital	3,319	3,638	3,638	3,716
Share premium	116,765	251,446	251,446	276,714
Convertible preference shares	-	-	180,000	180,000
(Accumulated losses) / Retained earnings	233,646	7,008	(56,607)	(118,503)
Foreign currency translation reserve	79,831	(20,793)	(15,560)	(14,050)
Total equity attributable to owners of the parent	**433,561**	**241,299**	**362,917**	**327,877**
Non-controlling interests	93,745	10,458	2,026	1,309
Total equity	**527,306**	**251,757**	**364,943**	**329,186**
Non-current liabilities				
Long-term borrowing	731,214	732,790	732,515	731,380
Long-term lease liabilities	-	-	65,492	67,524
Long-term provisions	922	1,831	1,396	1,430
Other long-term payables	15,880	15,046	12,324	10,388
Deferred revenue	53,702	54,422	52,898	50,001
Deferred tax liabilities	46,955	62,909	17,638	24,577
Total non-current liabilities	**848,673**	**866,998**	**882,263**	**885,300**
Current liabilities				
Short-term portion of long-term borrowing	15,019	87,246	12,211	27,672
Short-term portion of long-term lease liabilities	-	-	29,922	42,814
Trade and other payables	181,558	151,812	154,687	134,647
Short-term provisions	28,286	20,801	16,353	19,860
Deferred revenue	27,188	21,960	6,690	21,135
Taxation	9,851	4,362	2,443	4,385
Total current liabilities	**261,902**	**286,181**	**222,306**	**250,513**
Total equity and liabilities	**1,637,881**	**1,404,936**	**1,469,512**	**1,464,999**

Summary Statements of Cash Flow

	For the year ended			For the nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
	(US$ thousands) (Audited)			(US$ thousands) (Unaudited)	
Cash flows from operating activities:					
Profit / (loss) before tax	17,732	(88,591)	(120,839)	(229,453)	1,957
Adjustments for:					
Depreciation, impairment and amortisation	94,347	99,414	149,889	111,252	86,746
Dividend received	-	-	-	-	(292)
Bad debts provision	5,091	8,337	14,045	48	(1,536)
Bad debts recovered	(205)	(211)	(88)	-	-
(Decrease) /increase in provisions	(2,765)	1,877	(2,748)	(6,265)	2,101
Foreign exchange (gain) / loss	(158)	94,160	602,026	471,532	334,786
Hyperinflation monetary gain	-	-	(458,507)	(236,240)	(327,586)
(Profit) / loss on disposal of fixed assets	(275)	(54)	(675)	(155)	(29)
Interest income	(3,383)	(5,589)	(2,979)	(2,262)	(1,493)
Finance costs	78,961	73,528	79,427	58,706	58,970
Share of profits of associates	(76)	(62)	(105)	(17)	(7)
	189,269	182,809	259,446	167,146	153,617
Working capital changes:					
(Increase) / decrease in inventories	(8,723)	185	(2,581)	347	(5,481)
(Increase) / decrease in trade and other receivables	(41,483)	(886)	(103,576)	(62,867)	(20,527)
Increase / (decrease) in trade and other payables	17,455	(6,217)	2,052	(3,588)	7,022
Increase / (decrease) increase in deferred revenue	10,763	(3,537)	(12,758)	(8,110)	12,382
Increase / (decrease) in accruals	19,809	(2,466)	3,988	3,918	2,521
(Decrease) / increase in unfavourable contracts	(3,135)	917	(582)	(427)	(448)
Cash generated from operations	183,955	170,805	145,989	96,419	149,086
Income tax paid	(2,930)	(18,395)	(9,447)	(4,468)	(7,296)
Net cash generated from operating activities	181,025	152,410	136,542	91,951	141,790
Cash flows from investing activities:					
Interest income	3,128	5,278	2,979	2,262	1,484
Acquisition of business operations	(17,589)	-	-	-	-
Acquisition of other investments	(63,162)	(310)	-	-	-
Dividend Received	-	-	-	-	292
Acquisition of subsidiary companies	-	-	-	-	1,442
Recovery of related party advance	-	60,000	-	-	-
Purchase of property, plant and equipment	(190,662)	(173,966)	(104,861)	(81,751)	(61,565)
Proceeds on disposal of property, plant and equipment	2,359	9,973	14,191	433	4,255
Purchase of intangible assets	(11,250)	(14,393)	(13,498)	(11,427)	(2,167)
Proceeds on disposal of intangible assets	2,693	256	194	194	10
Proceeds from held to maturity investments	245	-	-	-	-
Decrease / (increase) in long-term receivables	5,000	-	-	-	-
Net cash used in investing activities	(269,238)	(113,162)	(100,995)	(90,289)	(56,249)
Cash flows from financing activities:					
Dividend paid	(13,500)	(13,500)	-	-	(289)
Finance costs	(55,887)	(64,819)	(66,365)	(33,471)	(35,286)
Issue of subsidiary share capital & equity loans to minorities	68	-	-		
Issue of share capital	22,222	-	-	-	-
Issue of convertible preference shares	-	-	180,000	180,000	-
Acquisition of minority interests in foreign operations	-	(35,000)	-	-	-
Decrease in lease liabilities	-	-	(36,445)	(27,337)	(27,702)
(Decrease) / increase in external long-term loan borrowings	129,822	65,263	(78,802)	(76,897)	(3,841)
Net cash generated from / (used in) financing activities	82,725	(48,056)	(1,612)	42,295	(67,118)
Net (decrease) / increase in cash and cash equivalents	(5,488)	(8,808)	33,935	43,957	18,423
Cash and cash equivalents at beginning of the period	152,736	163,655	95,082	95,082	85,003
Translation of cash with respect to foreign subsidiaries	16,407	(59,765)	(44,014)	(42,797)	(21,250)
Cash and cash equivalents at end of the period	**163,655**	**95,082**	**85,003**	**96,242**	**82,176**
Represented by:					
Cash and cash equivalents	160,718	93,275	83,492	94,592	80,936
Restricted cash and cash equivalents	2,937	1,807	1,511	1,650	1,240
	163,655	**95,082**	**85,003**	**96,242**	**82,176**

Certain Non-IFRS Financial Measures

	As of and for the year ended February 28/29,			As of and for the nine months ended Nov. 30,		As of and for the 12 months ended Nov. 30[6],
	2018	2019	2020	2019	2020	2020
	(US$ thousands) (Unaudited)					
EBITDA[1]	187,323	76,327	99,525	(61,843)	145,888	175,246
Adjusted EBITDA[1]	191,389	181,506	247,340	174,689	158,502	234,044
Adjusted EBITDA Margin[2]	28.1%	27.1%	31.5%	31.9%	29.6%	30.0%
Capital Expenditure[3]	196,860	178,130	103,974	92,551	59,467	70,899
Gross Debt[4]	763,819	831,951	848,517	870,437	875,110	875,110
Unrestricted cash and cash equivalents[7]	160,718	93,275	83,492	94,592	80,936	80,936
Net Debt[4]	603,101	738,676	765,025	775,845	794,174	794,174
Gross Profit Margin[5]	63%	62%	58%	58%	55%	56%

(1) EBITDA is defined as consolidated profit or loss for the year / period, excluding the impact of tax benefit or expense, interest income, finance costs and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for impairment expense, stock write-off/obsolescence expense, restructuring costs, acquisition and other investment costs, foreign exchange loss, hyperinflation monetary gain and share of profit from associate. The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA for the periods indicated:

	For the year ended			For the nine months ended		For the 12 months ended
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020	November 30, 2020[(a)]
	(US$ thousands) (Unaudited)					
Profit / (loss) for the period	138	(116,131)	(63,328)	(209,545)	(12,031)	3,342
Add back:						
Tax expense / (benefit)	17,594	27,540	(57,511)	(19,908)	13,988	(46,472)
Interest Income	(3,383)	(5,589)	(2,979)	(2,262)	(1,493)	(2,210)
Finance costs	78,961	73,528	79,427	58,706	58,970	80,395
Depreciation and amortization	94,013	96,979	143,916	111,166	86,454	140,191
EBITDA	**187,323**	**76,327**	**99,525**	**(61,843)**	**145,888**	**175,246**
Add back:						
Impairment expense	-	1,943	5,312	-	-	5,312
Stock write off/obsolescence expense	334	492	661	86	292	861
Restructuring costs	-	5,757	455	465	5,139	5,128
Acquisition and other investment costs	2,494	5,269	921	349	466	1,038
Foreign exchange loss	1,314	91,780	599,078	471,889	334,310	507,635
Hyperinflation monetary gain	-	-	(458,507)	(236,240)	(327,586)	(461,081)
Share of profits of associate	(76)	(62)	(105)	(17)	(7)	(95)
Adjusted EBITDA	**191,389**	**181,506**	**247,340**	**174,689**	**158,502**	**234,044**

(a) Figures for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the 3 month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

(2) Adjusted EBITDA Margin is defined as the ratio of Adjusted EBITDA to total revenue, expressed as a percentage.

(3) Capital Expenditure is defined as any expenditure that should be treated as capital expenditure in the financial statements in accordance with applicable accounting principles, including advance payments for capital expenditure and excluding any non-cash expenditure.

(4) Gross Debt is defined as borrowings as stated on the balance sheet. Net Debt is defined as Gross Debt less unrestricted cash and cash equivalents at a stated balance sheet date. The following table sets forth a reconciliation of Gross Debt and Net Debt as of the dates indicated:

	February 28, 2018	As of February 28, 2019 (US$ thousands) (Audited)	February 29, 2020	As of November 30, 2019 (US$ thousands) (Unaudited)	November 30, 2020
Liabilities (current and non-current)					
Borrowings	746,233	820,036	744,726	761,252	759,052
Lease liabilities			95,414	99,039	110,338
Unamortised arrangement fees	17,586	11,915	8,377	10,146	5,720
Gross Debt	**763,819**	**831,951**	**848,517**	**870,437**	**875,110**
Less: Unrestricted cash and cash equivalents[(a)]	(160,718)	(93,275)	(83,492)	(94,592)	(80,936)
Net Debt[(b)]	**603,101**	**738,676**	**765,025**	**775,845**	**794,174**

(a) Does not include restricted cash. As of November 30, 2020, an amount of US$1.2 million has been treated as restricted cash, representing 1.5% of our total cash and cash equivalents. Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

(b) Net Debt is presented net of restricted cash. Deducting restricted cash, Net Debt would amount to US$792.9 million as of November 30, 2020 and US$ 600.2 million, US$ 736.9 million and US$ 763.5 million as of February 28, 2018, February 28, 2019 and February 29, 2020, respectively.

(5) Gross Profit Margin is defined as the ratio of consolidated gross profit for the year / period to total revenue, expressed as a percentage. The following table sets forth a reconciliation of Gross Profit Margin for the periods indicated:

	For the year ended			For the nine months ended		For the 12 months ended
	February 28, 2018	February 28, 2019 (US$ thousands) (Audited)	February 29, 2020	November 30, 2019	November 30, 2020 (US$ thousands) (Unaudited)	November 30, 2020[(b)]
Revenue	680,948	668,910	785,741	547,936	535,279	780,584
Interconnect related costs	(121,141)	(119,875)	(123,560)	(89,956)	(81,693)	(115,330)
Data and network related costs	(176,413)	(178,413)	(242,414)	(166,137)	(181,270)	(261,500)
Network costs[(a)]	43,424	45,145	36,664	27,517	22,959	32,157
Gross profit	**426,818**	**415,767**	**456,431**	**319,360**	**295,275**	**435,911**
Gross profit margin	**63%**	**62%**	**58%**	**58%**	**55%**	**56%**

(a) As from 2018, the Group has standardized its consolidated statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in reclassification from Data and network related costs to Administrative expenses.

(b) Figures for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the 3 month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

(6) Figures as of and for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the 3 month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

(7) Does not include restricted cash. As of November 30, 2020, an amount of US$1.2 million has been treated as restricted cash, representing 1.5% of our total cash and cash equivalents. Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

As Adjusted Financial Information to give effect to the Transactions

The below table sets forth certain as adjusted financial information giving effect to the Transactions as if they had been consummated (i) on December 1, 2019 (with respect to as adjusted Interest Coverage) and (ii) on November 30, 2020 (with respect to all other metrics).

	As of and for the 12 months ended November 30, 2020[1]
	(US$ thousands, other than ratios)
As Adjusted to give effect to the Transactions:	**(Unaudited)**
Adjusted EBITDA	234,044
Gross Debt[2]	961,221
Net Debt[3]	856,310
Gross Debt / Adjusted EBITDA	4.1
Net Debt / Adjusted EBITDA	3.7
Interest Coverage[4]	4.3x

(1) Figures as of and for the twelve months ended November 30, 2020, prior to adjustments, are calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the nine-month period to November 30, 2020.

(2) As Adjusted Gross Debt is defined as borrowings as of November 30, 2020, as adjusted to give effect to the Transactions as if they had been consummated on November 30, 2020.

(3) Adjusted Net Debt is defined as Adjusted Gross Debt less unrestricted cash and cash equivalents as of November 30, 2020, as adjusted to give effect to the Transactions as if they had been consummated on November 30, 2020. Assumes US$104,911 of unrestricted cash and cash equivalents following completion of the Transactions, assuming no Existing Senior Secured Notes are tendered in the Tender Offer and all Existing Senior Secured Notes are redeemed in the Redemption. If all Existing Senior Secured Notes were tendered in the Tender Offer and no Existing Senior Secured Notes redeemed in the Redemption, Net Debt would be US$850,485, assuming US$110,736 of unrestricted cash and cash equivalents following completion of the Transactions. See "*Use of Proceeds*" and "*Capitalization.*"

(4) As Adjusted Interest Coverage is defined as Adjusted EBITDA divided by the net of interest income and finance costs for the 12 months ended November 30, 2020, expressed as a multiple, as adjusted to give effect to the Transactions as if they had been consummated on December 1, 2019.

Pro Forma Financial Information (with respect to the ADC Divestment)

The below table sets forth pro forma financial information adjusted (a) to give effect to the Transactions as if they had occurred as of November 30, 2020 and (b) to give pro forma effect to the ADC Divestment as if it had occurred (i) on December 1, 2019 (with respect to pro forma Adjusted EBITDA) and (ii) on November 30, 2020 (with respect to all other pro forma metrics).

The pro forma financial information with respect to the ADC Divestment is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position we would have reported had the ADC Divestment, been completed as of December 1, 2019 or November 30, 2020, as applicable.

	As of and for the 12 months ended November 30, 2020	
	(USD thousands, except ratios) (Unaudited)	
	Group[(1)]	Pro Forma[(2)]
Revenue	780,584	757,390
Adjusted EBITDA	234,044	222,821
Capital Expenditure	70,900	52,090
Gross Debt	961,221	961,221
Net Debt	856,310[(3)]	795,532
Gross Debt / Adjusted EBITDA	4.1	4.3
Net Debt / Adjusted EBITDA	3.7	3.6

(1) Reflects the financial information of the Group as of and for the 12 months ended November 30, 2020, calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the nine-month period to November 30, 2020 and adjusted to give pro forma effect to the Transactions as if they had occurred as of November 30, 2020.

(2) Reflects the financial information of the Group as of and for the 12 months ended November 30, 2020, as adjusted (a) to give effect to the Transactions as if they had occurred as of November 30, 2020 and (b) to give pro forma effect to the ADC Divestment as if it had occurred (i) on December 1, 2019 (with respect to pro forma Adjusted EBITDA) and (ii) on November 30, 2020 (with respect to all other pro forma metrics). Reflects a cash consideration of US$60.0 million and US$133.0 million unsecured loan note received in connection with the ADC Divestment, plus a US$0.8 million repayment by ADC of an existing intercompany loan. See "—*Recent Developments*."

(3) Assumes US$104,911 of unrestricted cash and cash equivalents following completion of the Transactions, assuming no Existing Senior Secured Notes are tendered in the Tender Offer and all Existing Senior Secured Notes are redeemed in the Redemption. If all Existing Senior Secured Notes were tendered in the Tender Offer and no Existing Senior Secured Notes redeemed in the Redemption, Net Debt would be US$850,485, assuming US$110,736 of unrestricted cash and cash equivalents following completion of the Transactions. See "*Use of Proceeds*" and "*Capitalization.*"

Certain Financial Measures Provided on a Geographic Basis

	For the year ended February 28/29,			For the nine months ended November 30,		For the 12 months ended November 30[(1)],
	2018	2019	2020	2019	2020	2020
	(US$ thousands) (Unaudited)					
Adjusted EBITDA						
South Africa	59,542	65,136	132,894	98,098	49,932	84,728
Zimbabwe	68,042	53,623	33,437	17,976	35,967	54,318
Rest of Africa	18,011	19,627	27,761	27,296	29,244	29,297
Rest of World	69,351	76,299	68,822	51,687	51,082	68,217
Eliminations	(1,552)	(10,174)	(7,476)	(2,044)	7,827	2,807
Central administration costs	(22,005)	(23,005)	(8,098)	(18,324)	(15,550)	(5,323)
Total	191,389	181,506	247,340	174,689	158,502	234,044

(1) Figures for the twelve months ended November 30, 2020, prior to adjustments, are calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

Key Performance Indicators

	As of and for the year ended February 28/29			As of and for the nine months ended November 30,		As of and for the 12 months ended November 30[8],
	2018	2019	2020	2019	2020	2020
Operating measures						
Wholesale voice						
Total wholesale voice minutes (in millions) on our network[1]	1,470	1,304	1,131	876	766	1,021
Wholesale data						
Number of km of fiber laid[2]	50,061	69,007	73,114	70,349	73,371	73,371
Enterprise						
Number of enterprise customers[3]	11,050	10,723	11,699	11,439	12,361	12,361
Retail						
Number of retail customers[4]	46,504	60,579	117,326	96,220	131,417	131,417
Financial Measures						
Average churn rate[5]	1.55%	1.44%	0.73%	0.84%	0.90%	0.78%
New Sales ("sold TCV for new services," USD million)[6]	289	300	309	253	121	177
Service Activation Pipeline ("MRR backlog") (US$ thousands) (unaudited)[7]	4,515	4,050	2,710	2,754	3,122	3,122

(1) Total number of voice minutes on the Group's network.

(2) Total number of kilometers (including backbone, metro and FTTX) over which fiber is installed. Multiple fiber cables or ducts within the same trench are only counted once. Includes both owned and leased capacity through partnerships.

(3) Total number of Enterprise customers.

(4) Number of broadband FTTH, WIMAX and LTE customers (including subscription customers and prepaid customers) by each operation. The number of customers includes active customers that were active less than 30 days before the end of the period. The numbers now exclude CDMA, LTE and FTTH customers in South Africa.

(5) Average monthly churn rate. Monthly churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non – renewals, divided by the total revenue for the month.

(6) Total value in terms of non-recurring (one off) revenue and the sum of all expected monthly recurring revenues over the duration of each contract (at undiscounted nominal value) from service orders for new services, signed by its Wholesale and Enterprise customers during the period. This excludes upgrades, downgrades and renewals. Some of these contracts may be cancelled or terminated before the end of their term. Excludes roaming contracts.

(7) Monthly recurring revenue expected from service orders signed by the Group's Wholesale and Enterprise external customers that have not yet been installed, accepted by the customer or activated, and therefore not yet generated revenue. Excludes roaming contracts.

(8) Figures as of and for the twelve months ended November 30, 2020 are calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

RISK FACTORS

An investment in the Notes involves complex financial risks and is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Investors should consider carefully whether an investment in the Notes is suitable for them in the light of the risk described below and other information in this offering memorandum and their personal circumstances.

The occurrence of any of the following events could have a material adverse effect on our business, financial condition, results of operations and prospects and affect the value of the Notes or impair our ability to fulfil our obligations in respect of the Notes, potentially causing a loss of all or part of the investment made when purchasing the Notes. However, the risk factors described below are not an exhaustive list or explanation of all relevant risks and should be used as guidance only. In general, investing in securities of companies in frontier market countries such as Mauritius, South Africa and Kenya involves certain risks not typically associated with investing in the securities of companies in more developed economies. To the extent the description in this section relates to government data or third party sources, such information has been extracted from official government publications or other third party sources and has not been independently verified by us.

Additional risks and uncertainties that are not currently known to us, or that we currently deem immaterial, may individually or cumulatively also have a material adverse effect on our business, financial condition, results of operations and prospects, which in turn could have a material adverse effect on our ability to pay all or part of the interest or principal on the Notes. This offering memorandum also contains forward-looking statements that involve risks and uncertainties including those described under "Forward-looking Statements" elsewhere in this offering memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this offering memorandum.

RISKS RELATING TO INVESTMENTS IN COUNTRIES WHERE WE OPERATE

We are subject to the risks of political, social and economic instability associated with the markets in which we operate.

Our key operations are located in Botswana, DRC, Kenya, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. Our results of operations are, and will continue to be, significantly affected by financial, economic and political developments in or affecting those markets and, in particular, by the level of economic activity in those markets.

South Africa's economy continues to face important structural challenges, including a high unemployment rate, poverty and crime, which, in part have hindered investments in South Africa, prompted emigration of skilled workers and impacted economic growth negatively. Large parts of the South African population do not have access to adequate education, health care, housing and other services, including water, electricity and telecommunications services. Issues with national electricity generation leading to regular power outages continue and the impact of climate change, particularly through severe droughts (which have occurred in South Africa since 2015), continue to impact farmers, food production and the wider economy, and lead to water shortages, insolvencies, food shortages and price increases. Future droughts or other climate related events, such as above average rainfalls, would, especially if they occur repeatedly or over long periods of time, have a material adverse effect on South Africa's economy and, as a result, on our results of operations. Moreover, negative changes in the government and political environment, including the failure of the South African government to devise or implement appropriate economic programs and allegations or findings of corruption and fraud in government, have resulted in financial and currency market instability and are expected to adversely impact our results of operations.

In Zambia, fluctuations in the prices of copper, which the Zambian economy is heavily dependent on, has resulted in reduced economic activity and, in recent years, instability of the Zambian Kwacha.

In Zimbabwe, local economic conditions have continued to deteriorate as a result of the ongoing decline in the ZWL$:USD exchange rate. Over the course of the 2019 calendar year, the country displayed conditions indicative of a hyperinflationary economy. See the risk factors entitled "*We are subject to currency inflation risks, including the impact of Zimbabwean hyperinflation, which have adversely affected our business, financial condition, results of operations and prospects and may continue to do so in the future*" and "*Limitations on the movement of capital out of Zimbabwe may impair our ability to remove currency from the country on a regular basis*."

It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that we would be able to sustain the operation of our business if adverse financial, economic, political or other events or circumstances were to occur. Any future economic downturn in one or more of the countries in which we operate, particularly South Africa, Zimbabwe, Zambia and Kenya, could have a material adverse effect on our business, financial condition, results of operations and prospects. Our business and financial performance could also be adversely affected by political, financial, economic or related developments both within and outside Africa because of inter-relationships within the global financial markets.

Specific risks related to doing business in the markets in which we operate that may have a material adverse effect on our business, financial condition, results of operations and prospects include, among other risks:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution, or disease outbreaks;
- government interventions, including expropriation or nationalization of assets (particularly in Zimbabwe);
- increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- inflation in local economies;
- restricted access to cash;
- liquidity shortages;
- restrictions on repatriation of profits and capital, particularly in Zimbabwe;
- difficulties and delays in obtaining requisite governmental licenses, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights;
- risk of uncollectible accounts and long collection cycles;
- underdeveloped industrial and economic infrastructure;
- logistical and communications challenges;
- difficulties in staffing and managing operations; and
- unavailability of security and safety of employees and access to healthcare facilities.

Changes in investment policies or shifts in the prevailing political climate in the markets in which we operate, particularly South Africa, Zambia, Tanzania, DRC and Zimbabwe, could result in the introduction of increased government regulation with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- international connectivity;
- content and internet access;

- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labor and welfare benefit policies.

Any changes in the political, social, economic or other conditions in the markets in which we operate could have a material adverse effect on the investments that we have made or may make in the future, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which we and our customers operate*.**

In December 2019, an outbreak of a new strain of coronavirus, causing the respiratory disease known as COVID-19, was identified in Wuhan, China, and has since spread globally. On March 11, 2020, the World Health Organization confirmed that its spread and severity had escalated to the level of a pandemic. The COVID-19 pandemic has resulted in a series of measures implemented by governments around the world aimed at mitigating the further spread of the virus, including in jurisdictions in which we operate. These measures include restrictions on travel, closure of national borders, imposition of quarantines, prolonged closures of workplaces and curfews or other social distancing measures. The full implications of the COVID-19 pandemic depend on a number of factors, such as the duration of the outbreak and the effectiveness of measures imposed by authorities. COVID-19 may also weaken demand, cause us to reduce our capital spend or otherwise disrupt our business or make it more difficult to implement our strategic plans.

We qualify as an 'essential business' or the equivalent in all of the jurisdictions in which we operate, which means that we are permitted to operate, subject to certain guidelines, during the relevant government restrictions put in place on businesses and services as a result of COVID-19. COVID-19 has and will continue to have a negative impact on the global economy and the economies of the markets in which we operate. Elevated unemployment levels and other adverse economic impacts may negatively impact consumer demand for our services. In addition, if, as a result of COVID-19, business customers or potential customers are unable to generate sufficient cash flow or raise adequate capital to fund their business plans, they may reduce their capital spending, which could materially reduce and adversely affect demand for our services. Further, COVID-19 may adversely impact our customers' ability to perform their obligations under existing contracts with us, in which case our revenue, working capital requirements, financial condition and results of operations could be materially and adversely affected.

To date, we have not seen a significant impact from COVID-19 on our operations, and whilst we believe our business is inherently resilient due to the increasing demand for connectivity in the lock down environment, it is not entirely immune to the impact of the pandemic, which triggered significant currency exchange rates volatility, particularly in South Africa, where the Rand depreciated against the U.S. dollar, peaking at 19.04:1 on April 23, 2020 and the May 2020 average rate was 17.72:1, compared to 14.32 in the first quarter of the 2020 financial year. The performance of our Enterprise business segment has been adversely impacted, as many of our customers closed their offices for the lock down period, which impeded delivery of our services, delayed closure of some commercial deals and impacted development of the future sales pipeline. We have also seen a slowdown of collections in the first six months of the 2021 financial year, due to a combination of several factors. Some clients were unable to pay because of the logistical challenges and limited access to electronic banking, others slowed down payments as a precautionary manner to preserve their own cash flows. We have reassessed our provisions as of November 30, 2020 and believe we have sufficient cover for the debtors that are outstanding at the end of the quarter. We have also appointed debtors task force teams to ensure we are collecting debtors as proactively as possible.

Furthermore, COVID-19 could adversely impact our employees and their ability to travel to work. In addition, preparing for and responding to the continuing pandemic could increase costs as we prioritize health and safety matters for our employees and customers, cause us to reduce, delay, alter or abandon initiatives that may otherwise increase our long-term value and otherwise disrupt our business operations.

Uncertainties related to, and perceived or experienced negative effects from, COVID-19 may cause significant volatility or decline in the trading price of our securities and capital market conditions. These may increase the likelihood of litigation and limit or restrict our ability to access capital on favorable terms, or at all.

Any of the above or other impacts of the COVID-19 pandemic, which could adversely affect our customers or our operations, could in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and/or prospects.

We are subject to currency inflation risks, including the impact of Zimbabwean hyperinflation, which have adversely affected our business, financial condition, results of operations and prospects and may continue to do so in the future

A significant portion of our operations are located in South Africa, Zimbabwe, Zambia and Kenya, all of which have at times experienced relatively high rates of inflation. The volatility of the local currencies of those jurisdictions is a significant factor in reporting our costs on a U.S. dollar basis. It is possible that significantly higher inflation in the future, without a concurrent devaluation of the local currencies against the U.S. dollar, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Local economic conditions in Zimbabwe have continued to deteriorate as a result of the ongoing decline in the ZWL$:USD exchange rate. Over the course of the last 12 months, the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was signaled in a statement released on October 11, 2019 by the Public Accountants and Auditors Board ("**PAAB**"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "*Financial Reporting in Hyperinflationary Economies*" in Zimbabwe had been met, and that hyperinflation accounting would be applicable to accounting periods ended on or after July 1, 2019. As a result, the Group has applied the requirements of IAS 29 in its consolidated financial statements for the year to February 29, 2020, effective from October 1, 2018, the date on which the Royal Bank of Zimbabwe mandated changes to foreign currency accounts.

The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries of the Group at March 1, 2019 of US$100.3 million have been recognized in the consolidated statement of other comprehensive income. The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as of February 29, 2020 and the Group has used a rate of ZWL$:USD 18.0:1 to translate both the statement of profit or loss for the period and the statement of financial position at February 29, 2020. Of the US$599.1 million net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed US$595.6 million. The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Further negative impacts to the economic position of the Zimbabwean currency may have a material adverse effect on Zimbabwe's economy and, as a result, on our results of operations. Moreover, negative changes in the government and political environment, including the failure of the Zimbabwean government to devise or implement appropriate economic measures, have resulted in financial and currency market instability and are expected to adversely impact our results of operations.

Characteristics of and changes in taxation laws, in particular in respect of the South African, Mauritian, UK and Kenyan tax systems, could materially adversely affect our business, financial condition, results of operations and prospects and/or payment under or pursuant to the Notes.

We are subject to the laws of England and Wales and the taxation rules administered by HM Revenue & Customs ("**HMRC**") and we are required to certify to HMRC that we have appropriate tax accounting arrangements in place. We currently operate in ten different countries in Sub-Saharan Africa. As a result, we are further subject to diverse sets of tax regimes, depending on the relevant tax law applicable in each case. Corporate income tax, withholding tax, value added tax or sales taxes and other taxes levied upon our business are subject to change, either for the future or, under certain circumstances, even for the past, and can be increased, changed or completely restructured at any time. We monitor tax changes for adverse changes to local tax regimes or challenges to the current tax structures of our business, such as restrictions on the repatriation of earnings and limitations on the offset of tax losses. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified by the competent authorities in an adverse manner. We may also be subject to the risk that VAT repayments owed to us may be delayed. We are observing an increase in activity from Tax Authorities in the countries in which we operate, where the number and breadth of tax audits is increasing. Whilst no material liabilities have yet crystallized, there may be liabilities, interest and penalties arising from current or future tax audits that have a material impact on profits and cash flow.

In particular, our South African operations are subject to different taxes in South Africa, including corporate income tax imposed at the rate of 28%, payroll taxes, VAT imposed at the rate of 15% (with effect from April 1, 2018), securities transfer tax at the rate of 0.25% and various forms of duties. In addition, a 20% withholding tax is imposed on dividends paid by companies which are resident or listed in South Africa and a 15% withholding tax on interest. The interest withholding tax is levied on interest that is paid to a non-South African tax resident from a South African source. If funds are utilized or deployed in South Africa, irrespective of where they are raised, any interest that arises from those funds will be sourced in South Africa. Interest arising in respect of debt instruments that are listed on a "recognised stock exchange" is exempt from the interest withholding tax. The Exchange is a recognised stock exchange. A payment made by a Guarantor that is resident in South Africa for South African tax purposes in respect of such interest payment will not, however, benefit from such "recognised stock exchange" exemption (see below).

Royalty payments that are paid by a resident of South Africa, or which arise from a South African source, are subject to a 15% withholding tax. All withholding taxes are potentially subject to relief in terms of the applicable double taxation agreements entered into by South Africa, provided the relevant requirements are fulfilled.

In 2013, the Davis Tax Committee was established with the objective to assess South Africa's tax policy framework in line with the Organization for Economic Co-operation and Development Base Erosion and Profit Shifting action plan. The committee concluded its work in 2018 and has made several recommendations in respect of the renewal and renegotiation of South Africa's double taxation agreements, as well as changes around the digital economy, controlled foreign company rules and transfer pricing documentation rules. These changes could have an adverse impact on our South African operations as well as in relation to distributions to shareholders and noteholders.

As a result of changes to the tax regime in South Africa, we may be subject to higher levels of taxation in general, or new forms of taxation or royalties applicable to all corporations or to the mining industry specifically. In addition, the current South African tax code has been in force for a short period relative to tax laws in other economies; therefore, the government's interpretation or implementation of these tax laws may be unclear and subject to change, including with retrospective effect. Accordingly, there is a risk that we may be subject to liability in connection with amounts received from our subsidiaries in South Africa. It is possible that we could be affected by adverse rulings or judgments on the interpretation of government regulations and the relevant tax laws or become subject to taxation in South Africa that is not currently anticipated, which could have a materially adverse effect on our business, financial condition, results of operations and prospects.

In the event that any Guarantor that is resident in South Africa for South African tax purposes is required to make any payments directly to holders of Notes or Guarantees, then such payments may be subject to withholding tax at a rate of 15% in South Africa. In the event of such withholding, subject to certain exceptions, the Issuer or the relevant Guarantor, as appropriate will pay the additional amounts necessary so that the net amount received by the holders of Notes or Guarantees in respect of such payments after the withholding or deductions (including any such withholding or deduction from such additional amounts) is not less than the amount that they would have received in respect of such payments in the absence of such withholding or deductions. See "*Description of the Notes—Additional Amounts*."

In addition, the tax implications of the UK's departure from the EU are not certain as of the date of this offering memorandum.

Any additional or increased tax payments could have a material adverse effect on our business, financial condition, results of operations and prospects.

Some of the countries in which we operate lack infrastructure or have infrastructure in very poor condition and have an insufficient supply of electricity.

Some of the countries in which we operate often lack modern infrastructure or have infrastructure in poor condition, including, in particular, roads and power networks. Decades of under-investment have resulted in significant deterioration of the public infrastructure and this absence of basic infrastructure means growth and economic development cannot be supported and sustained. In addition, in some of those countries (including South Africa and Zimbabwe), the electricity supply is insufficient due to underdevelopment of electricity sectors compared to the pace of economic growth in such countries. Consequently, we must at times rely on diesel-powered generators and solar energy to power our telecommunication equipment. These measures increase our costs and impact the profitability of our operations. In addition to power generation, transmission and distribution deficiencies, some of the countries in which we operate suffer from a deteriorating road network, congested ports and obsolete rail infrastructure which have all severely constrained socioeconomic development. Although some advances have in recent years been made in the areas of telecommunications and internet facilities, the progress of development in these sectors cannot be considered at par with that in more developed economies. Failure to significantly improve such countries' infrastructure could adversely affect their economy and growth prospects, including their ability to meet GDP growth targets which, in turn, may have a material adverse effect on our business, financial condition, results of operations and prospects.

Inefficiencies and corruption in the judicial systems may create an uncertain environment for investment and business activity and affect the ability of investors to find remedies through the relevant jurisdictions' judicial systems.

The legal systems in most of the jurisdictions in which we operate are still in their growing phase and are less developed than those in more established markets in the US or the EU with which investors are more familiar, which creates uncertainties with respect to many of the legal and business decisions that we make. Such uncertainties include, among others, potential for negative changes in laws, gaps and inconsistencies between the laws and regulatory structure, difficulties in enforcement, broad regulatory authority held by telecommunications regulators, corruption and delays in the judicial process since most cases take a considerable period of time to be concluded and inconsistency in the judicial interpretation of legislation in similar cases due to an under-developed judicial system. Similarly, the enforcement of security in some of these jurisdictions, including Kenya, is affected by inefficiencies in the judicial system, including in regard to the recording and processing of claims relating to land titles, and can result in the inability of investors to collect on the Guarantees or on any other claims they may have.

The slow judicial process may sometimes affect the enforceability of judgments obtained, including the ability to recover the assessed value of collateral on defaulting debtors or guarantors. Those and other factors that have an impact on the legal systems make an investment in the Notes subject to greater risks and uncertainties than an investment in countries with more mature legal systems.

The fact that the legal and regulatory systems are still growing may mean that governments can decide to implement new laws or regulations which materially impact the way in which we carry out our business or require us to implement operational changes to continue to comply with legal requirements.

Any downgrading of South Africa's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Notes.

As of the date of this document, South Africa's sovereign rating was "Ba2" (Moody's), "BB-" (Fitch) and "BB-" (S&P). On November 20, 2020, Moody's downgraded the South African government's sovereign credit rating to "Ba2" and Fitch revised the sovereign credit rating from "BB" to "BB-". S&P downgraded the South African government's sovereign credit rating from "BB" to "BB-" on April 29, 2020. These ratings were downgraded primarily due to poor medium-term growth prospects resulting from structural weaknesses including ongoing energy shortages as well as rising interest rates, further deterioration in the investor climate and a less supportive capital market environment.

Such revisions reflect an assessment of the South African government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any adverse revisions to South Africa's credit ratings for domestic and international debt by international rating agencies may adversely affect the liquidity of the South African financial markets, the ability of the South African government and South African companies, including the Group, to raise additional financing, and the terms on which we are able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on our capital expenditure plans, business, cash flows, financial performance and prospects and the trading price of the Notes.

We are exposed to the risk of violations of anti-corruption laws, money laundering laws or other similar regulations.

We operate primarily in Sub-Saharan southern Africa, which is generally perceived to have high levels of corruption (based on measurements such as Transparency International's Corruption Perceptions Index), fraud and bribery. South Africa is ranked 70 out of 180 countries in Transparency International's 2019 Corruption Perceptions Index, with Kenya ranked 137, Tanzania ranked 96, DRC ranked 168 and South Sudan ranked 179. As described further below (*see e.g., Risks Relating to Legal and Regulatory Matters*), we also interact with government authorities in Sub-Saharan southern Africa. Our activities create the risk of unauthorized payments or offers of payments by one of our employees, vendors, or agents that could be in violation of applicable anti-corruption laws.

We have policies and procedures reasonably designed to assist compliance with applicable laws and regulations including the United Kingdom Bribery Act of 2010 ("**United Kingdom Bribery Act**"). Our compliance and sanctions policies do not, however, target the specific policies and procedures outlined by the US Foreign Corrupt Practices Act of 1977 ("**FCPA**"). The FCPA prohibits providing, offering, promising or authorizing, directly or indirectly, anything of value to non-US government officials, political parties or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage by US companies or persons or non-US companies or persons with a sufficient US nexus. Although we do not employ any US persons or own any US entities, we can make no assurances that the actions or communications of any of our employees, vendors, or agents may not constitute or trigger a sufficient US nexus pursuant to the FCPA and thereby attract the applicability of the FCPA to the Group and our employees. For example, as part of our business, we deal with state-owned business enterprises, the employees of which may be considered government officials for purposes of the FCPA. The provisions of the United Kingdom Bribery Act extend beyond bribery of government officials and is more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. In particular, the United Kingdom Bribery Act (unlike the FCPA) does not require a corrupt or improper intent to be established in relation to the bribery of a public official and also applies to the active payment of bribes as well as the passive receiving of bribes. Furthermore, unlike the vicarious liability regime under the FCPA, whereby corporate entities can be liable for the acts of its employees, the United Kingdom Bribery Act introduced a new corporate offence directly applicable to corporate entities that fail to prevent bribery and do not establish and adopt adequate procedures to prevent bribery from occurring and, in certain circumstances, can render parties liable for the acts of their joint venture or commercial partners.

While we believe that our internal compliance policies and procedures (which apply to the Group as a whole) are robust and effective, we can make no assurance that the policies and procedures, even if enhanced, will be followed at all times or will effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption. We can make no assurance that violations of applicable anti-bribery laws will not occur. As a result, if we fail to prevent any such violations or are the subject of investigations into potential violations, we could be subject to potential civil or criminal penalties under the relevant applicable laws, including substantial monetary fines, incarceration, or loss of one or more of our licenses or financing facilities, which, individually or taken together, may have material adverse consequences on our business, financial condition, results of operations and prospects. In addition, such violations, or allegations of such violations, could also negatively impact our reputation and, consequently, our ability to win future business or maintain existing contracts. Detecting, investigating, and resolving actual or alleged violations of applicable anti-corruption laws is expensive and can consume significant time and attention of our senior management. Further, any such violation by competitors, if undetected, could give them an unfair advantage when bidding for contracts.

Our UK subsidiary, Liquid Telecommunications Limited, is subject to and is compliant with the requirements of the UK Modern Slavery Act.

We are also subject to the money laundering laws of the various jurisdictions in which we operate. While we have policies and procedures aimed at ensuring compliance with these laws, there can be no assurance these policies will be followed at all times or will effectively detect and prevent all violations of the applicable laws. To the extent we fail to fully comply with applicable laws and regulations, we may be subject to fines and penalties (including criminal penalties), which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to the risk of violations of sanctions laws due to the countries in which we operate.

We operate in jurisdictions which may expose us to heightened risks with respect to sanctions laws and regulations, including the sanctions administered or enforced by the United States (including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury), or any equivalent measure of the United Kingdom, the European Union or the United Nations. Among other measures, these laws impose asset freezes of certain designated persons and broadly prohibit transactions or other dealings for the benefit of the sanctioned persons or countries (including the clearing of U.S. Dollar payments through the U.S. financial system). Violations of sanctions laws and regulations could expose us to potential civil or criminal penalties under the relevant applicable sanctions laws, which may have material adverse consequences on our business, financial condition, results of operations and prospects.

We operate in the DRC, South Sudan, and Zimbabwe, which are jurisdictions in which certain individuals and entities are subject to sanctions. Liquid Telecommunications Operations Limited is also a party to a voice traffic agreement with Canar Telecommunication Company Limited, a Republic of the Sudan telecommunications company, for the exchange of publicly available international voice traffic in and out of Sudan. The connection is carried over public internet. The contract is not material and the account is balanced via a net off through the supply or receipt of communications traffic.

We invest in legal and know-your-customer procedures to ensure our compliance with sanctions laws, which requires increased expenditure relative to businesses operating in lower-risk jurisdictions. While we believe that we operate in compliance with all applicable sanctions laws, the consequences that we may suffer due to potential future violations could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

Damage to our reputation and business relationships may adversely affect our business beyond any monetary liability.

Our business and brand depend on our customer goodwill, our reputation and on maintaining good relationships with our customers, joint venture partners, employees and regulators. Any circumstances which publicly damage our goodwill, injure our reputation or damage our business relationships may lead to a broader adverse effect on our business and prospects by way of loss of business, goodwill, customers, joint venture partners and employees than solely the monetary liability arising directly from the damaging events.

RISKS RELATING TO LEGAL AND REGULATORY MATTERS AND LITIGATION

It may be difficult for us to obtain all licenses, permits or other authorizations required to operate our existing network or any other required licenses, permits or other authorizations, and once obtained they may be amended, suspended or revoked or may not be renewed.

The operation of telecommunications networks and the provision of related services are regulated to varying degrees by national, state, regional or local governmental and/or regulatory authorities in the countries where we operate. Our operating licenses or authorizations specify the services we can offer. The operating licenses are subject to review, interpretation, modification or termination by the relevant authorities and the regulatory framework applicable to them may also be amended. There is no assurance that the relevant authorities will not take any action that could materially adversely affect our operations. Our operating licenses generally have terms ranging between 5 and 15 years. In certain of the jurisdictions in which we operate, however, our operating licenses have considerably shorter terms. For instance, in some jurisdictions our licenses are valid for one year, renewable upon expiration. While our licenses are generally renewable upon their expiration, there is no assurance that they will be renewed. If we fail to renew any of our licenses, we may lose the ability to continue to operate the relevant business and the realizable value of our relevant network infrastructure and related assets may be materially adversely affected. Some of these licenses and other authorizations are particularly complicated and lengthy to obtain and may subject us to ongoing compliance obligations. Moreover, if we fail to comply with the requirements of the applicable legislation or we fail to meet any of the terms of our licenses, our licenses and other authorizations necessary for our operations may be suspended or terminated or significant fines imposed. For example, we are currently facing such a matter with the Tanzania Communications Regulation Authority and although the local company is appealing the challenge, the suspension or termination of our licenses or other necessary governmental authorizations could have a material adverse effect on our business, results of operations, financial condition and prospects in Tanzania, or in any other territory where this situation arises. The levying of material fines could adversely impact our business, results of operations, financial condition and prospects.

Further, the deployment of our networks requires various approvals or permits from national, state, regional or local governmental and/or regulatory authorities, particularly in relation to rights of way. These approvals and permits may include building, construction and environmental permits, antenna and mast deployment approvals and various other planning permissions. Obtaining these approvals and permits can be a complex process and is often characterized by different practices and requirements at the various regulatory authorities which frequently results in inconsistent and bureaucratic processes. Though we have a dedicated team tasked with obtaining the required licenses, permits and other authorizations, due to the inherent challenges of these regimes, we have experienced, and may continue to experience, difficulties in obtaining some of these approvals and permits, which may require us to exert considerable effort and incur considerable expenses in order to implement suitable alternatives or could result in fines or other penalties being imposed by regulators. This could have a material adverse effect on our business, results of operations, financial condition and prospects.

Because we operate in highly regulated business environments, changes in laws, regulations or governmental policy affecting our business activities could adversely affect our business, financial condition, results of operations and prospects.

Our operations and properties are subject to regulation by various government entities and agencies in connection with obtaining and renewing various licenses, permits, approvals and authorizations, as well as ongoing compliance with, among other things, telecommunications, environmental, health and safety, labor, building and urban planning, personal data protection and consumer protection laws, regulations and standards. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses, permits, approvals and authorizations and monitoring licensees' compliance with the terms thereof. We may sometimes disagree with the way legal provisions are interpreted or applied by regulators and we may, from time to time, challenge or contest regulatory decisions in the course of our business, which may affect our relations with regulators.

The competent authorities in the countries where we carry out our activities have the right to, and frequently do, conduct periodic inspections of our operations and properties throughout the year. Any such future inspections may result in the conclusion that we have violated laws, decrees or regulations. We may be unable to refute any such conclusions or remedy the violations found.

As we operate in a number of emerging markets, the interpretation and application of laws and regulations affecting telecommunications services may be subject to increased uncertainties due to developing or incomplete regulatory regimes and ensuring compliance may be more difficult compared to more developed markets. In many of the countries in which we operate, local regulators have significant latitude in the administration and interpretation of telecommunications licenses and laws, rules and regulations. While we aim to comply with the local regulation it may be difficult for us to ensure that third party operators using our network also comply with such regulation. In addition, the actions taken by these regulators in the administration and interpretation of these licenses and laws, rules and regulations may be influenced by local political and economic pressures. Regulatory regimes and decisions could also affect our customers and suppliers, which in turn could adversely affect our business and prospects. For instance, anticipated changes in existing regulations in South Africa, such as those pertaining to mobile termination rates could have either a positive or negative effect on wholesale pricing and ultimately retail pricing as well, depending on how steep or fast the next glide path trajectory for termination rate reduction is. Changes are anticipated to the process of customer registration under the Regulation of Interception of Communications and Provision of Communication-Related Information Act No 70 of 2002 ("**RICA**") to streamline requirements for customer registration between fixed and mobile services and to ensure that RICA is implemented alongside the new Cybercrime and Cybersecurity Bill, which has specific obligations and costs of implementation for telecommunications operators and financial institutions. Similarly, in Zambia we anticipate the passing into law of the Cyber Security and Cyber Crime Bill, E-Commerce Bill and Data Protection Bill. The development and promulgation of Cybersecurity legislation in all the markets in which we operate may have consequences and costs for our business operations.

Increases in, or changes to, regulation could result in higher operational costs and decrease our ability to present attractive offers to our customers and potential customers, which could adversely affect our business, financial condition, results of operations and prospects. Decisions by regulators and new legislation, including in relation to wholesale price regulation mentioned above, could adversely affect the pricing of, or adversely affect the revenue from, the services and products we offer, as well as the nature and scope of the services we offer or may in the future wish to offer.

Decisions by regulators may include limiting our pricing flexibility, raising our costs (including by raising licensing fees), limiting our access to additional resources which may at times be essential (such as spectrum, conduit access rights and rights of way), reducing our wholesale or retail revenues or conferring greater pricing flexibility on our competitors. In terms of pricing flexibility we may be subject to regulatory intervention to restrict our prices or margins, particularly given our leading market position in some of the countries in which we operate, which can give our competitors an advantage. Such asymmetrical regulatory intervention may negatively impact our competitive position and our profit.

In addition, policies, legislation and regulations on taxation, customs and excise duties may change from time to time, especially that certain of the countries in which we operate do not have firmly established legal and regulatory systems. Any such policy changes, as well as inconsistencies in the interpretation of, and decisions relating to, tax laws, may have an adverse effect on our business, financial condition, results of operations and prospects.

The industry in which we operate is constantly advancing and, as a result, the laws and regulations applicable to this industry are evolving. For example, South Africa's Protection of Personal Information ("**POPI**") Act which, when it becomes effective, will increase the responsibility of telecommunications providers to safeguard personal information carried across their networks, limit personal information processing activity and impose fines, penalties and potential imprisonment for noncompliance. The implementation of POPI and similar laws across the jurisdictions in which we operate increase the demands on management, who must understand and ensure compliance and incur certain expenses to bring our operations into compliance.

In addition, enforcement priorities are subject to change and we are subject to additional laws and regulations, including, but not limited to, those governing anti-money laundering requirements, anti-bribery and anti-corruption requirements, sanctions and licensing regimes, as we introduce new products and services. While we believe we can successfully adapt to changes in the laws, rules or regulations to which we are subject, there can be no assurance that future regulatory changes or adjustments will not materially adversely affect our business, results of operations, financial condition and prospects.

Furthermore, the antitrust and competition laws and related regulatory policies in some of the countries in which we operate favor increased competition in the telecommunications industry and may prohibit us from making further acquisitions or continuing to engage or expand in particular practices, which may limit our ability to grow our business or have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to comply with any of these requirements in a timely manner, we could be subject to fines, penalties, litigation and enforcement actions, which could have a material adverse effect on our business, results of operations, financial condition and prospects. Additionally, some of our customers in Tanzania and Kenya are also subject to these regulations and are at risk of suffering the same penalties for failure to comply with them, which in turn could jeopardize their ability to perform under their contracts with us.

We may become party to disputes and legal, tax and regulatory proceedings.

We may be named as a defendant or an interested party in legal actions, claims and disputes in connection with our business activities, which could have a material adverse effect on our business, results of operations, financial condition and prospects. Such legal actions, claims and disputes may relate to our current business or past operations, including operations of businesses we have acquired and for which we may be fully or partially liable under the relevant contractual arrangements with respect to the acquisitions. If we are unsuccessful in defending ourselves in such actions, claims or disputes, we may be forced to pay monetary damages or take other actions that would have material adverse effect on our business, results of operations, financial conditions and prospects. We cannot assure you that no proceedings will be initiated on the Group related to such matters or other similar matters or, if such proceedings were initiated, that they would not have adverse reputational and other consequences for us and our business including the loss of one or more key customers. Even if successfully resolved without direct adverse financial effect, such litigation or complaints could have a material adverse effect on our brand and reputation and divert our financial and management resources from more beneficial uses. Additionally, in the ordinary course of business, we may be subject to ad hoc tax reviews. There can be no assurance that any future audits will not result in additional liability.

In 2017, the Zambian ICT regulator, the Zambia Information and Communications Authority ("**ZICT**A") raided our business premises in Lusaka on suspicion that our Zambian subsidiary was in contravention of the law for allowing foreign companies to supply content on the Zambian market without following proper procedure and for allegedly using electronic equipment not type-approved by ZICTA. This type of enforcement by ZICTA was not peculiar to our business but to other similar ICT/telecoms businesses in Zambia in that year. This issue was resolved in 2018 by ensuring all necessary approvals and certificates were obtained from ZICTA.

In 2014, prior to the Group's acquisition of Neotel Proprietary Limited (subsequently renamed Liquid Telecommunications South Africa (Pty) Limited following the acquisition), Neotel's statutory auditors identified a potentially reportable irregularity involving Homix Proprietary Limited, a third party intermediary in a previous Neotel transaction, resulting in two independent investigations which concluded at the end of 2015. The Group is aware, however, of certain ongoing investigations and media reports relating to the conduct of certain individuals in connection with this matter. Although the Group is not affiliated with such individuals, and the Group does not anticipate any liability or other adverse impacts, there can be no assurance that such investigations will not have some adverse reputational or other impact on the Group's operations in South Africa.

Disputes could also lead to a termination of agreements with our customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on our business, results of operations, financial condition and prospects. If we are forced to resolve any of these disputes through litigation, our relationship with the applicable customer could be terminated or damaged, which could lead to decreased revenues or increased costs, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are subject to intense competition in many of the markets in which we operate.

We operate in an increasingly competitive environment, particularly around pricing, across our markets and segments, which may adversely affect our revenue and margins. The nature and level of the competition we face vary for each of the products and services we offer. Our competitors generally fall into three broad categories: (i) international diversified telecommunications companies; (ii) state-owned and partly state-owned telecommunications and infrastructure companies; and (iii) local and regional telecommunications companies. These competitors, as well as other competitors that may enter the market in the future, may enjoy certain competitive advantages that we do not, particularly in the Kenyan, Zimbabwean and Zambian markets, such as having easier access to financing, greater personnel resources, fewer regulatory burdens and closer relationships with regulatory authorities. Some of our competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own network, are state-owned and partly state-owned, or are not subject to obligations applicable to network operators with significant market power, which can give our competitors an advantage and negatively impact our competitive position and profit.

Furthermore, in certain of the geographic markets in which we operate, including Kenya and South Africa, there are a limited number of new customers entering the market (particularly in the wholesale and multinational enterprise segments) and therefore in order to increase our market share we are dependent on attracting our competitors' existing customers, which intensifies the competitive pressures we are subject to. Moreover, in South Africa, the anticipated licensing of a Wireless Open Access Network (WOAN) will increase competition in the wholesale market.

We experience competition in our core network services both from competitors investing in new networks and from our own customers who purchase and then resell capacity on our open access networks. Increasingly, we also see increased competition directly from network operators. We also experience competition in new technology areas, where we are seeking to increase the range and nature of managed services we provide to our customers. The continuing trend toward business combinations and strategic alliances in the telecommunications industry, particularly in South Africa and Uganda, may create increased competition, including from non-conventional, network operators and content providers. All these factors may result in slower growth or a decrease in our returns on investment and, ultimately, EBITDA as our customers may choose to switch to our competitors. Although new laws and regulatory initiatives may provide us with increased business opportunities by removing or substantially reducing certain barriers to entry, in so doing they also create a more competitive business environment and may encourage new entrants, which could adversely affect our results of operations.

In a number of countries in which we operate, such as Zambia, Zimbabwe and Tanzania, our competitors are also government-owned entities or major local business participants and may have certain advantages from being incumbent service providers. Local operators may be able to leverage their knowledge of the local markets more efficiently than us.

Increasing competition has also led, in certain markets, to declines in the prices we are able to charge for our services. As has occurred in the recent past and may occur in the future in Zambia, South Africa and elsewhere, some of our competitors may further reduce pricing and offer unsustainable price reductions or discounts in an effort to strengthen their market position, and we may not be able to match their price reductions while maintaining our profitability.

Our success in the markets in which we operate may be adversely affected by the actions of our competitors in a number of ways, including:

- lower prices or higher quality services, features or content;
- more rapid development and deployment of new or improved products and services;
- more rapid enhancement of their networks;

In addition, we believe we currently enjoy a competitive advantage resulting from the reach of our network. Any expansion by our existing competitors, whether within a particular market or on a Sub-Saharan African level, may reduce such competitive advantage, which in turn could adversely affect our business, results of operations, financial condition and prospects.

Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new services, pricing strategies by competitors, changes in customer preferences and economic, political and social conditions in the markets in which we operate. We anticipate that this competitive activity may intensify in the wake of the COVID-19 pandemic. Market disruptions and changes in the patterns of people's daily activities may produce changes in customer requirements and preferences, price sensitivity or other parameters. Any failure to compete effectively or any inability to respond to or effectively anticipate customer sentiment, including in terms of pricing of services, acquisition of new customers and retention of existing customers, could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are exposed to certain risks in respect of the development, expansion and maintenance of our telecommunications networks.

Our business depends in part upon the success of the expansion and management of our telecommunications networks. The build-out of our networks is subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of network construction. Network expansion and infrastructure projects, including those in our development pipeline, typically require substantial capital expenditure throughout the planning and construction phases and it may take weeks or months before we can obtain the necessary permits and approvals and the new sites become operational. During the planning and expansion process, we are subject to a number of construction, financing, operating, regulatory and other risks beyond our control, including, but not limited to:

- increases in capital and/or operating costs, including as a result of foreign exchange rate movements;
- changes in demand for our services;
- labor disputes and disputes with contractors and sub-contractors;
- inadequate engineering, project management, capacity or infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- electricity and power interruptions due to electricity load-shedding and/or blackouts, and energy shortages;
- regulatory regimes impacting our business;
- failure to complete projects timely and/or according to specifications;
- failure to meet license obligations;
- adverse weather conditions and natural disasters;
- environmental regulations, including the need to perform feasibility studies and conduct remedial activities;
- political, social and economic conditions;
- fraud, theft and malfeasance;
- accidents;
- terrorist action;
- changes in law, rules, regulations, governmental priorities and regulatory regimes; and
- difficulties in obtaining and/or maintaining project development permission or requisite governmental licenses, permits or approvals.

Although we have not yet experienced significant delays in our build out and maintenance program resulting from the COVID-19 pandemic, there may be future impacts resulting from workforce shortages. Additionally, we may experience supply chain disruption if suppliers go out of business, cannot access sufficient stock or experience delays in receiving permits or permissions as the relevant authorities focus elsewhere.

The occurrence of one or more of these events may have a material adverse effect on our ability to complete our current or future network expansion projects on schedule or within budget, if at all, and may prevent us from achieving the projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that we will be able to generate revenues or profits from our expansion projects that meet our planned targets and objectives, or that such revenues will be sufficient to cover the associated construction and development costs, either of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, our assumptions associated with maintenance and continued upgrades of our networks may prove to be inaccurate. Our current network capacity may not be sufficient for all future services we plan to offer or we may need to accelerate capital expenditure plans if demand would exceed our planning. If we fail to successfully maintain and upgrade our networks, our services and products may be less attractive to new customers and we may lose existing customers to our competitors, or our business and financial condition may become subject to additional financial strain due to unbudgeted investments. In addition, our future and ongoing network upgrades may fail to generate a positive return on investment, which may have a material adverse effect on our business, results of operations, financial condition and prospects. If our capital expenditures exceed our projections or our operating cash flow is lower than expected, we may be required to seek additional financing for future maintenance and upgrades or scale back planned maintenance works, which in turn could adversely affect our business, results of operations, financial condition and prospects.

If we do not continue to provide telecommunications or related services that are useful and attractive to customers, we may not remain competitive, and our business, financial condition, results of operations and prospects may be adversely affected.

Our commercial success depends on providing services such as voice, data, connectivity and other value-added services that provide our customers with attractive products and services at a competitive cost. Many of the services we offer are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. The telecommunications industry is characterized by an increasing pace of technological change in existing systems and industry standards combined with ongoing improvements in the capacity and quality of technology to cater to changing customer needs. As new technologies develop, our equipment may need to be replaced or upgraded, we may need to acquire additional licenses and our networks may need to be rebuilt in whole or in part in order to sustain our competitive position. While we endeavor to upgrade our existing infrastructure (i.e. through card upgrades or by migrating from WiMAX to LTE) to respond successfully to technological advances, we may require additional capital expenditures and access to related or enabling technologies in order to integrate the new technology with our existing technology. In particular, while we have begun to roll out 5G technology across our wireless network, there is a risk that we may fail to successfully implement this rollout or may fail to do so in a timely manner, which could put us at a competitive disadvantage to our competitors. If we are unable to anticipate customer preferences or industry changes, or if we are unable to modify our service offerings on a timely and cost-effective basis, we may lose customers.

As the convergence of services accelerates, we have made and will have to continue to make substantial additional investments in new technologies to remain competitive, and changes in technology and services may also lead us to competing with new competitors including both emerging players as well as established technology companies entering new sectors and bundling technologies as a means of increasing their competitive advantage. Our operating results will also suffer if our new products and services are not responsive to the needs of our customers, are not appropriately timed with market opportunities, are not effectively brought to market or are not priced competitively. The new technologies we choose may not prove to be commercially successful or profitable.

We cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies we use less commercially viable or profitable or that we will be successful in responding in a timely and cost-effective way to keep up with new developments. For example, new transmission technologies or new means of distributing content that reduce bandwidth volumes could render the technologies we use less commercially viable or profitable, trigger the emergence of new competitors or strengthen the position of existing competitors. As telecommunications technology continues to develop, our competitors may be able to offer telecommunications products and services that are, or that are perceived to be, substantially similar or better than those offered by us. This could have a material adverse effect on our business, financial condition, results of operations and prospects. If we are not successful in anticipating and responding to technological change and resulting customer preferences in a timely and cost-effective manner, our quality of services, business, financial condition, results of operations and prospects could be materially adversely affected.

The deployment of fiber networks by our competitors may reduce and ultimately eliminate the coverage gap between our fiber network and the networks of our main competitors.

We believe that one of our core competitive advantages in the majority of our geographies is the strength and speed of our fiber optic and wireless networks. Our network's attributes enable us to support high-bandwidth, low-latency applications, such as mobile 3G/4G LTE, 5G data backhauling, OTT content delivery, cloud-based computing, video and CCTV streaming, machine-to-machine connectivity, private connections to data center storage, and other applications. Our network is built in accordance with some of the highest industry standards, and is almost in its entirety ducted with redundant and diverse routes capable of servicing our customers. Our core network is upgraded on an ongoing basis whilst our FTTx network is currently capable of providing speeds of up to 100 Mbps.

Our competitors may deploy networks allowing for download speeds and bandwidths which may rival those achieved by our network. See "*Industry Overview*" for further information on the competitive landscape in the markets in which we operate.

If our competitors deploy or significantly expand their national or international fiber networks, they may be able to compete with our network at a level of quality and speed equal or superior to ours, potentially reducing or eliminating our current competitive advantage, increasing pressure on our prices and margins and leading us to incur significant capital expenditures to match their service offerings. Implementation of ADSL or wireless broadband networks by such competitors could also reduce our national competitive advantage. The deployment of fiber networks by competitors is also a risk for our enterprise segment, for which our networks are also currently an advantage. Such fiber deployment by our competitors could have a material adverse effect on our business, results of operations, financial condition and prospects.

The loss of any customer or customers that in aggregate represent a significant portion of our revenue could have a material adverse effect on our business

The Group's top five customers accounted for 32.9% of our revenue in the year ended February 29, 2020, and 47.2% of our revenue in the nine months ended November 30, 2020. The loss of any customer or customers that in aggregate represent a significant portion of our revenue could have a material adverse effect on our business, results of operations, financial condition and prospects.

Although we have longstanding relationships with most of our top customers, including with our shareholder Econet Global Limited, and believe that our relationships with these customers are stable, our ability to renew existing contracts with our customers or other contractual counterparties, or to enter into new contractual relationships, either on commercially attractive terms or at all, depends on a range of commercial and operational factors and events, including the financial condition of such customers, existing contractual protections and incentives for renewals, the ability of the parties to reach agreement as to pricing, quality or service levels, and the commercial decisions by such counterparties (who may choose to source products or services, in whole or in part, from other suppliers), any of which may be beyond our control. Furthermore, due to this customer concentration, the credit risk associated with larger business customers is of particular significance to us.

In addition, any divestment of interest in the Group by Econet Global Limited and/or any resulting loss of business therefrom could have a material adverse effect on our business, results of operations, financial condition and prospects. See "*Principal Shareholders*" and "*Related Party Transactions*."

Furthermore, we could be adversely affected if any significant customer or customers react unfavorably to the pricing of our products or services, or decides to de-emphasize or reduce their offerings in the categories with which we supply them. Any such event would have a material adverse effect on our business, results of operations, financial condition and prospects.

We engage in transactions with certain related parties, and if their support and backing does not continue or a conflict of interest arises, our ability to deliver certain services could be harmed and our results of operations could be adversely affected.

We have engaged in transactions with related parties, principally our shareholder, Econet Global Limited, and we may continue to do so in the future. Existing service agreements with Econet Global Limited and its affiliates accounted for 7.5% of our revenue in the year ended February 29, 2020, and 8.4% of our revenue in the nine months ended November 30, 2020.

Conflicts of interests inherent in related-party transactions may arise between us and Econet Global Limited or other related parties and us, potentially resulting in disadvantages to us or the conclusion of transactions on less satisfactory terms. While we currently have effective working relationships with the related parties, there can be no assurance that their support, backing and cooperation will continue and, if it does not, our ability to deliver certain services could be harmed and our results of operations could be adversely affected. See "*Principal Shareholders*" and "Related-Party Transactions". Certain of our directors and officers are also directors and officers of Econet Global Limited. See *"—The interests of our shareholders may not always coincide with those of the holders of the Notes.*"

We depend on hardware, software and other providers of outsourced services, who may discontinue their services or products, seek to charge us prices that are not competitive, choose not to renew contracts with us or be restricted from providing goods or services to us as a result of regulatory change, disruptions to their operations or other factors.

We have important relationships with several suppliers of hardware, software and related services that we use to operate our networks and provide our services. In certain cases, we have made substantial investments in the equipment or software of a particular supplier, such as Cisco, Juniper and Nokia-Lucent, making it difficult for us to quickly change supply and maintenance relationships in the event that our initial supplier refuses to offer us favorable prices or ceases to produce equipment or provide the services or support that we require. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in our contracts with our customers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that we will be able to obtain the hardware, software and services we need for the operation of our business, in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry-wide cyclical upturn or in the case of high demand for a particular product, our suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to us, should these suppliers elect to fulfil the accounts of other customers first. We have, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors, as well as quality control problems with service providers. We may also not be able to recover monies paid to such suppliers or obtain contractual damages to which we may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner.

We also outsource some of our services, including international interconnectivity and certain system operations. For example, some of the Liquid SA Group's system operations (including network operating center) have historically been outsourced to Tata Communications. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to our operations and could result in us incurring additional costs, including if the outsourcing counterparty increases pricing or if we were required to locate alternative service providers or in-source previously outsourced services.

Our ability to renew our existing contracts with suppliers of products or services, or enter into new contractual relationships, with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, which may be beyond our control. In addition, applicable regulations may change in such a way as to restrict our relationship with certain suppliers. We regularly review such regulatory risks in light of the ongoing evolution of applicable regulations. The occurrence of any of these risks or a significant disruption in our supply of products and services from key sourcing partners and other providers could create technical problems, damage our reputation, result in the loss of customer relationships and have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, while we provide the majority of our services over our own networks, we also provide services to our customers over third-party networks. We have no control over the quality, capacity, speed and up-time over third-party networks. The failure of these or other telecommunications providers to provide reliable connectivity to our customers on a consistent basis could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business relies on network elements, telecommunications equipment licenses and other intellectual property from third parties.

We rely on third-party licenses and other intellectual property arrangements to enable us to carry on our business. Certain of our network elements and telecommunications equipment including hardware, software and firmware deployed on our network are licensed or purchased from various third parties, including from vendors holding the intellectual property rights to use these elements and equipment. Although these agreements provide warranties, indemnities and the right of termination in the event of any breach or threatened breach of any intellectual property rights, no assurance can be provided that competitors or other third parties will not challenge or circumvent the intellectual property rights we own or license or that the relevant intellectual property rights are valid, enforceable or sufficiently broad to protect our interest or will provide us with any competitive advantage. Any loss or withdrawal of those intellectual property rights could affect our ability to provide our services.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate sufficient cash to service our debt.

Our ability to make payments on and refinance our indebtedness, fund working capital and make capital expenditures in the longer term (beyond the period ending 12 months from the date of this document), will depend on our future operating performance and ability to generate sufficient cash over the longer term (beyond the period ending 12 months from the date of this document). This depends on the success of our business strategy and on economic, financial, competitive, market, legislative, regulatory and other factors, as well as the factors discussed in these "*Risk Factors*," many of which are beyond our control.

No assurance can be provided that our business will generate sufficient cash flows from operations or that future debt or equity financings will be available to us to pay our debt when due or to fund our other capital requirements or any operating losses. Our working capital requirements may increase as trading conditions worsen in the aftermath of the COVID-19 pandemic. Customers may experience trading and/or cash flow difficulties leading to delayed or non-collection of debtors and suppliers may demand upfront payments or shorter settlement terms. If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs in the longer term (beyond the period ending 12 months from the date of this document), we may be forced to:

- reduce or delay our business activities or capital expenditures;
- sell assets;
- obtain additional debt or equity capital;
- restructure or refinance all or part of our debt on or before maturity; or
- forego opportunities such as acquisitions of other businesses.

No assurance can be provided that we would be able to accomplish these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on our indebtedness on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business and could have a material adverse effect on our financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable.

We are exposed to fluctuations in foreign currency exchange.

We prepare our financial statements in U.S. dollars, and derive revenue and/or incur costs in ten countries, including South Africa, Zimbabwe, Kenya and Zambia. During the year ended February 29, 2020, 31.8% of the Liquid Group's total revenue was in U.S. dollars, with a further 48.6% in South African Rand. During the nine months ended November 30, 2020, the South African Rand accounted for approximately 41.6% of revenues, U.S. Dollar for 36.6%, with the remaining revenues in other local currencies, which offset local currency costs. A significant part of the U.S Dollar revenue is paid into the UK and Mauritius by blue chip clients. The remaining revenue was principally in Kenya Shilling, Zimbabwean dollar (or RTGS (as defined below)) and Zambian Kwacha.

Accordingly, movements in exchange rates between any of these currencies and the U.S. dollar could have a negative effect on our results of operations and financial condition to the extent we have a mismatch between our earnings in any foreign currency and our costs that are denominated in that currency.

In particular, the Issuer's ability to make principal or interest payments on the Notes will depend, among other things, upon the cash flow to the Company its subsidiaries in the form of dividends or other distributions or payments. In case of any depreciation of the South African Rand in relation to the U.S. dollar, the value of any payments made by Liquid Telecommunications South Africa Pty to the Company will be reduced in relation to the U.S. dollar. Any shortfall as a result of such a reduction in the value of the South African Rand would need to be compensated through additional payments from the Company to the Issuer. We cannot assure you that the Company will have sufficient funds available to make such payments as required.

While we have entered into certain hedging arrangements to mitigate foreign exchange risk and may enter into further hedging arrangements in the future, hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements.

In addition, the Group has been impacted by the effect of hyperinflation in Zimbabwe. Changes to the currency regime in Zimbabwe in 2019 resulted in the introduction of an interim synthetic currency, the real-time gross settlement dollar ("**RTGS**") controlled by Zimbabwe's central bank under a strictly controlled foreign exchange regime. The RTGS has now been replaced by the Zimbabwean Dollar under the RBZ's Managed Float exchange rate regime permitting some foreign exchange trading. On initial implementation, the exchange rate was 2.5:1 against the U.S. Dollar, but in the ensuing months, the rate has depreciated significantly. As of November 30, 2020, the rate was ZWL$81.80 : USD1.00. This devaluation has had and will continue to have an adverse impact on our results reported in U.S. Dollar. See the risk factors "*We are subject to currency inflation risks, including the impact of Zimbabwean hyperinflation, which have adversely affected our business, financial condition, results of operations and prospects and may continue to do so in the future"* and "*Limitations on the movement of capital out of Zimbabwe may impair our ability to remove currency from the country on a regular basis*" for further discussion on the impact of Zimbabwean hyperinflation on the Group's business and results of operations.

Where possible, we manage foreign currency risk by matching same currency revenues to same currency expenses, and by strategically denominating debt in certain functional currencies in order to match with projected functional currency exposures. There is no guarantee that we will be successful with this strategy. If we fail to adequately protect against currency exchange risk, the costs of servicing our debt obligations and providing our services may increase, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the results of operations and financial conditions of certain of the individual members of the Group are reported in the relevant functional currency of that Group member, which may not be the U.S. dollar. These Group member's assets and liabilities are converted based on the exchange rate on the balance sheet date, and income statement items are converted based on the average exchange rate during the relevant financial period (except for Zimbabwe, where hyperinflation accounting requires that the income statement be converted at the closing rate). Foreign exchange rates have seen significant fluctuation in recent years. In the year ended February 29, 2020, we made a net foreign exchange loss of US$599.1 million and a net foreign exchange loss of US$91.8 million in the year ended February 28, 2019. In the nine months November 30, 2020, we incurred a net foreign exchange loss of US$334.3 million as compared to a net foreign exchange loss of US$471.9 million in the nine months ended November 30, 2019. The Group's debt is denominated principally in US dollars, therefore a depreciation of currencies in which we receive revenue against the U.S. dollar may negatively impact our ability to service our debts and could have a material adverse effect on our reported financial results.

Our ability to grow profitably depends in part on our ability to continue to grow through organic expansion and/or further acquisitions or ventures.

Our ability to grow profitably will depend in part on our ability to continue to grow through organic expansion and/or further acquisitions. While we do not anticipate transformational acquisitions in the near term, we do consider strategic acquisitions as part of our growth strategy and business plan. The success of our acquisition and investment strategy depends on the ability of management to identify and compete for suitable acquisition and investment targets, to assess the value, strengths, weaknesses, contingent or other liabilities and potential profitability of such acquisitions and investments, to negotiate acceptable purchase, financing and other terms and, in some cases, the selection of appropriate international and local partners, and the continued contributions by certain of our key management and technical personnel. Our acquisition and investment strategy also depends on our ability to obtain the appropriate regulatory and governmental approvals, licenses, spectrum allocation and registrations, and may be limited by regulatory constraints in the countries in which we operate due to antitrust laws, asset control laws or political conflicts. See "*Because we operate in highly regulated business environments, changes in laws, regulations or governmental policy affecting our business activities could adversely affect our business, financial condition, results of operations and prospects*". In addition, the success of our acquisitions and investments will depend on, and may be limited by, our ability to finance acquisitions and investments, which may be limited by our overall level of indebtedness and liquidity profile, restrictions contained in our existing and future financing arrangements.

Once targets are acquired, the success of our acquisitions and investments is dependent on the ability of our management and employees to integrate the acquired businesses, to implement an effective management structure given the terms of the investment (particularly in cases where we have only a minority interest or have a joint venture partner), to realize the benefits of expected planned synergies (such as branding, marketing and equipment sourcing) and to successfully operate and manage new and acquired businesses (such as rolling out a new network, managing vendors and addressing security concerns). These risks can be significant, since it is difficult to assess the regulatory, business and operating environment in certain countries in which we operate, given limited history and precedent and other economic, operating and political factors. See "—*We are subject to the risks of political, social and economic instability associated with the markets in which we operate*". In addition, increased operations may strain our managerial resources which may require us to hire additional managerial resources. We may be unable to hire managers with the relevant expertise or the hiring process may require significant time and resources, all of which could result in a diversion of management's attention from the management of our daily operations. Any failure to apply the necessary managerial and operational resources to our growing business could have a material adverse effect on our business, financial condition, results of operations and prospects.

There can be no assurance that we will be able to identify and complete future acquisitions or investments on appropriate terms and at acceptable costs, or at all, or that we will successfully execute our acquisition, investment or roll-out plans or that we will realize the benefit of such plans when completed. The use of cash to fund acquisitions may limit the availability of our working capital and capital expenditure. We cannot give any assurance that our recent rate of growth will be maintained in the future or that demand for our services will enable us to achieve a satisfactory return on any acquisitions or investments that we make or support the leverage taken on for such acquisitions or investments. Our inability to find, complete, operate and integrate suitable acquisitions or investments and to operate with increased leverage, could have a material adverse effect on our business, financial condition, results of operations and prospects.

These risks can be particularly significant in emerging markets, where it is difficult to assess the regulatory, business and operating environment given limited history and precedent and other economic operating and political factors.

Our investment plans are based on models reflecting management's predictions of market conditions. There can be no assurance that such models will correctly anticipate actual investment results.

Our investment plans, including in particular our acquisitions and roll-out plans, are influenced by our modelling of anticipated investment returns. We use the results of our modelling to identify and execute potential investment strategies, such as acquisitions or greenfield network development. These models rely on certain market information and assumptions of market fundamentals, such as macroeconomic assumptions about the market, economic growth forecasts, pricing and competition in determining a given investment's timing, cost and expected profitability for us. If actual market conditions deviate from the assumptions underlying these models, we could be required to modify, scale back or delay our acquisition and expansion plans. If we are not able to modify our plans, our financial returns could be materially adversely affected. Changing market fundamentals could likewise affect our ability to adhere to our acquisition and expansion plans in ways that could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to integrate successfully businesses that we have recently acquired or may acquire in the future, and we may not be able to realize the anticipated cost savings, revenue enhancements or other synergies from such acquisitions.

While we do not anticipate transformational acquisitions in the near term, we do consider strategic acquisitions as part of our growth strategy and business plan. The process of integrating such acquired businesses involves risks. These risks include, but are not limited to:

- demands on our management related to integration processes;
- diversion of management's attention from the management of daily operations to the integration of newly acquired operations;
- difficulties in the assimilation of different corporate cultures, practices and sales and distribution methodologies;
- difficulties in conforming the acquired company's accounting, book and records, internal accounting controls, and procedures and policies to ours;
- retaining the loyalty and business of the customers of acquired businesses;
- retaining employees who may be vital to the integration of the acquired business or to the future prospects of the combined businesses;

- difficulties and unanticipated expenses related to the integration of departments, information technology systems and accounting systems;

- difficulties and unanticipated expenses related to the necessary rehabilitation and upgrade of network elements and ancillary systems, such as power feeding systems, network operation systems, network performance monitoring systems, service platforms and other service-related systems;

- difficulties and unanticipated expenses related to the integration and interconnection of acquired networks with our existing networks, and aligning network design and performance standards;

- difficulties integrating technologies and maintaining uniform standards, such as internal accounting controls, procedures and policies; and

- unanticipated costs and expenses associated with any undisclosed or potential liabilities.

Failure to successfully transfer business operations and to otherwise integrate the operations of any acquired businesses may result in lower revenue, earnings and/or reduced operating efficiency than if we had not acquired such businesses and lead to a loss of customers from the acquired businesses.

Furthermore, even if we are able to successfully integrate the operations of acquired businesses, we may not be able to realize the potential cost savings, synergies and revenue enhancements that were anticipated from the integration, either in the amount or within the time frame that we expect, and the costs of achieving these benefits may be higher than, and the timing may differ from, what is expected. Our ability to realize anticipated cost savings, synergies and revenue enhancements may be affected by a number of factors, including, but not limited to, the following:

- the use of more cash or other financial resources on integration and implementation activities than expected;

- increases in other expenses unrelated to the acquisitions, which may offset the cost savings and other synergies from the acquisitions;

- the inability to eliminate duplicative overhead and overlapping and redundant selling, general and administrative functions, rationalize manufacturing capacity and shift production to more economical facilities;

- the integration of information technology systems and customer data; and

- ability to avoid labor disruptions in connection with any integration, particularly in connection with any headcount reduction.

There can be no assurance that our assumptions regarding past or future acquisitions turn out to be correct and, as a result, the amount of synergies that we will actually realize over time may differ significantly from the ones that we estimate and we may incur significant costs in realizing such anticipated synergies. Failure to generate the expected margins or cash flows, or realize the anticipated benefits of an acquisition, including growth and expected synergies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to effectively integrate the operations of any acquired businesses or to realize anticipated cost savings, synergies or revenue enhancements from such acquisitions, this could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our high level of goodwill and other intangible assets could generate significant future asset impairments, which could negatively affect our business, financial condition, results of operations and prospects.

We recognize a significant amount of goodwill and other intangible assets in our financial statements. As of November 30, 2020, the amount of goodwill and other intangible assets on our statement of financial position was US$253.0 million, representing 17.3% of the Group's total assets. This significant amount of goodwill has mainly resulted from the various acquisitions we have made since our inception. Events including, but not limited to, litigation, failure to maintain customer relationships or failure to successfully integrate acquired businesses and/or realize anticipated cost savings, revenue enhancements or other synergies from such acquisitions, could erode our image or reputation and result in impairments of goodwill and/or other intangible assets. Further, market conditions, changes in accounting policies and/or other factors could materially and adversely affect the carrying value of our goodwill and/or other intangible assets, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Demand for traditional paid voice services is in decline across the telecommunications industry globally.

Demand for traditional paid voice services is in decline across the telecommunications industry globally, which has been countered by an upward trend in data revenue as voice users migrate to data-based VoIP services. Revenue from the wholesale voice segment made up 18.5% of the Liquid Group's revenue in the year ended February 29, 2020, as compared to 22.5% and 21.6% of revenue in the years ended February 28 2019 and February 28, 2018, respectively, primarily due to the increasing use of OTT services and declining tariffs. In the nine months ended November 30, 2020, revenue from the wholesale voice segment made up 18.0% of our revenue, down from 19.0% for the nine months ended November 30, 2019. These recent global trends have been exacerbated by the COVID-19 pandemic, as businesses and individuals in locked down environments turned to OTT services for communications, rather than traditional voice methods. These conditions may continue or resumption of voice usage may be slower than forecast, adversely affecting our voice revenues. Conversely to the voice business, the COVID-19 pandemic has resulted in an uplift in our data business as remote working and locked down environments have led to greater demand for connectivity. Revenue from our data and other services (including wholesale, enterprise and retail) on the other hand, made up 81.5% of the Liquid Group's revenue in the year ended February 29, 2020, as compared to 77.5% and 78.4% of revenue in the years ended February 28, 2019 and February 28, 2018, respectively. Revenue from our data and other services (including wholesale, enterprise and retail) made up 82.2% of the Liquid Group's revenue in the nine months ended November 30, 2020, as compared to 80.6% of revenue in the nine months ended November 30, 2019. We expect that the demand for our data services will continue to increase as digitization expands across the African continent (as consumers switch from 2G to 3G, 4G LTE and 5G enabled handsets, wholesale voice to fixed broadband), and as we continue to improve our mobile network capability and expand our network reach.

Although we have identified data revenue as one of the most important drivers for future profit growth and have heavily invested in and upgraded our infrastructure and product offerings in response to this trend, there is no assurance that we will successfully monetize the increase in data traffic and any increase in the revenue generated from data services may not be sufficient to offset the substantial capital expenditures required to upgrade our networks to handle increased data traffic as well as the declining demand for traditional paid voice services. This could have a material adverse effect on our business, financial condition, results of operations and prospects.

A downturn in the domestic, regional or global economy may adversely affect our business.

We are exposed to risks associated with any future downturn in the domestic, regional or global economy. Global financial markets have remained volatile since the global financial crisis that started in 2008 and remain susceptible to renewed shocks. The COVID-19 pandemic has caused widespread hardship globally, with virtually all countries suffering a significant economic downturn. The full impact is not yet known and there can be no assurance that economic performance, whether globally or in the regions in which we operate, will recover in the future. This decline could have an adverse effect on our operations, as many of our strategic partners and suppliers may, experience financial difficulties that could affect their ability to service us in a timely and efficient manner. Economic conditions can have a material adverse effect on telecommunications businesses, including a material adverse effect on the quality and growth of their customer base and service offerings. For example, customers may decide that they can no longer afford the data services or other value-added services that are instrumental in maintaining or increasing our revenues. Subject to differing levels of price elasticity of demand in each market in which we operate, any future economic downturn in those markets could have a material adverse effect on our business, financial condition, results of operations and prospects. High rates of inflation in some of the countries in which we operate may also cause consumer purchasing power to decrease, which may reduce consumer demand for our services.

A loss of investor confidence in the financial systems of emerging as well as mature markets may cause increased volatility in the financial markets in the countries and regions in which we operate and a slowdown in economic growth or economic contraction in those countries and regions. Any such increased volatility or slowdown could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on key information technology systems, which may be vulnerable to damage, security breaches or cyberattacks that could have a material adverse effect on our reputation as well as our business, prospects, financial condition and/or results of operations.

Information technology helps us efficiently and accurately provide services to our customers and monitor our operations. While we seek to apply best practice policies and devote significant resources to network security and other security measures to protect our information technology and communications systems and data, these security measures cannot provide absolute security. Despite existing security measures, certain of our wireless infrastructure may be vulnerable to damage, disruptions, or shutdowns due to unauthorized access, computer viruses, cyber-attacks, and other security breaches. The performance of our information technology systems may also be impacted by certain operating conditions in the markets in which we operate, including lack of reliable power supply as well as general security conditions. An attack attempt or security breach, such as a distributed denial of service attack, or damage caused by other means could potentially result in the interruption or cessation of certain of our services to our customers, our inability to meet expected levels of service or data transmitted over our customers' networks being compromised.

We cannot guarantee that our security and power backup measures will not be circumvented or fail, resulting in customer network failures or interruptions that could impact our customers' network availability, potentially resulting in penalties for failure to meet targeted quality levels, as well as otherwise having an adverse effect on our business, reputation, financial condition and/or operational results. We may be required to spend significant resources to protect against or recover from such threats. In addition, as we implement new information technology systems, we cannot guarantee that our new security measures will be sufficient. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, and we could lose customers. Further, the perpetrators of cyber-attacks are not restricted to particular groups or persons. Our employees or external actors operating in any geography may commit these attacks. Any such events could result in legal claims or penalties, disruption in operations, misappropriation of sensitive data, damage to our reputation, negative market perception, or costly response measures, which could have a material adverse effect on our business, prospects, financial condition and/or results of operations.

We may be unable to attract and retain key personnel, directors, managers, employees and other individuals without whom we may not be able to manage our business effectively.

We depend on the availability and continued service of a relatively small number of key managers, employees and other individuals, including our directors and senior management. These key individuals are heavily involved in the daily operation of our business and are, at the same time, required to make strategic decisions, ensure their implementation and manage and supervise our development. The loss of some of these key individuals could significantly impede our financial plans, product development, network expansion, marketing and other plans. Our future operating results depend, in a significant part, upon the continued contributions of our existing management and our ability to expand our senior management team by adding highly skilled new members, who may be difficult to identify and recruit. In particular, our Chairman's and CEO's continued involvement in the strategic oversight of the Group is key for our continued development and competitive position. In addition, competition for qualified executives in the telecommunications industry in the markets in which we operate is intense, and individuals with industry-specific experience are scarce. As a result, we may be required to enhance wages and benefits to recruit and retain such professionals in the face of increasing opportunities in the markets in which we operate. While we constantly seek to recruit and retain an adequate number of qualified professionals in the telecommunications industry, we may not successfully be able to do so. Moreover, integration of new management would require additional time and resources, which could adversely affect our ability to successfully implement our strategy.

If some of our senior executives or other key individuals cease their employment or engagement with us, or if we fail to attract and retain highly skilled and qualified personnel across all levels of the Group or continue to successfully expand, train, manage and motivate our employee base, our business, financial condition, results of operations and prospects could be materially adversely affected.

Our growth and expansion in new areas of business may make it difficult to obtain adequate operational and managerial resources, thus restricting our ability to expand our operations.

Historically, our business has grown, in part, through a significant number of selective acquisitions that enabled us to take advantage of existing networks, service offerings and management expertise. As a result, the operating complexity of our business, as well as the responsibilities of management, has increased, which may place significant strain on our managerial and operational resources.

Although we consider the operational and financial systems and the managerial controls and procedures that we currently have in place to be adequate for our purposes, we recognize that the efficacy of these systems, controls and procedures needs to be kept under regular review as our business grows. We will need to continue to improve our operational and financial systems and managerial controls and procedures to keep pace with our expected growth. We will also have to maintain close coordination among our logistical, technical, accounting, finance, marketing and sales personnel. Managing our expected growth will require, among other things:

- the ability to integrate new acquisitions into our operations;
- continued development of financial and management controls and IT systems and their implementation in newly acquired businesses;
- the ability to manage increased technical, operational and marketing activities;
- hiring and training of new personnel (including management teams where necessary);
- the ability to adapt to changes in the markets in which we operate, including changes in legislation;
- the ability to successfully deal with new regulators and regulatory regimes for our new lines of business; and
- the ability to manage additional taxes, increased competition and address the increased demand for our services.

Any failure to apply the necessary managerial and operational resources to our growing business and any weaknesses in our operational and financial systems or managerial controls and procedures may impact our ability to produce reliable financial statements and may adversely affect our business, financial condition, results of operations and prospects.

The construction element of our business could expose us to liability under environmental, occupational safety and health laws.

The nature of our operations means we are subject to the requirements of various environmental and occupational safety and health laws and regulations. These laws and regulations require adherence to minimum safety standards, provision of protective equipment, documentation of safety procedures and record-keeping in the event of an incident. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The requirements and interpretations of these laws and regulations are complex, change frequently and could become more stringent in the future. It is possible that these requirements or interpretations will change or that liabilities will arise in the future in a manner that could have a material adverse effect on the Group's business, financial condition or results of operations.

Changes to IFRS standards, including the standard for lease accounting and revenue recognition, may adversely affect our financial results.

Changes to IFRS have been proposed in recent years, and further changes may be proposed in the future. Following a detailed consultation period which began in July 2006, the International Accounting Standards Board ("**IASB**") released a new standard ("**IFRS 16**") on lease accounting which replaced IAS 17 "Leases" and which became effective for financial reporting periods beginning on or after January 1, 2019. In the year ended February 29, 2020, we adopted IFRS 16, resulting in an increase in gross profit of US$24.0 million for year, compared to the pre-IFRS 16 gross profit in the same year. The new standard, effective for the Group for the financial year ended February 29, 2020 requires us to assess all of our lease contracts and capitalize both the asset and the corresponding liability, applying certain assumptions such as discount rates, likelihood of renewal and materiality thresholds.

Additionally, IFRS 15, issued on May 28, 2014, established a comprehensive framework for determining whether, how much and when revenue is recognized from contracts with customers. IFRS 15 is effective for financial reporting periods beginning on or after January 1, 2018 and replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. Under IFRS 15, revenue must be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 has principally affected post-paid arrangements used by telecommunication operators as regards unbundling of revenues (including any subsidized items), accounting for changes in contracts, accounting for subscriber acquisition costs and loyalty programs. IFRS 15 was effective for the Group for the financial year ended February 28, 2019.

These and any other changes to IFRS that may be proposed in the future could materially adversely affect our business, financial condition, results of operations and prospects.

Our insurance may not provide adequate coverage for natural disasters, security breaches and other unforeseen events.

We may not carry insurance for all categories of risk that our business may encounter. Our business assets are subject to risks associated with natural disasters, such as windstorms and floods, theft, vandalism, terror attacks and other unforeseen damage.

While we maintain insurance to cover business interruption insurance and general liability insurance we might have claims that exceed our coverage under our insurance policy or claims may be denied and, as a result, the insurance may not be adequate. Insurance may not adequately cover all lost revenues. In addition, while we maintain insurance coverage with respect to certain claims, we may not be able to renew or obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. Any significant uninsured losses or liabilities may require us to pay substantial amounts, which would reduce our working capital and adversely affect our business, financial condition and/or results of operations. If we are unable to obtain adequate insurance coverage or provide services to our customers, it could lead to customer loss, which could adversely affect our business, prospects, financial condition and/or results of operations.

Our risk management policies and procedures may not be fully effective in achieving their purposes.

Our policies, procedures, controls and oversight to monitor and manage our enterprise risks may not be fully effective in achieving their purpose and may leave us exposed to identified or unidentified risks. Past or future misconduct by our employees or contractors could result in violations of law, regulatory sanctions and/or serious reputational harm or financial harm. We monitor our policies, procedures and controls; however, we cannot assure you that our policies, procedures and controls will be sufficient to prevent all forms of misconduct. We review our compensation policies and practices as part of our risk management program, but it is possible that our compensation policies could incentivize management and other employees to subject us to inappropriate risk or to engage in misconduct. If such inappropriate risks or misconduct occurs, it is possible that it could adversely affect our business, prospects, financial condition and/or results of operations.

RISKS RELATING TO THE NOTES AND THE GUARANTEES

Not all of our subsidiaries will guarantee the Notes, and the Notes and the Guarantees are or will be structurally subordinated to all of the claims of creditors of those subsidiaries that do not guarantee the Notes.

Only the Guarantors will provide the Guarantees for the benefit of the holders of the Notes as of the Issue Date. Other subsidiaries of the Company may guarantee the Notes in the future, but until then, any claim by us or any of our creditors, including the holders of the Notes, against any such non-guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of such subsidiaries. The Indenture does not limit the transfer of assets to, or the making of investments in, any of our Restricted Subsidiaries (as defined therein), including our subsidiaries that do not provide guarantees for the Notes, which subsidiaries could account for a higher portion of our assets, liabilities, revenues and net results in the future. As of and for the year ended February 29, 2020, the Guarantors represented (i) 94.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 90.7% of our net assets, after adjusting for intercompany payables and receivables. In the nine months ended November 30, 2020, the Guarantors represented (i) 76.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 84.9% of our net assets, after adjusting for intercompany payables and receivables. As of November 30, 2020, after giving effect to the Transactions, our non-guarantor subsidiaries will have no external outstanding financial indebtedness. See "*Capitalization.*" In the event of insolvency, liquidation or other reorganization of any of these non-guarantor subsidiaries, creditors of such non-guarantor subsidiaries will generally be entitled to payment in full from their respective assets before the Issuer or any of the Guarantors is entitled to receive any distribution from such assets as equity holders. Except to the extent that the Issuer or any of the Guarantors may itself be a creditor with recognized claims against a non-guarantor subsidiary, claims of creditors of such non-guarantor subsidiary will have priority with respect to the assets and earnings of that subsidiary over the claims of the Issuer or the Guarantors as equity holders, although there is no assurance that the claims of the Issuer or any of the Guarantors as a creditor against a non-guarantor subsidiary may not be reduced, limited or extinguished as a result of applicable insolvency rules (such as the doctrine of equitable subordination or the rules regarding the potential avoidance of transactions concluded with related persons within a certain hardening period). Our non-guarantor subsidiaries are also subject to liabilities to other creditors as a result of obligations incurred in the ordinary course of business, which liabilities are also effectively senior to the Notes and the Guarantees.

The Issuer, the Guarantors and any other grantor, as applicable, have or will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents governing the granting of the Collateral, subject to the terms of the Intercreditor Agreement, allow the Issuer, the Guarantors and any other grantor, as applicable, to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture or the New Senior Facilities Agreement would result therefrom, the Issuer, the Guarantors and any other grantor, as applicable, may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

Further, a general notarial bond does not automatically constitute the holder as a secured creditor in terms of the South Africa Insolvency Act of 1936 except if the bond has been perfected by way of, *inter alia,* a court order prior to the commencement of the liquidation of the company.

The Notes and the Guarantees will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and the Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.

The Collateral will secure the obligations of the Issuer and Guarantors under the Notes and the Guarantees, as well as obligations under the New Senior Facilities Agreement. Pursuant to the Intercreditor Agreement, proceeds from enforcement of the Collateral will be shared *pari passu* among the holders of the Notes, the lenders under the New Senior Facilities Agreement and future creditors to the extent permitted by the Indenture, the New Senior Facilities Agreement and the Intercreditor Agreement.

If there is an event of default on the Notes, the holders of the Notes and the Guarantees will be secured only by the Collateral. To the extent that the claims of the holders of the Notes exceed the value of the Collateral securing the Notes and such other obligations, these claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes and the Guarantees. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under the Notes. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

No appraisals have been prepared by or on behalf of the Issuer or the Guarantors in connection with the issue of the Notes. The fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the availability of buyers, whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral as well as the ability of the Security Agent (or the Security SPV acting on the instructions of the Security Agent) to realize or foreclose on such security.

To the extent that security interests and other rights granted to other parties encumber assets constituting Collateral owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, the Security SPV, Trustees or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim (if the relevant guarantee has not been released) against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement could reduce the proceeds realized upon enforcement of the Collateral.

Under the terms of the Intercreditor Agreement, holders of the Notes do not control certain decisions relating to the Collateral.

The Trustee entered into the Intercreditor Agreement with, among others, the agent in respect of the New Senior Facilities Agreement. Other creditors may become parties to the Intercreditor Agreement in the future. As of the Issue Date, the Senior Secured Creditors (as defined in the Intercreditor Agreement) will include creditors under the New Senior Facilities Agreement and holders of Notes. Among other things, the Intercreditor Agreement governs the enforcement of the Security Documents, the sharing in any recoveries from such enforcement among such creditors and the release of the Collateral by the Security Agent. Each holder of Notes, by accepting a Note, will be deemed to have agreed to and be bound by the terms of the Intercreditor Agreement.

The Intercreditor Agreement will provide that the Security Agent shall act upon the instructions of the senior secured creditors whose senior secured credit participations at that time aggregate more than 50% of the total senior secured credit participations at that time (the "**Instructing Group**"), which will be determined in accordance with the terms and conditions of the Intercreditor Agreement. The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Security Documents unless instructed otherwise by the Instructing Group. As of November 30, 2020, after giving effect to the Transactions, we would have had US$961.2 million in borrowings outstanding in a combination of the Notes, the Existing Revolving Credit Facility and certain other indebtedness. In addition, we expect to have undrawn capacity under the New Revolving Credit Facility. Lenders under the New Senior Facilities Agreement may have interests that are different from the interests of holders of the Notes and may not agree to pursue their remedies under their indebtedness at a time when it would otherwise be advantageous for the holders of the Notes to do so. Moreover, if additional secured indebtedness were incurred or the principal amount of the Notes outstanding were to be decreased such that lenders under the New Senior Facilities Agreement or other secured *pari passu* creditors, individually or collectively, were to hold more than 50.1% or more of the senior secured credit participations, such other creditors would have absolute control over the ability to instruct the Security Agent with respect to the enforcement of the Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Under the terms of the Indenture, we are permitted in the future to incur certain additional indebtedness and other obligations that may share in the liens on the Collateral securing the Notes and the Guarantees and the liens on the collateral securing our other secured debt. The Collateral will secure the obligations under the Notes, the New Senior Facilities Agreement and certain hedging obligations that may share in transaction security (see "*Description of certain financing arrangements—Intercreditor Agreement*").

Further, disputes may arise among the holders of the Notes, the lenders under the New Senior Facilities Agreement or other creditors forming part of the Instructing Group as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral which may delay enforcement until agreement is reached.

Further, the holders of the Notes will not be able to effect foreclosure on such collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents, which may lead to delays that reduce recoveries available to holders of the Notes. In addition, the Intercreditor Agreement does not require independent valuations with respect to sales of Collateral and provides that security interests in the Collateral will be released if agreed to by majority of senior secured creditors or in the event of an enforcement or certain other permitted disposals. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Guarantees and the Collateral securing the Notes are subject or will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

The Notes will be guaranteed by certain of our subsidiaries which are incorporated under the laws of Mauritius, South Africa, Kenya and England and Wales, and secured by security interests over the Collateral pursuant to the relevant Security Documents, which are governed by the laws of these jurisdictions. The Indenture provides that certain Guarantees, and the Indenture and the relevant Security Documents provide that certain security interests, are limited to the maximum amount that can be guaranteed or in respect of which security interests may be granted by the relevant Guarantor or grantor, as applicable, without rendering the relevant Guarantee or security interest, as it relates to that Guarantor or grantor, voidable or otherwise ineffective or limited under applicable law. See "*Certain Insolvency and Enforceability Considerations*." In relation to any guarantee or undertaking granted by a Mauritius incorporated Guarantor, its obligations and liabilities shall be limited by the provision of the Mauritius Companies Act regulating (i) unlawful financial assistance within the meaning of Section 81 of the Mauritius Companies Act (ii) disclaimer of onerous property (Sub-Parts III of the Insolvency Act 2009) (iii) voidable transactions (Sub-Parts IV of the Insolvency Act 2009) and distribution of assets in accordance with Sub-Parts V of the Insolvency Act 2009.

Certain jurisdictions may impose regulatory conditions or limitations on the Guarantees to be provided by the Guarantors. In granting its pre-approval for the Guarantees to be granted by the SARB stated that should there be a claim in respect of the Guarantee, they require to be advised thereof and that the claim may not exceed the net asset value of such Guarantors. The net asset value is an accounting determination with reference to the financial statements of the Guarantors. The limitation of the guarantees provided by the South African Subsidiary Guarantors in this way with reference to net asset value effectively subordinates claims under the Guarantees below those of creditors the claims of which may need be deducted in order to reach the net asset value. Because the SPV Guarantee guarantees the obligations under the guarantees of the South African Subsidiary Guarantors, the claims of Secured Parties under the SPV Guarantee are or will be limited in the same way. Further, the claims of the Security SPV under the Counter-Indemnity and the South African Collateral, to the extent these ultimately secure the claims under the guarantees by the South African Subsidiary Guarantors, are or will be limited in this manner such that the maximum recovery against the South African Subsidiary Guarantors in their capacity as such is or will be limited to their net asset value. See "*Certain Insolvency Law and Enforceability Considerations—South Africa.*"

The Security SPV and the South African Subsidiary Guarantors will enter into first-priority limited recourse South African law guarantees for the benefit of the holders of the Notes and in favor of the lenders under the Senior Facilities. Under the current SARB approval, the SPV Guarantee and other relevant obligations of the South African Subsidiary Guarantors as they relate to the Notes, envisage $600 million principal amount of Notes. The South African Subsidiary Guarantors are in the process of filing an application with SARB to increase the amount of the SPV Guarantee, and other relevant obligations of the South African Subsidiary Guarantors as they relate to the Notes under the transaction documents, to a principal amount of $620 million of Notes. Upon receipt of such approval, the SPV Guarantee, and other relevant obligations of the South African Subsidiary Guarantors, as they relates to the Notes, will stand enhanced to the full $620 million of principal amount of Notes.

The enforcement of any of the Guarantees against any Guarantor or security interests against any security provider are or will be subject to certain defenses available to Guarantors or security providers in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance, set-off counter-claim and prescription (time bar) or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor or grantor of security interests may have no liability or decreased liability under its Guarantee or security interest, as applicable, depending on the amount of its other obligations and applicable law.

In regards to the South African pledge over all of the Company's shares in Liquid Telecommunications Holdings South Africa (Pty) Limited, the sale of any such shares in an enforcement action will be subject to a pre-emptive process, which may delay the process of enforcement.

In addition, the security interests in the Collateral that will secure the obligations of the Issuer and the Guarantors under the Notes and the Guarantees, respectively, will not be granted directly to the holders of the Notes but are granted or will be granted only in favor of the Security Agent for the Notes, either directly or through Security SPV. See "*—The security over the Collateral will not be granted directly to the holders of the Notes.*"

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) subordinate or void any Guarantee or any security interest (ii) direct that the holders of the Notes return any amounts paid under a Guarantee or security interest to the relevant Guarantor or security provider, or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the Guarantee or security interest was granted with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or the security provider or, in certain jurisdictions, even when the recipient was merely aware that the Guarantor or the security provider was insolvent when it granted the relevant Guarantee or security;

- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value for the granting of the Guarantee and/or security interest and the Guarantor or security provider: (i) was insolvent or was rendered insolvent as a result of having granted the relevant Guarantee or security interest; (ii) was under-capitalized or became under- capitalized because of the relevant Guarantee or security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the granting of the relevant Guarantee and/or security interest was held not to be in the best interests or not to be for the corporate benefit of the Guarantor or security provider or was held to exceed the corporate objects of the Guarantor or security provider; or

- the aggregate amounts paid or payable under the relevant Guarantee or enforcement proceeds under the relevant security were in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture. In addition, for other circumstances contemplated in relation to certain jurisdictions, see "*Certain Insolvency and Enforceability Considerations*."

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all its assets;

- the present fair value of its assets was less than the amount required to pay its existing debts and liabilities, including contingent liabilities, as they became due; or

- it could not pay its debts as they became due.

The liability of each Guarantor under its Guarantee, or security provider under the relevant Security Document, will be limited to the amount that will result in such Guarantee or security interest not constituting a fraudulent preference or conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurances as to what standard a court will apply in making a determination of the maximum liability of each Guarantor or security provider. There is a possibility that the entire Guarantee or security interest may be set aside, in which case the entire liability may be extinguished.

If a court were to find that the issuance of the Notes or a Guarantee, or the granting of the security, was a fraudulent preference or conveyance or unenforceable for any other reason, the court could hold that the payment obligations under the Notes or such Guarantee or Security Document are ineffective, could void the security over the Collateral, or could require the holders of the relevant Notes to repay any amounts received with respect to the Notes or such Guarantee or any enforcement proceeds received from enforcement of the security. In the event of a finding that a fraudulent preference conveyance occurred, or that one of the other instances referred to above has occurred, you may cease to have any claim in respect of the relevant Guarantor or security provider and would be a creditor solely of the Issuer, any other Guarantor or security provider, if applicable, under any Guarantees or Security Documents that have not been declared void.

Additionally, any future pledge or charge of Collateral that secures the Notes and the Guarantees directly or indirectly, including pursuant to Security Documents delivered after the date of the Indenture, might be avoidable by the security provider (as debtor-in-possession) or by its trustee in bankruptcy (or similar officer) if certain events or circumstances exist or occur, including, among others, if the security provider is insolvent at the time of the pledge or charge, the pledge or charge permits the holders of the Notes to receive a greater recovery than if the pledge or charge had not been given and a bankruptcy proceeding in respect of the security provider is commenced within a certain time period following the pledge or charge.

Enforcement of civil liabilities and judgments against the Issuer or the Guarantors or any of our directors or officers may be difficult.

The Issuer is a public company limited by shares organized under the laws of England and Wales and the Guarantors of the Notes are incorporated under the laws of Mauritius, South Africa, Kenya, Zambia and England and Wales. All of their directors and executive officers are non-residents of the United States and all of the Issuer's and Guarantors' assets and those of such persons are located outside the United States. Although the Issuer will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action under U.S. securities laws, you may not be able to effect service of process on such persons or the Issuer or the Guarantors within the United States in any action, including actions predicated on civil liability provisions of the U.S. federal and state securities laws or other laws. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce judgments against them obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. Federal and state securities laws. In addition, we cannot assure you that civil liabilities predicated upon the Federal securities laws of the United States will be enforceable in Mauritius, South Africa, Kenya, Zambia and England and Wales. See "*Enforcement of Civil Liabilities*."

The security over the Collateral will not be granted directly to the holders of the Notes.

The security interests in the Collateral that secure the obligations of the Issuer and the Guarantors under the Notes and the Guarantees, respectively, were not be granted directly to the holders of the Notes but were granted only in favor of the Security Agent for the Notes, either directly or through Security SPV. The Intercreditor Agreement provides for the creation of "parallel debt" obligations in favor of the Security Agent mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes under or in connection with the Indenture. The Indenture and the Intercreditor Agreement provide that only the Security Agent has the right to enforce the Security Documents (including by directing the Security SPV). As a consequence, the holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes and the Guarantees, except through the Trustee for the Notes, who will provide instructions to the Security Agent in accordance with the Intercreditor Agreement. Holders of the Notes will also bear some risks associated with a possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

There can be no assurances that such a "parallel debt" structure will be recognized and effective in all cases in all relevant jurisdictions. See "*Certain Insolvency and Enforceability Considerations*."

To the extent that the security interests in the Collateral created to the benefit of the Security Agent as parallel debt creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral.

The Security Documents are in some instances also granted to the benefit of inter alia the Trustee or the holders of the Notes represented by the Trustee. The Trustee has certain assigned duties and rights under the Indenture that become particularly important following defaults or events of default, and acts in a fiduciary capacity in the best interests of the holders of the Notes. There can be no assurances that such a "trust" concept will be recognized and effective in all cases in all relevant jurisdictions. See "*Certain Insolvency and Enforceability Considerations*."

To the extent that the security interests in the Collateral created to the benefit of the Trustee are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes may bear risks associated with the possible insolvency or bankruptcy of the Trustee.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including:

- in connection with any sale or other disposition of Collateral to a person that is not the Company or a restricted subsidiary (but excluding any transaction subject to the merger and consolidation covenant, if such sale or other disposition does not violate the asset sales covenant);

- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- as described under "*Description of the Notes—Guarantees—Release of the Guarantees" and "Description of the Notes—Collateral—Release of Collateral*";

- upon payment in full of principal, interest and all other obligations under the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*Description of the Note—Satisfaction and Discharge*";

- upon the designation of any restricted subsidiary as an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and capital stock, of such unrestricted subsidiary;

- in accordance with the Security Documents, the Intercreditor Agreement or any additional intercreditor agreement;

- as permitted by "*Description of the Notes—Certain Covenants—Merger, Consolidation or Sale of Assets*"; or

- as otherwise permitted in accordance with the Indenture.

In addition, under various circumstances, the Guarantees will be released automatically, including:

- upon a sale or other disposition (including by way of consolidation or merger) of the capital stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale, assignment, transfer, conveyance or other disposition of all or substantially all the assets of the Guarantor (including by way of consolidation, merger or amalgamation) other than to the Company or a restricted subsidiary, if the sale assignment, transfer, conveyance or other disposition does not violate the asset sales covenant and the Guarantor ceases to be a restricted subsidiary of the Company as a result of the sale or other disposition;

- upon the designation in accordance with the Indenture of the Guarantor as an unrestricted subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*Description of the Notes—Legal Defeasance and Covenant Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";

- in accordance with the Intercreditor Agreement or any additional intercreditor agreement, including upon an enforcement action;

- as described under "*Description of the Notes—Amendment, Supplement and Waiver*";

- upon release of the guarantee of Indebtedness that resulted in the creation of the Guarantee under the covenant described below under the caption "*Description of the Notes—Certain Covenants—Additional Guarantees*"; or

- as a result of any transaction permitted by the merger covenant.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor, as applicable, of the security. The liens on the Collateral securing the Notes and the Guarantees may not be perfected with respect to the claims of such Notes if we fail or are unable to take the actions required to perfect any of these liens.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taker over the claims the security taker (as creditor) has against the debtor. Finally, a security interest may not in all circumstances have priority over a security interest granted over the same Collateral on a later date. None of the Trustee or the Security Agent has any obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of, or to take steps to perfect, any security interest in the Notes against third parties.

It may be difficult to realize the value of the Collateral securing the Notes and the Guarantees.

The Collateral securing the Notes and the Guarantees is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and Intercreditor Agreement and accepted by other creditors that have the benefit of security interests in the Collateral from time to time. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realize or foreclose on such security. Furthermore, the ranking of security interests with respect to the Notes and the Guarantees can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens, re-characterization under applicable law or regulatory approvals.

The security interests of the Security Agent are subject to practical problems generally associated with the realization of security interests. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the Security Agent may not have the ability to foreclose upon security and the value of the security may significantly decrease.

In South Africa, the security interests were granted to the Security SPV to secure the Counter-Indemnity Agreement, rather than directly to the Security Agent to secure our obligations under the Notes and the Guarantees. Enforcement of this indirect security interest may be subject to delays, judicial intervention and additional costs. The process of enforcing the security interests in South Africa may be more cumbersome and less efficient than in other jurisdictions.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods, i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with the laws applicable in certain jurisdictions.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods, i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with applicable laws.

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in each of the above-mentioned jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, because the Indenture permits the release and retaking of security granted in favor of the Notes in certain circumstances, including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Certain Insolvency and Enforceability Considerations*."

The same considerations also apply following the issuance of the Notes in connection with the accession of further subsidiaries as Guarantors and the granting of security interest over their relevant assets and equity interests for the benefit of holders of the Notes.

Our substantial debt could limit our flexibility, adversely affect our financial health and prevent us from fulfilling our obligations under the Notes.

We have a substantial amount of debt and significant debt service obligations. As of November 30, 2020, and as adjusted to give effect to the Transactions, our total indebtedness would have been US$961.2 million. Our ability to fund capital expenditures and other expenses and to service our indebtedness will depend on our future operating performance and ability to generate sufficient cash. For a detailed description of our debt, please see "*Description of Certain Financing Arrangements*".

Our substantial debt could have important negative consequences for us and you as holder of the Notes. For example, our substantial debt could:

- make it difficult for us to satisfy our obligations with respect to the Notes and our other debt;
- require us to dedicate a substantial portion of our cash flow from operations to making payments on our debt, thereby limiting the availability of funds for investment capital expenditures, business opportunities and other general corporate purposes;
- increase our vulnerability to a downturn in our business or adverse general economic or industry conditions;
- limit our flexibility in reacting adequately to changes in our business or the industry in which we operate;
- place us at a competitive disadvantage compared to those of our competitors that have less debt than we do; or
- limit our ability to borrow additional funds or raise equity capital in the future and increase the costs of any such additional capital.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

Despite our high level of indebtedness, we and our subsidiaries may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur substantial additional debt in the future. Although the Indenture and the Facilities contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions. Debt incurred in compliance with these restrictions, including secured debt that shares in the Collateral securing the Notes and the Guarantees on a *pari passu* or subordinated basis, could be substantial. Incurring such additional debt could further increase the related risks we now face. In addition, the Indenture and the Facilities will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We are subject to restrictive debt covenants under our financing agreements that limit our operating and financial flexibility.

The Indenture and Facilities contain covenants that impose significant operating and financial restrictions on us. These agreements limit our ability to, among other things:

- incur or guarantee additional indebtedness;
- make certain restricted payments and investments;
- transfer or sell assets;
- enter into transactions with affiliates;
- create or incur certain liens;
- make certain loans, investments or acquisitions;
- issue or sell share capital of certain of our subsidiaries;
- issue or sell redeemable preferred shares;
- create or incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us; and
- merge, consolidate or transfer substantially all of our assets.

All of these limitations are subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*" The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, the Facilities require us to comply with certain affirmative and negative covenants and a financial ratio while certain amounts under the Facilities remain outstanding. See "*Description of Certain Financing Arrangements.*" Our ability to meet that financial ratio may be affected by events beyond our control, and we cannot assure you that we will meet such financial ratio. A breach of any of those covenants, ratio or restrictions could result in an event of default under the Facilities. Upon the occurrence of any event of default that is continuing under the Facilities, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Facilities and elect to declare any amounts outstanding under the Facilities, together with accrued interest, immediately due and payable. In addition, a default under the Facilities could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including the Indenture. If our creditors, including the creditors under the Facilities, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries that would be due and payable and to make payments to enable us to repay the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any Collateral granted to them to secure repayment of those amounts.

We will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the Facilities and our obligations under the Notes, and to fund our ongoing operations or expansion plans, will depend on our future performance and ability to generate cash, which, to a certain extent, is subject to the success of our business strategy as well as general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated growth, cost savings or synergies will be realized or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment at maturity of the then-outstanding amount under the Facilities. At the maturity of the Facilities, the Notes or any other debt that we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness.

If our future cash flows from operations and other capital resources (including borrowings under the Facilities, supplier financing and factoring agreements) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our capital expenditure plans;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, we may not have sufficient assets to repay all of our debt.

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Indenture and the Facilities, will limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. There can be no assurances that any assets that we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Drawings under the Facilities and any future variable interest rate debt we incur in the future will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow.

Drawings under the Facilities will bear interest at floating rates as adjusted periodically, plus a spread. These interest rates could rise significantly in the future. While we have entered into hedging arrangement in the past and may enter into further hedging arrangements in the future with respect to our interest obligations, hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent that interest rates or any drawings were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

The Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from other members of the Group to be able to meet their obligations on the Notes and the Guarantees, respectively; not all of our subsidiaries, including certain of the Guarantors, are wholly owned by us.

The Issuer is a wholly owned finance subsidiary of the Company with no business operations or significant assets, other than, following the completion of the Offering and the application of the proceeds therefrom and its holdings in the capital stock of its subsidiaries (which, as of the date of this offering memorandum, comprise only Liquid

Telecommunications Investments Limited, a wholly owned finance subsidiary of the Issuer with no business operations or significant assets of its own). The Issuer is dependent upon the cash flow from our operating companies to meet its obligations under the Notes. We intend to provide funds to the Company principally through the provisions of intercompany loans and dividends and other distributions. If the subsidiaries within the Group do not fulfill their obligations under any such intercompany loans and do not otherwise distribute cash to the Company, and in turn to the Issuer, in order for the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes.

In addition, certain of the Guarantors are holding companies with no independent business operations and no significant assets, other than the equity interests each of the companies holds in its subsidiaries. Each of these holding companies will be dependent upon the cash flow from its subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Notes and the Guarantees, respectively.

The amount of cash available to the Issuer will depend on the profitability and cash flows of the operating companies in the Group and the ability of those companies to transfer funds under applicable law or otherwise. In addition, we currently hold, and may in the future hold minority equity interests in entities that we do not control. The amounts of dividends and distributions available to each holding company Guarantor will depend on the profitability and cash flows of its subsidiaries and the ability of its subsidiaries to issue dividends to it under applicable law or otherwise. The operating companies in the Group, however, may not be able to, or may not be permitted under applicable law to, make distributions, move cash within their group or advance loans, directly or indirectly, to the Issuer or Guarantors to make payments in respect of the Issuer's indebtedness, including the Notes and Guarantees. The requirement to withhold tax on any such intra-group transfers may have an adverse impact on such payments. Various agreements governing the Group's debt may restrict, and in some cases, may prevent the ability of the members of the Group to transfer funds within the Group. In addition, the members of the Group that do not guarantee the Notes have no obligation to make payments with respect to the Notes. Furthermore, some of our subsidiaries are not wholly owned by us. When funds are distributed to us by such non wholly-owned subsidiaries, funds also will be distributed to their other owners.

We may not be able to convert certain of our local currency earnings into U.S. dollars, which could adversely affect our ability to make payments on the Notes.

The Notes are denominated and payable in U.S. dollars. Any currency constraints in one or more of the countries in which operate, which include expropriation, confiscation, nationalization, discriminatory legislative actions or other governmental measures, may limit our ability to convert our earnings in those countries into U.S. dollars, which in turn our ability to make payments on the Notes.

Limitations on the movement of capital out of Zimbabwe may impair our ability to remove currency from the country on a regular basis.

Historically, the Zimbabwean banking system has experienced liquidity deficits and cash shortages of varying severity in respect of international payments. In 2019, Zimbabwe imposed restrictions on local trading in U.S. dollars, making an interim synthetic currency, the RTGS, the sole legal tender. The RTGS has since been replaced by the Zimbabwean dollar. The RBZ, Zimbabwe's central bank, also controls the interbank foreign exchange trading market, which was introduced in 2019, though official rate setting has been complicated by the lack of an effective and transparent foreign exchange trading platform for the Zimbabwean dollar. In March 2020, the Reserve Bank of Zimbabwe announced that it would adopt the Managed Float exchange rate regime, abandoning strict control by the central bank and permitting limited trading by banks. Whilst restrictions on the movement of foreign currency are still in place in Zimbabwe, there are now mechanisms in place to facilitate payments in U.S. dollar in and out of the country. In June 2020, the Reserve Bank of Zimbabwe commenced weekly U.S. dollar auctions, whereby companies can submit requests for U.S. dollar requirements and allocations are made according to government derived criteria. To date, the Group has been successful in obtaining small amounts of U.S. dollars via these auctions, totaling approximately US$1.5 million as of October 23, 2020. See the risk factor entitled "*We are subject to currency inflation risks, including the impact of Zimbabwean hyperinflation, which have adversely affected our business, financial condition, results of operations and prospects and may continue to do so in the future*." Although we have limited approvals from the Reserve Bank of Zimbabwe to move funds out of Zimbabwe, we may be unable to do so in the future or our use of such funds may be otherwise restricted. Additionally, the Reserve Bank of Zimbabwe could revoke our approvals. The rate of exchange we are able to achieve in moving the funds out of Zimbabwe may be higher than forecast depending on the demand in country for U.S. Dollars.

We may not be able to finance a change of control offer and the occurrence of certain important corporate events will not constitute a change of control.

Upon a change of control, as defined in the Indenture, we are required to make an offer to repurchase the Notes at 101% of their principal amount. Our ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our financial resources at that time. Sufficient funds may not be available when necessary to make any required repurchases. We expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Facilities. Please see "*Description of the Notes—Change of Control.*" In addition, a change of control could constitute a default under our other indebtedness. In addition, the occurrence of certain of the events that constitute a change of control would also require the Issuer to make a similar offer to the creditors of any indebtedness outstanding under the Facilities. Enforcement of the pledge over the capital stock of the Issuer may also result in a change of control. Future indebtedness of the Issuer, the Company or their respective subsidiaries may also contain prohibitions of certain events that would constitute a change of control or require such Indebtedness to be repurchased or repaid upon a change of control.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer, the Company and their restricted subsidiaries, taken as whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer, the Company and their restricted subsidiaries, taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Your right to receive distributions on the assets of our subsidiaries other than the Collateral is effectively subordinated to the right of lenders who have a security interest in such assets to the extent of the value of those assets.

Subject to the restrictions in the Indenture and the agreements governing our other indebtedness, we may incur significant additional indebtedness secured by assets other than the Collateral. If we are declared bankrupt or insolvent, or if we default under any of our existing or future indebtedness that is secured by such assets, the holders of such indebtedness could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the holders of such indebtedness could foreclose on such assets to the exclusion of holders of the Notes, even if an event of default exists at such time under the Indenture. Furthermore, if the holders of such indebtedness foreclose and sell the pledged equity interests in any Guarantor under the Notes (to the extent such equity interests are not part of the Collateral), then that Guarantor will be released from its Guarantee of the Notes automatically and immediately upon such sale. In any such event, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully. In addition, the Indenture permits us to incur additional indebtedness secured on a *pari passu* basis with the Notes. Any such indebtedness may further limit the recovery from the realization of the assets available to satisfy holders of the Notes.

The consolidated financial information included in this offering memorandum may be of limited use in assessing the financial position of the subsidiaries guaranteeing the Notes.

The consolidated financial information included in this offering memorandum includes the financial information for our subsidiaries guaranteeing the Notes and our non-guarantor subsidiaries. As of and for the year ended February 29, 2020, the Guarantors represented (i) 94.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 90.7% of our net assets, after adjusting for intercompany payables and receivables. In the nine months ended November 30, 2020, the Guarantors represented (i) 76.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 84.9% of our net assets, after adjusting for intercompany payables and receivables. Our non-guarantor subsidiaries accounted for the balance of Adjusted EBITDA and net assets in both periods and therefore, the consolidated financial information included in this offering memorandum may be of limited use in assessing the financial position of the subsidiaries guaranteeing the Notes.

The insolvency laws of England and Wales, Mauritius, South Africa, Kenya and Zambia may not be as favorable to prospective investors as other insolvency laws, and the Issuer's ability to recover any amounts may be limited.

The Issuer and two of the Guarantors are organized under the laws of England and Wales. Some of the Guarantors and providers of security are incorporated under the laws of Mauritius, South Africa, Kenya and Zambia. Consequently, in the event of a bankruptcy or insolvency of the Issuer or any of the Guarantors, insolvency proceedings with respect to the Issuer or the Guarantors would most likely be based on and governed by the insolvency laws of the jurisdiction under which the relevant entity is established. The insolvency laws of England and Wales, Mauritius, South Africa, Kenya and Zambia may be less favorable to your interests as creditors than the bankruptcy laws of the United States or another jurisdiction with which you may be familiar, in particular with respect to priority of creditors, ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these laws, and any conflict between them, may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws. See also "*Certain Insolvency and Enforceability Considerations*" for additional information on the insolvency laws of England and Wales, Mauritius, South Africa, Kenya and Zambia.

The market value of the Notes could decrease if our creditworthiness worsens.

The market value of the Notes will suffer if the market perceives us to be less likely to fully perform all obligations under the Notes when they fall due. This could occur, for example, because of the materialization of any of the risks listed in this "*Risk Factors*" section. Even if our ability to fully perform all obligations under the Notes when they fall due has not actually decreased, market participants could nevertheless have a different perception. In addition, market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as us could adversely change, causing the market value of the Notes to fall. If any of these events occurs, third parties would only be willing to purchase Notes for a lower price than before the materialization of these risks. Under these circumstances, the market value of the Notes could decrease.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurances can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Many of the covenants in the Indenture will be suspended if the Notes are rated investment grade.

Many of the covenants contained in the Indenture will be suspended if the Notes are rated investment grade by each of Standard & Poor's Ratings Services, Moody's Investors Services and Fitch Ratings Inc., provided at such time no default under the Indenture has occurred and is continuing. These covenants will be suspended for the duration of the period during which the Notes maintain an investment grade rating and include covenants that restrict, among other things, our ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade, or that if they are rated investment grade, the Notes will maintain such ratings. Suspension of these covenants, however, would allow us to engage in certain transactions that would not be permitted while these covenants were in force, and such transactions will not result in a breach of the Indenture if the Notes fail to maintain an investment grade rating. See "*Description of the Notes—Covenant Suspension.*"

Early redemption of the Notes may reduce the yield expected by the holders of the Notes.

The Notes may be redeemed at the option of the Issuer as more fully described in "Description of the Notes." Prior to March 4, 2023, we will have the ability to redeem up to 40% of the aggregate principal amount of the Notes with the proceeds of certain equity offerings at a price of 105.500%. On or after March 4, 2023, we will have the ability to redeem the Notes in whole or in part on one or more occasions at 102.750%, stepping down ratably each year. We will have the ability to redeem the Notes at any time, in whole but not in part, on the occurrence of certain events related to taxation. In the event that the Issuer exercises the option to redeem the Notes, the holders of the Notes may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

Transfers of the Notes will be subject to certain restrictions.

The Issuer has not agreed to register and does not intend to register the Notes under the U.S. Securities Act or any securities laws of any state or any other jurisdiction of the United States. The holders of the Notes may not offer to sell the Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or any other jurisdiction of the United States. The Issuer has not undertaken to register the Notes or to effect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered and does not intend to register the Notes under any other country's securities laws. Prospective investors in the Notes should read the discussion under the heading "*Notice to Investors*" for further information about these transfer restrictions. It is the obligation of the investors in the Notes to ensure that their subscription for or subsequent offers, sales or transfers of the Notes within the United States and other countries comply with any applicable securities laws.

There is no established trading market for the Notes and no assurance that the holders of the Notes will be able to sell them.

There is no existing market for the Notes. We will make an application to the Authority to list the Notes on its Official List and admit them to trading on the Exchange. We cannot guarantee the liquidity of any market that may develop for the Notes, the ability of the holders of the Notes to sell such Notes or the price at which they may be able to sell such Notes. Liquidity and future trading prices of the Notes depend on many factors, including, among other things, prevailing interest rates, results of operations, the market for similar securities and general economic conditions. The Initial Purchasers have informed us that they intend to make a market in the Notes after completing the Offering. They are not, however, required to do so. Any market-making that begins may be halted at any time. In addition, changes in the overall market for high yield securities and changes in our financial performance in the markets in which we operate may adversely affect the liquidity of any trading market in the Notes that does develop and any market price quoted for the Notes. As a result, we cannot ensure that an active trading market will actually develop for the Notes.

Historically, markets for non-investment grade debt such as the Notes have been subject to disruptions that have caused substantial volatility in the prices of such debt. Any market for the Notes may be subject to similar disruptions. Any such disruptions may affect the liquidity and trading of the Notes independent of our financial performance and prospects and may have an adverse effect on the holders of the Notes.

The Notes may not remain listed on the Exchange.

Although the Issuer has, in the Indenture, agreed to have the Notes listed on the Official List and admitted to trading on the Official List of the Exchange on the Issue Date and to use its commercially reasonable efforts to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure prospective investors that the Notes will become or remain listed. If the Issuer cannot maintain the listing of the Notes on the Official List of the Exchange or it becomes unduly onerous to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Exchange, provided that it will use commercially reasonable efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another stock exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell the Notes in the secondary market.

Prospective investors may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in U.S. dollars. If prospective investors measure their investment returns by reference to a currency other than the U.S. dollar, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of the U.S. dollar, relative to the currency by reference to which such prospective investors measure their returns because of economic, political or other factors over which we have no control. Depreciation of the U.S. dollar, against the currency by reference to which prospective investors measure their respective investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return of the Notes is translated into the currency by reference to which such investors measure their investment returns. There may be tax consequences for prospective investors as a result of any foreign exchange gains or losses for any investment in the Notes.

The interests of our shareholders may not always coincide with those of the holders of the Notes.

Econet Global Limited indirectly owns a majority interest in our share capital and has certain control rights pursuant to a shareholders' agreement between the current shareholders of the Company. See "*Principal Shareholders*." As a result, Econet Global Limited has, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to nominate the majority of our board of directors. In addition, Econet Global Limited is a customer of the Group. See *"—We engage in transactions with certain related parties, and if their support and backing does not continue or a conflict of interest arises, our ability to deliver certain services could be harmed and our results of operations could be adversely affected*."

The interests of our shareholders, in certain circumstances, may conflict with the interests of holders of the Notes. For instance, the shareholders could vote to cause us to incur additional indebtedness or to sell certain material assets, in each case, as permitted under the Indenture. Incurring additional indebtedness would increase our debt service obligations and selling assets could reduce our ability to generate revenue, each of which could affect the holders of the Notes adversely. Even if these shareholders and their affiliates make divestitures such that they control less than a majority of the equity in our parent company, they may still be able to effectively control or strongly influence our decisions. In addition, such divestitures may not trigger a change of control under the Indenture governing the Notes.

The Notes will initially be held in book-entry form and therefore prospective investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or the holders of the Notes. The common depositary for Euroclear and/or Clearstream or their respective nominees will be the registered holders of the Additional Regulation S Global Notes, and DTC, or its nominee, will be the registered holder of the Additional Rule 144A Global Notes. After payment to the common depositary, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests.

Accordingly, if an investor owns a book-entry interest, it must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and if it is not a participant in DTC, Euroclear or Clearstream, on the procedures of the participant through which it owns its interest, to exercise any rights and obligations as a holder of the Notes. See "*Book-Entry; Delivery and Form*." Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon our solicitations for consents, requests for waivers or other actions from the holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, or if applicable, from a participant in these systems. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable investors to vote on any matters or otherwise exercise their rights with respect to the Notes on a timely basis.

Similarly, upon the occurrence of an event of default, unless and until definitive registered Notes are issued in respect of all book-entry interests, if an investor owns a book-entry interest it will be restricted to acting through DTC, Euroclear or Clearstream, as applicable. No assurance can be provided that the procedures to be implemented through DTC, Euroclear or Clearstream, as applicable, will be adequate to ensure the timely exercise of the investors' rights under the Notes. See "*Book-Entry; Delivery and Form*."

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the merits and risks of investing in the Notes;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

Potential investors should not invest in the Notes unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. The investment activities of investors are subject to applicable investment laws and regulations and/or review or regulation by certain authorities and each potential investor should consult its legal advisers or the appropriate regulators.

Investors in the Notes may have limited recourse against the independent auditors.

See "*Independent Auditor*" for a description of the reports of the independent auditor of the Liquid Group, Deloitte, on the consolidated financial statements of Liquid Telecommunications Holdings Limited. Deloitte's reports state that the report was made solely to the Company and its shareholders as a body; that the independent auditor's work was undertaken so that the independent auditor might state to the shareholders of the Company those matters that were required to be stated to them in an auditor's report and for no other purpose; and that Deloitte does not accept or assume responsibility to anyone other than the Company and shareholders of the Company as a body for its audit work, for its report or the opinions it has formed.

Investors in the Notes should understand that in making these statements, Deloitte stated that it does not accept or assume any liability to parties (such as the purchasers of the Notes) other than to us and our shareholders as a body with respect to the reports and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditor based on its report or the consolidated financial statements to which it relates could be limited.

The Notes may not be a suitable investment for all investors seeking exposure to "development finance" assets.

There is currently no market consensus on what precise attributes are required for a particular project or financing to be defined as "green," "sustainable" or "development," and therefore no assurance can be provided to investors that the Notes and the use of proceeds by the Company or any development impact projects, will satisfy, whether in whole or in part, any expectations or requirements of any investor or any present or future expectations or requirements with respect to development finance, green Notes or sustainability. Neither the Company nor the Development Finance Structuring Agent makes any representations or assurances as to whether (and are not responsible for ensuring that) the characterization of the Notes as development finance or the level of its expected development intensity rating impact will (i) comport with any investor's definition of green, sustainable or development finance, (ii) meet any investor's criteria and expectations with regard to developmental impact, or (iii) comport with the characterization or definitions used by any other development finance institution in the public or private sectors.

The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture will not be required to be, and will not be, qualified under the U.S. Trust Indenture Act of 1939, as amended (the "**TIA**") and will not incorporate or include and will not be subject to any of the provisions of the TIA. Consequently, the holders of Notes will not be entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those respecting preferential collections by the trustee or conflicting interests of the trustee. See "*Description of the Notes*."

USE OF PROCEEDS

We expect the gross proceeds from the issuance and sale of the Notes to be US$620.0 million, without giving effect to any original issue premium or accrued and unpaid interest.

We intend to use the gross proceeds of the Offering, together with proceeds of the Facilities, to (i) finance the purchase of the Existing Senior Secured Notes tendered and accepted for purchase in accordance with the terms and conditions of the Tender Offer, which is expected to be settled on or about March 4, 2021, subject to the Tender Offer Financing Conditions; (ii) finance the redemption, following and conditional upon settlement of the Tender Offer, of all Existing Senior Secured Notes not tendered and accepted for purchase in the Tender Offer; (iii) repay all amounts outstanding under the Existing Senior Facilities Agreement; (iv) for general corporate purposes; and (v) to pay costs, expenses and fees (including the Initial Purchasers' fees, legal, accounting and other fees and expenses) in connection with the Transactions.

The following table summarizes the currently expected sources and uses of funds in connection with the Transactions. Actual amounts may vary from estimated amounts depending on several factors, including estimated costs, fees and expenses.

Sources of funds	**(US$ millions)**	**Uses of funds**	**(US$ millions)**
Notes offered hereby(1)	620.0	Purchase of Existing Senior Secured Notes tendered and accepted for purchase in the Tender Offer(3)	Up to 755.2
		Redemption of Existing Senior Secured Notes(4)	Up to 761.0
Facilities(2)	220.0	Repayment of Existing Senior Facilities Agreement(5)	40.0
		General corporate purposes(6)	Between 24.0 and 29.8
		Fees and expenses(7)	15.0
Total sources	840.0	**Total uses**	840.0

(1) Reflects the gross proceeds from the issuance of the Notes, assuming the Notes are issued at par.

(2) On or about the Closing Date, the Company and Liquid Telecommunications South Africa (Pty) Limited will enter into (i) a senior facilities agreement with, among others, J.P. Morgan Securities plc, The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) and Standard Chartered Bank as mandated lead arrangers, and The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) as agent and the Security Agent providing for (a) a senior secured revolving credit facility providing for borrowings of up to US$60,000,000; (b) senior secured term loan facilities comprising an amortizing term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000 and a bullet repayment term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000; and (ii) an intercreditor agreement among, among others, the Issuer, the Guarantors, the Security Agent and the Trustee. Each of the Guarantors will guarantee our obligations under the Facilities and we will grant security interests in the Collateral to secure our obligations under the Facilities. Pursuant to the Intercreditor Agreement, proceeds from enforcement of the Collateral will be shared pro rata among the holders of the Notes and the lenders under the Facilities. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

(3) Assumes all Existing Senior Secured Notes outstanding as of February 22, 2021 are tendered and accepted for purchase in the Tender Offer at a purchase price of US$1,022.50 per US$1,000 in principal amount plus accrued and unpaid interest.

(4) Assumes that no Existing Senior Secured Notes are tendered in the Tender Offer and that the Issuer will therefore redeem in the Redemption on July 13, 2021 all of the $730.0 million aggregate principal amount of Existing Senior Secured Notes outstanding as of February 22, 2021, and pay all accrued and unpaid interest on such Existing Senior Secured Notes to, but excluding, such date, in accordance with the indenture governing the Existing Senior Secured Notes. As of July 13, 2021, the date upon which the Redemption will occur, accrued and unpaid interest on all Existing Senior Secured Notes outstanding as of February 22, 2021 would be $31.0 million. The Existing Senior Secured Notes have a maturity date of July 13, 2022 and bear interest at a rate of 8.5% per annum. As of January 30, 2021, accrued and unpaid interest on all outstanding Existing Senior Secured Notes was $3.1 million.

(5) As of February 22, 2021, US$40.0 million aggregate principal was outstanding under the Existing Revolving Credit Facility.

(6) If all holders of Existing Senior Secured Notes as of February 22, 2021 tendered all of their Existing Senior Secured Notes in the Tender Offer, and no Existing Senior Secured Notes were therefore redeemed in the Redemption, then, following settlement of the Transactions, we estimate that the net proceeds from this Offering available for general corporate purposes would be US$29.8 million. If no holders of Existing Senior Secured Notes as of February 22, 2021 tendered their Existing Senior Secured Notes in the Tender Offer, and the Company acquired all of the Existing Senior Secured Notes outstanding as of February 22, 2021 in the Redemption, then, following settlement of the Transactions, we estimate that the net proceeds from this Offering available for general corporate purposes would be US$24.0 million.

(7) Represents estimated fees and expenses associated with the Offering, including the Initial Purchasers' fees, legal and accounting expenses and other Transaction costs.

CAPITALIZATION

The following table sets forth the Group's capitalization, along with our unrestricted cash and cash equivalents and restricted cash, as of November 30, 2020:

- on a historical basis, which is derived from the Financial Statements included elsewhere in this offering memorandum; and

- as adjusted to give effect to the Transactions, as if they had occurred on November 30, 2020.

You should read this table in conjunction with sections entitled "*Presentation of Financial Information*," "*Use of Proceeds*," "*Business*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and "*Description of Certain Financing Arrangements*," as well as the Financial Statements and the notes thereto included in this offering memorandum. Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of fees and expenses, fluctuations in cash on hand between November 30, 2020 and the Issue Date and fluctuations in applicable exchange rates.

	As of November 30, 2020	**Adjustments**	**As of November 30, 2020 (adjusted)**
		(US$ thousands) (Unaudited)	
Unrestricted Cash and Cash Equivalents(1)	80,936(3)	-	Between 104,911 and 110,736(3)(4)
Notes offered hereby	-	620,000	620,000
Term Loan Facilities(2)	-	220,000	220,000
Existing Senior Secured Notes	753,889	(753,889)	-
Existing RCF	-(3)	-	-
Leases liabilities	110,338	-	110,338
Liquid Telecommunications Zambia Limited borrowings	10,883	-	10,883
Total Long-term liability (current and non-current)	**875,110(3)**	**86,111**	**961,221**
Shareholders' equity	**329,186**	**-**	**329,186**
Total capitalization	**1,285,232**	**86,111**	**1,395,318(5)**

(1) Does not include restricted cash. As of November 30, 2020, an amount of US$1.2 million has been treated as restricted cash, representing 1.5% of our total cash and cash equivalents. Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

(2) The Term Loan Facilities consist of an amortizing term loan facility providing for borrowings of up to ZAR equivalent of $110,000,000 and a bullet repayment term loan facility providing for borrowings of up to ZAR equivalent of $110,000,000. See "Description of Certain Financing Arrangements—The New Senior Facilities Agreement."

(3) Does not include US$40.0 million drawn under the Existing Revolving Credit Facility in December 2020, which amount remains drawn at the date of this Offering Memorandum. This amount will be repaid in full with the proceeds from this Offering and the Existing Revolving Credit Facility will be discharged in connection with the closing of the Offering.

(4) If all holders of Existing Senior Secured Notes as of February 22, 2021 tendered all of their Existing Senior Secured Notes in the Tender Offer, and no Existing Senior Secured Notes were therefore redeemed in the Redemption, then, following settlement of the Transactions, we estimate that the net proceeds from this Offering available for general corporate purposes would be US$29.8 million, resulting in a total pro forma unrestricted cash and cash equivalents balance as of November 30, 2020 of US$110.7 million. If no holders of Existing Senior Secured Notes as of February 22, 2021 tendered their Existing Senior Secured Notes in the Tender Offer, and the Company acquired all of the Existing Senior Secured Notes outstanding as of February 22, 2021 in the Redemption, then, following settlement of the Transactions, we estimate that the net proceeds from this Offering available for general corporate purposes would be US$24.0 million, resulting in a total pro forma unrestricted cash and cash equivalents balance as of November 30, 2020 of US$104.9 million. See "*Use of Proceeds*."

(5) Assuming unrestricted cash and cash equivalents of US$104.9 million in the event all Existing Senior Secured Notes are purchased by the Issuer in the Redemption (see footnote 4, above). If all Existing Senior Secured Notes were purchased by the Issuer in the Tender Offer, resulting in unrestricted cash and cash equivalents of US$110.7 million then total capitalization would be US$1,401,143,000.

DEVELOPMENT IMPACT

The Company owns and operates fiber optic and wireless networks across ten Sub-Saharan Africa countries: Botswana, DRC, Kenya, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. These countries have a combined population of 513 million people, but only 23 million mobile broadband users and three million fixed broadband users, indicating limited access to telecommunication services, particularly for those living in rural areas and from low-income groups. According to the IMF report, Digitalizing Sub-Saharan Africa: Hopes and Hurdles (published in April 2020), expanding internet access and mobile data services in Sub-Saharan Africa to an additional ten percent of the population could increase real per capita GDP growth by one to four percentage points. The Company's proposed investment and expansion activities could further reduce gaps in access to information and communications technology in these ten countries, positively impacting both the retail and the enterprise segments. The expansion of internet and fiber networks in these ten countries may contribute to financial inclusion, government efficiency, trading opportunities and the delivery of education, healthcare and other services to urban and rural populations in those countries. Additionally, the Company has a particular focus on the financial services, manufacturing, mining, security, retail business and information technology sectors in the enterprise segments which may also benefit from the expansion of connectivity services. Over the next five years and with the anticipated extra funding capacity, the Company has planned further maintenance and capital expenditures in the fiber optic and wireless networks it owns and operates. The maintenance and capital expenditures are expected to expand and improve its existing network and business offering.

The purchase or redemption of the Existing Senior Secured Notes due 2022 is expected to free up resources that otherwise would have been used to repay such Notes at maturity. These resources, as well as any cash flow benefits resulting from potentially lower cost of debt service, are anticipated to assist with the following development outputs:

- Connect approximately 800 buildings and 5,000 homes to the FTTH network in the DRC, Rwanda and Zambia;
- Double the capacity of the company's FTTH network to approximately 100,000 existing homes connected in Kenya, Rwanda, Uganda and Zambia;
- Increase coverage in Zambia and Zimbabwe by adding more than 100 additional sites of LTE Network Expansion;
- Significantly build up the cross-border fiber network across Africa through collaboration with partners, directly resulting in 1,800 km in South Africa for NLD 5 & 6,600 km in Botswana and 2,400 km in the DRC;
- Expand network into the DRC and reach an estimated 75% of the population with sufficient coverage;
- Continue expansion of the East to West DRC Fibre Crossing linking Kinshasa to Lubumbashi, which is anticipated to be approximately 1,800 km;
- Create employment opportunities across the business, including approximately 150 permanent employees and more than 500 contractors in South Sudan and the DRC; and
- Train up to ten youths to be fiber technicians in Botswana.

The above development outputs and outcomes are expected as of the date of this offering memorandum, but remain subject to change and modification.

In addition to the anticipated development outputs and outcomes, the Company currently reports on eight IFC Performance Standards including: ESMS Requirements, Labor and Working Conditions, Resource Efficiency, Community HSE, Security, Land Acquisition and Resettlement, Biodiversity, and Sustainability Indigenous People and Cultural Heritage.

The anticipated impact of the development outputs outlined above align with the United Nations Sustainable Development Goals ("SDGs"), particularly SDGs 8 and 9, which outline specific targets applicable to the Company's projects, including:

- *Target 8.2*: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors;
- *Target 8.5*: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value;

- *Target 9.a*: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and Small Island developing States;
- *Target 9.b*: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities; and
- *Target 9.c*: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.

SELECTED FINANCIAL AND OTHER DATA

The tables below show selected consolidated financial information for each of the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020, and the nine-month periods ended November 30, 2020 and November 30, 2019. The financial information for the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020 has been extracted or derived from audited consolidated financial statements of Liquid Group as of and for the year ended February 29, 2020. The Financial Statements are included elsewhere in this offering memorandum.

This section contains non-IFRS financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Capital Expenditure, Gross Debt, Net Debt, Gross Debt to Adjusted EBITDA ratio, Net Debt to Adjusted EBITDA ratio, Gross Profit Margin and Interest Coverage. The non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. The non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Our management believes that the presentation of these non-IFRS financial measures is helpful to investors as measures of our operating performance and our ability to service our debt. Since all companies do not calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies.

This section also contains (i) certain as adjusted financial information, presented on an as adjusted basis to give effect to the Transactions and (ii) certain pro forma financial information, which gives pro forma effect to the ADC Divestment as if it had occurred on December 1, 2019 or November 30, 2020, as applicable. The as adjusted financial information and pro forma financial information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position we would have reported had (i) the Transactions or the ADC Divestment been completed as of December 1, 2019 or November 30, 2020, as applicable. The as adjusted financial information and pro forma financial information should not be taken as indicative of our future consolidated results of operations or financial position. Our historical results may not be indicative of our future results following completion of the Transactions. The as adjusted financial information and pro forma financial information have not been prepared in accordance with any generally accepted accounting standards.

The information below should be read in conjunction with the Financial Statements and accompanying notes included elsewhere in the offering memorandum and the discussion in sections entitled "Presentation of Financial and Other Data," "Summary," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

FINANCIAL AND OTHER INFORMATION FOR THE LIQUID GROUP

Statements of Profit or Loss and Other Comprehensive Income

	For the year ended			For the nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
		(US$ thousands) (Audited)		(US$ thousands) (Unaudited)	
Revenue	680,948	668,910	785,741	547,936	535,279
Interconnect related costs	(121,141)	(119,875)	(123,560)	(89,956)	(81,693)
Data and network related costs	(176,413)	(178,413)	(242,414)	(166,137)	(181,270)
Other income	1,343	1,832	4,583	2,134	379
Selling, distribution and marketing costs	(19,258)	(18,787)	(27,032)	(9,561)	(12,618)
Administrative expenses	(59,227)	(57,362)	(50,659)	(35,637)	(34,970)
Staff costs	(114,863)	(115,428)	(99,319)	(74,090)	(66,897)
Depreciation, impairment and amortisation	(94,347)	(99,414)	(149,889)	(111,252)	(86,746)
Operating profit	**97,042**	**81,463**	**97,451**	**63,437**	**71,464**
Dividend received	-	629	-	-	292
Restructuring costs	-	(5,757)	(455)	(465)	(5,139)
Acquisition and other investment costs	(2,494)	(5,269)	(921)	(349)	(466)
Interest income	3,383	5,589	2,979	2,262	1,493
Finance costs	(78,961)	(73,528)	(79,427)	(58,706)	(58,970)
Foreign exchange loss	(1,314)	(91,780)	(599,078)	(471,889)	(334,310)
Hyperinflation monetary gain	-	-	458,507	236,240	327,586
Share of profits of associate	76	62	105	17	7
Profit / (loss) before taxation	**17,732**	**(88,591)**	**(120,839)**	**(229,453)**	**1,957**
Tax (expense) / credit	(17,594)	(27,540)	57,511	19,908	(13,988)
Profit / (loss) for the period	**138**	**(116,131)**	**(63,328)**	**(209,545)**	**(12,031)**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Translation gain / (loss) on accounting for foreign entities	81,499	(100,964)	(95,462)	(59,874)	(8,184)
Impact of application of Hyperinflation accounting on opening balances	-	-	100,338	219,384	9,443
Other comprehensive profit / (loss) for the period	**81,499**	**(100,964)**	**4,876**	**159,510**	**1,259**
Total comprehensive (loss) / profit for the period	**81,637**	**(217,095)**	**(58,452)**	**(50,035)**	**(10,772)**
Profit / (loss) attributable to:					
Owners of the company	(12,895)	(72,739)	(63,120)	(209,685)	(11,821)
Non-controlling interest	13,033	(43,392)	(208)	140	(210)
	138	**(116,131)**	**(63,328)**	**(209,545)**	**(12,031)**
Total comprehensive profit attributable to:					
Owners of the company	72,275	(173,363)	(57,887)	(49,938)	(10,412)
Non-controlling interest	9,362	(43,732)	(565)	(97)	(360)
	81,637	**(217,095)**	**(58,452)**	**(50,035)**	**(10,772)**
(Loss) / earnings per share					
Basic and diluted (Cents per share)	(12.56)	(65.20)	(51.64)	(171.54)	(9.54)

Statements of Financial Position

	As of			As of	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
	(US$ thousands) (Audited)			(US$ thousands) (Unaudited)	
Non-current assets					
Goodwill	162,069	137,341	125,770	125,770	127,924
Intangible assets	183,352	153,126	127,325	127,325	125,086
Property, plant and equipment	764,833	786,596	741,380	741,380	753,961
Right-of-Use assets	-	-	97,342	97,342	113,113
Investment in associates	506	480	528	528	549
Investments at FVTOCI	12,447	10,814	10,814	10,814	10,814
Deferred tax assets	37,115	34,938	31,708	31,708	32,286
Held to maturity investments	3,206	-	-	-	-
Investments at amortised cost	-	1,384	193	193	51
Long-term receivables	1,153	437	61	61	13
Total non-current assets	**1,164,681**	**1,125,116**	**1,135,121**	**1,135,121**	**1,163,797**
Current assets					
Inventories	31,310	11,701	27,049	27,049	27,826
Trade and other receivables	277,278	172,586	221,373	221,373	189,042
Taxation	957	451	966	966	2,158
Cash and cash equivalents	160,718	93,275	83,492	83,492	80,936
Restricted cash and cash equivalents	2,937	1,807	1,511	1,511	1,240
Total current assets	**473,200**	**279,820**	**334,391**	**334,391**	**301,202**
Total assets	**1,637,881**	**1,404,936**	**1,469,512**	**1,469,512**	**1,464,999**
Equity and liabilities					
Capital and reserves					
Share capital	3,319	3,638	3,638	3,638	3,716
Share premium	116,765	251,446	251,446	251,446	276,714
Convertible preference shares	-	-	180,000	180,000	180,000
(Accumulated losses) / Retained earnings	233,646	7,008	(56,607)	(56,607)	(118,503)
Foreign currency translation reserve	79,831	(20,793)	(15,560)	(15,560)	(14,050)
Total equity attributable to owners of the parent	**433,561**	**241,299**	**362,917**	**362,917**	**327,877**
Non-controlling interests	93,745	10,458	2,026	2,026	1,309
Total equity	**527,306**	**251,757**	**364,943**	**364,943**	**329,186**
Non-current liabilities					
Long-term borrowing	731,214	732,790	732,515	732,515	731,380
Long-term lease liabilities	-	-	65,492	65,492	67,524
Long-term provisions	922	1,831	1,396	1,396	1,430
Other long-term payables	15,880	15,046	12,324	12,324	10,388
Deferred revenue	53,702	54,422	52,898	52,898	50,001
Deferred tax liabilities	46,955	62,909	17,638	17,638	24,577
Total non-current liabilities	**848,673**	**866,998**	**882,263**	**882,263**	**885,300**
Current liabilities					
Short-term portion of long-term borrowing	15,019	87,246	12,211	12,211	27,672
Short-term portion of long-term lease liabilities	-	-	29,922	29,922	42,814
Trade and other payables	181,558	151,812	154,687	154,687	134,647
Short-term provisions	28,286	20,801	16,353	16,353	19,860
Deferred revenue	27,188	21,960	6,690	6,690	21,135
Taxation	9,851	4,362	2,443	2,443	4,385
Total current liabilities	**261,902**	**286,181**	**222,306**	**222,306**	**250,513**
Total equity and liabilities	**1,637,881**	**1,404,936**	**1,469,512**	**1,469,512**	**1,464,999**

Summary Statements of Cash Flow

	For the year ended			For the nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
		(US$ thousands) (Audited)		(US$ thousands) (Unaudited)	
Cash flows from operating activities:					
Profit / (loss) before tax	17,732	(88,591)	(120,839)	(229,453)	1,957
Adjustments for:					
Depreciation, impairment and amortisation	94,347	99,414	149,889	111,252	86,746
Dividend received	-	-	-	-	(292)
Bad debts provision	5,091	8,337	14,045	48	(1,536)
Bad debts recovered	(205)	(211)	(88)	-	-
(Decrease) / increase in provisions	(2,765)	1,877	(2,748)	(6,265)	2,101
Foreign exchange (gain) / loss	(158)	94,160	602,026	471,532	334,786
Hyperinflation monetary gain	-	-	(458,507)	(236,240)	(327,586)
(Profit) / loss on disposal of fixed assets	(275)	(54)	(675)	(155)	(29)
Interest income	(3,383)	(5,589)	(2,979)	(2,262)	(1,493)
Finance costs	78,961	73,528	79,427	58,706	58,970
Share of profits of associates	(76)	(62)	(105)	(17)	(7)
	189,269	182,809	259,446	167,146	153,617
Working capital changes:					
(Increase) / decrease in inventories	(8,723)	185	(2,581)	347	(5,481)
(Increase) / decrease in trade and other receivables	(41,483)	(886)	(103,576)	(62,867)	(20,527)
Increase / (decrease) in trade and other payables	17,455	(6,217)	2,052	(3,588)	7,022
Increase / (decrease) in deferred revenue	10,763	(3,537)	(12,758)	(8,110)	12,382
Increase / (decrease) in accruals	19,809	(2,466)	3,988	3,918	2,521
(Decrease) / increase in unfavourable contracts	(3,135)	917	(582)	(427)	(448)
Cash generated from operations	183,955	170,805	145,989	96,419	149,086
Income tax paid	(2,930)	(18,395)	(9,447)	(4,468)	(7,296)
Net cash generated from operating activities	181,025	152,410	136,542	91,951	141,790
Cash flows from investing activities:					
Interest income	3,128	5,278	2,979	2,262	1,484
Acquisition of business operations	(17,589)	-	-	-	-
Acquisition of other investments	(63,162)	(310)	-	-	-
Dividend received	-	-	-	-	292
Acquisition of subsidiary companies	-	-	-	-	1,442
Recovery of related party advance	-	60,000	-	-	-
Purchase of property, plant and equipment	(190,662)	(173,966)	(104,861)	(81,751)	(61,565)
Proceeds on disposal of property, plant and equipment	2,359	9,973	14,191	433	4,255
Purchase of intangible assets	(11,250)	(14,393)	(13,498)	(11,427)	(2,167)
Proceeds on disposal of intangible assets	2,693	256	194	194	10
Proceeds from held to maturity investments	245	-	-	-	-
Decrease / (increase) in long-term receivables	5,000	-	-	-	-
Net cash used in investing activities	(269,238)	(113,162)	(100,995)	(90,289)	(56,249)
Cash flows from financing activities:					
Dividend paid	(13,500)	(13,500)	-	-	(289)
Finance costs	(55,887)	(64,819)	(66,365)	(33,471)	(35,286)
Issue of subsidiary share capital & equity loans to minorities	68	-	-		
Issue of share capital	22,222	-	-	-	-
Issue of convertible preference shares	-	-	180,000	180,000	-
Acquisition of minority interests in foreign operations	-	(35,000)	-	-	-
Decrease in lease liabilities	-	-	(36,445)	(27,337)	(27,702)
(Decrease) / increase in external long-term loan borrowings	129,822	65,263	(78,802)	(76,897)	(3,841)
Net cash generated from / (used in) financing activities	82,725	(48,056)	(1,612)	42,295	(67,118)
Net (decrease) / increase in cash and cash equivalents	(5,488)	(8,808)	33,935	43,957	18,423
Cash and cash equivalents at beginning of the period	152,736	163,655	95,082	95,082	85,003
Translation of cash with respect to foreign subsidiaries	16,407	(59,765)	(44,014)	(42,797)	(21,250)
Cash and cash equivalents at end of the period	**163,655**	**95,082**	**85,003**	**96,242**	**82,176**
Represented by:					
Cash and cash equivalents	160,718	93,275	83,492	94,592	80,936
Restricted cash and cash equivalents	2,937	1,807	1,511	1,650	1,240
	163,655	**95,082**	**85,003**	**96,242**	**82,176**

Certain Non-IFRS Financial Measures

	As of and for the year ended February 28/29,			As of and for the nine months ended Nov. 30,		As of and for the 12 months ended Nov. 30[6],
	2018	2019	2020	2019	2020	2020
	(US$ thousands) (Unaudited)					
EBITDA[1]	187,323	76,327	99,525	(61,843)	145,888	175,246
Adjusted EBITDA[1]	191,389	181,506	247,340	174,689	158,502	234,044
Adjusted EBITDA Margin[2]	28.1%	27.1%	31.5%	31.9%	29.6%	30.0%
Capital Expenditure[3]	196,860	178,130	103,974	92,551	59,467	70,899
Gross Debt[4]	763,819	831,951	848,517	870,437	875,110	875,110
Unrestricted cash and cash equivalents[7]	160,718	93,275	83,492	94,592	80,936	80,936
Net Debt[4]	603,101	738,676	765,025	775,845	794,174	794,174
Gross Profit Margin[5]	63%	62%	58%	58%	55%	56%

(1) EBITDA is defined as consolidated profit or loss for the year / period, excluding the impact of tax benefit or expense, interest income, finance costs and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for impairment expense, stock write-off/obsolescence expense, restructuring costs, acquisition and other investment costs, foreign exchange loss, hyperinflation monetary gain and share of profit from associate. The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA for the periods indicated:

	For the year ended			For the nine months ended		For the 12 months ended[a]
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020	November 30, 2020
	(US$ thousands) (Unaudited)					
Profit / (loss) for the period	138	(116,131)	(63,328)	(209,545)	(12,031)	3,342
Add back:						
Tax expense / (benefit)	17,594	27,540	(57,511)	(19,908)	13,988	(46,472)
Interest Income	(3,383)	(5,589)	(2,979)	(2,262)	(1,493)	(2,210)
Finance costs	78,961	73,528	79,427	58,706	58,970	80,395
Depreciation and amortization	94,013	96,979	143,916	111,166	86,454	140,191
EBITDA	**187,323**	**76,327**	**99,525**	**(61,843)**	**145,888**	**175,246**
Add back:						
Impairment expense	-	1,943	5,312	-	-	5,312
Stock write off/obsolescence expense	334	492	661	86	292	861
Restructuring costs	-	5,757	455	465	5,139	5,128
Acquisition and other investment costs	2,494	5,269	921	349	466	1,038
Foreign exchange loss	1,314	91,780	599,078	471,889	334,310	507,635
Hyperinflation monetary gain	-	-	(458,507)	(236,240)	(327,586)	(461,081)
Share of profits of associate	(76)	(62)	(105)	(17)	(7)	(95)
Adjusted EBITDA	**191,389**	**181,506**	**247,340**	**174,689**	**158,502**	**234,044**

(a) Figures for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the 3 month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

(2) Adjusted EBITDA Margin is defined as the ratio of Adjusted EBITDA to total revenue, expressed as a percentage.

(3) Capital Expenditure is defined as any expenditure that should be treated as capital expenditure in the financial statements in accordance with applicable accounting principles, including advance payments for capital expenditure and excluding any non-cash expenditure.

(4) Gross Debt is defined as borrowings as stated on the balance sheet. Net Debt is defined as Gross Debt less unrestricted cash and cash equivalents at a stated balance sheet date. The following table sets forth a reconciliation of Gross Debt and Net Debt as of the dates indicated:

	As of			As of	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
		(US$ thousands) (Audited)		(US$ thousands) (Unaudited)	
Liabilities (current and non-current)					
Borrowings	746,233	820,036	744,726	761,252	759,052
Lease liabilities			95,414	99,039	110,338
Unamortised arrangement fees	17,586	11,915	8,377	10,146	5,720
Gross Debt	**763,819**	**831,951**	**848,517**	**870,437**	**875,110**
Less:					
Unrestricted cash and cash equivalents[(a)]	(160,718)	(93,275)	(83,492)	(94,592)	(80,936)
Net Debt[(b)]	**603,101**	**738,676**	**765,025**	**775,845**	**794,174**

(a) Does not include restricted cash. As of November 30, 2020, an amount of US$1.2 million has been treated as restricted cash, representing 1.5% of our total cash and cash equivalents. Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

(b) Net Debt is presented net of restricted cash. Deducting restricted cash, Net Debt would amount to US$ 792.9 million as of November 30, 2020 and US$ 600.2 million, US$ 736.9 million and US$ 763.5 million as of February 28, 2018, February 28, 2019 and February 29, 2020, respectively.

(5) Gross Profit Margin is defined as the ratio of consolidated gross profit for the year / period to total revenue, expressed as a percentage. The following table sets forth a reconciliation of Gross Profit Margin for the periods indicated:

	For the year ended			For the nine months ended		For the 12 months ended[(b)]
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020	November 30, 2020
		(US$ thousands) (Audited)			(US$ thousands) (Unaudited)	
Revenue	680,948	668,910	785,741	547,936	535,279	780,584
Interconnect related costs	(121,141)	(119,875)	(123,560)	(89,956)	(81,693)	(115,330)
Data and network related costs	(176,413)	(178,413)	(242,414)	(166,137)	(181,270)	(261,500)
Network costs[(a)]	43,424	45,145	36,664	27,517	22,959	32,157
Gross profit	**426,818**	**415,767**	**456,431**	**319,360**	**295,275**	**435,911**
Gross profit margin	**63%**	**62%**	**58%**	**58%**	**55%**	**56%**

(a) As from 2018, the Group has standardized its consolidated statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in reclassification from Data and network related costs to Administrative expenses.

(b) Figures for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

(6) Figures as of and for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

(7) Does not include restricted cash. As of November 30, 2020, an amount of US$1.2 million has been treated as restricted cash, representing 1.5% of our total cash and cash equivalents. Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

As Adjusted Financial Information to give effect to the Transactions

The below table sets forth certain as adjusted financial information giving effect to the Transactions as if they had been consummated (i) on December 1, 2019 (with respect to as adjusted Interest Coverage) and (ii) on November 30, 2020 (with respect to all other metrics).

	As of and for the 12 months ended November 30, 2020[1]
	(US$ thousands, other than ratios)
As Adjusted to give effect to the Transactions:	**(Unaudited)**
Adjusted EBITDA	234,044
Gross Debt[2]	961,221
Net Debt[3]	856,310
Gross Debt / Adjusted EBITDA	4.1
Net Debt / Adjusted EBITDA	3.7
Interest Coverage[4]	4.3x

(1) Figures as of and for the twelve months ended November 30, 2020, prior to adjustments, are calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the nine-month period to November 30, 2020.

(2) As Adjusted Gross Debt is defined as borrowings as of November 30, 2020, as adjusted to give effect to the Transactions as if they had been consummated on November 30, 2020.

(3) Adjusted Net Debt is defined as Adjusted Gross Debt less unrestricted cash and cash equivalents as of November 30, 2020, as adjusted to give effect to the Transactions as if they had been consummated on November 30, 2020. Assumes US$104,911 of unrestricted cash and cash equivalents following completion of the Transactions, assuming no Existing Senior Secured Notes are tendered in the Tender Offer and all Existing Senior Secured Notes are redeemed in the Redemption. If all Existing Senior Secured Notes were tendered in the Tender Offer and no Existing Senior Secured Notes redeemed in the Redemption, Net Debt would be US$850,485, assuming US$110,736 of unrestricted cash and cash equivalents following completion of the Transactions. See "*Use of Proceeds*" and "*Capitalization.*"

(4) As Adjusted Interest Coverage is defined as Adjusted EBITDA divided by the net of interest income and finance costs for the 12 months ended November 30, 2020, expressed as a multiple, as adjusted to give effect to the Transactions as if they had been consummated on December 1, 2019.

Pro Forma Financial Information (with respect to the ADC Divestment)

The below table sets forth pro forma financial information adjusted (a) to give effect to the Transactions as if they had occurred as of November 30, 2020 and (b) to give pro forma effect to the ADC Divestment as if it had occurred (i) on December 1, 2019 (with respect to pro forma Adjusted EBITDA) and (ii) on November 30, 2020 (with respect to all other pro forma metrics).

The pro forma financial information with respect to the ADC Divestment is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position we would have reported had the ADC Divestment, been completed as of December 1, 2019 or November 30, 2020, as applicable.

	As of and for the 12 months ended November 30, 2020	
	(USD thousands, except ratios) (Unaudited)	
	Group(1)	Pro Forma(2)
Revenue	780,584	757,390
Adjusted EBITDA	234,044	222,821
Capital Expenditure	70,900	52,090
Gross Debt	961,221	961,221
Net Debt	856,310(3)	795,532
Gross Debt / Adjusted EBITDA	4.1	4.3
Net Debt / Adjusted EBITDA	3.7	3.6

(1) Reflects the financial information of the Group as of and for the 12 months ended November 30, 2020, calculated as the sum of the relevant figure from the published results for the three-month period ended February 29, 2020 and the relevant figure from the published results for the nine-month period to November 30, 2020 and adjusted to give pro forma effect to the Transactions as if they had occurred as of November 30, 2020.

(2) Reflects the financial information of the Group as of and for the 12 months ended November 30, 2020, as adjusted (a) to give effect to the Transactions as if they had occurred as of November 30, 2020 and (b) to give pro forma effect to the ADC Divestment as if it had occurred (i) on December 1, 2019 (with respect to pro forma Adjusted EBITDA) and (ii) on November 30, 2020 (with respect to all other pro forma metrics). Reflects a cash consideration of US$60.0 million and US$133.0 million unsecured loan note received in connection with the ADC Divestment, plus a US$0.8 million repayment by ADC of an existing intercompany loan. See "—*Recent Developments*."

(3) Assumes US$104,911 of unrestricted cash and cash equivalents following completion of the Transactions, assuming no Existing Senior Secured Notes are tendered in the Tender Offer and all Existing Senior Secured Notes are redeemed in the Redemption. If all Existing Senior Secured Notes were tendered in the Tender Offer and no Existing Senior Secured Notes redeemed in the Redemption, Net Debt would be US$850,485, assuming US$110,736 of unrestricted cash and cash equivalents following completion of the Transactions. See "*Use of Proceeds*" and "*Capitalization.*"

Certain Financial Measures Provided on a Geographic Basis

	For the year ended February 28/29,			For the nine months ended November 30,		For the 12 months ended November 30(1),
	2018	2019	2020	2019	2020	2020
				(Unaudited)		
Adjusted EBITDA						
South Africa	59,542	65,136	132,894	98,098	49,932	84,728
Zimbabwe	68,042	53,623	33,437	17,976	35,967	54,318
Rest of Africa	18,011	19,627	27,761	27,296	29,244	29,297
Rest of World	69,351	76,299	68,822	51,687	51,082	68,217
Eliminations	(1,552)	(10,174)	(7,476)	(2,044)	7,827	2,807
Central administration costs	(22,005)	(23,005)	(8,098)	(18,324)	(15,550)	(5,323)
Total	191,389	181,506	247,340	174,689	158,502	234,044

(1) Figures for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the 3 month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

Key Performance Indicators

	As of and for the year ended February 28/29			As of and for the nine months ended November 30,		As of and for the 12 months ended November 30[8],
	2018	2019	2020	2019	2020	2020
Operating measures						
Wholesale voice						
Total wholesale voice minutes (in millions) on our network[1]	1,470	1,304	1,131	876	766	1,021
Wholesale data						
Number of km of fiber laid[2]	50,061	69,007	73,114	70,349	73,371	73,371
Enterprise						
Number of enterprise customers[3]	11,050	10,723	11,699	11,439	12,361	12,361
Retail						
Number of retail customers[4]	46,504	60,579	117,326	96,220	131,417	131,417
Financial Measures						
Average churn rate[5]	1.55%	1.44%	0.73%	0.84%	0.90%	0.78%
New Sales ("sold TCV for new services," USD million)[6]	289	300	309	253	121	177
Service Activation Pipeline ("MRR backlog") (US$ thousands) (unaudited)[7]	4,515	4,050	2,710	2,754	3,122	3,122

(1) Total number of voice minutes on the Group's network.

(2) Total number of kilometers (including backbone, metro and FTTX) over which fiber is installed. Multiple fiber cables or ducts within the same trench are only counted once. Includes both owned and leased capacity through partnerships.

(3) Total number of Enterprise customers.

(4) Number of broadband FTTH, WIMAX and LTE customers (including subscription customers and prepaid customers) by each operation. The number of customers includes active customers that were active less than 30 days before the end of the period. The numbers now exclude CDMA, LTE and FTTH customers in South Africa.

(5) Average monthly churn rate. Monthly churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non – renewals, divided by the total revenue for the month.

(6) Total value in terms of non-recurring (one off) revenue and the sum of all expected monthly recurring revenues over the duration of each contract (at undiscounted nominal value) from service orders for new services, signed by its Wholesale and Enterprise customers during the period. This excludes upgrades, downgrades and renewals. Some of these contracts may be cancelled or terminated before the end of their term. Excludes roaming contracts.

(7) Monthly recurring revenue expected from service orders signed by the Group's Wholesale and Enterprise external customers that have not yet been installed, accepted by the customer or activated, and therefore not yet generated revenue. Excludes roaming contracts.

(8) Figures for the twelve months ended November 30, 2020, are calculated as the sum of the relevant figure from the published results for the 3 month period ended February 29, 2020 and the relevant figure from the published results for the 9 month period to November 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of the Group should be read in conjunction with the historical consolidated financial statements appearing elsewhere in this offering memorandum and information in the sections captioned "Presentation of Financial and Other Data" and "Selected Financial and Other Information" of this offering memorandum. The following discussion should also be read in conjunction with the Financial Statements together with the related notes included elsewhere in this offering memorandum.

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in our results of operations and financial condition. Historical results may not indicate future performance. Some of the information in this section, including information in respect of our plans and strategies for the business and expected sources of financing, contain forward-looking statements that involve risk and uncertainties and are based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described in sections captioned "Forward-Looking Statements" and "Risk Factors" of this offering memorandum. Potential investors should read "Forward-looking Statements" for a discussion of the risks and uncertainties related to those statements and should also read "Risk Factors" for a discussion of certain factors that may affect our business, results of operations or financial condition.

OVERVIEW

We are one of the largest multi country, open access fiber network operators in Africa, delivering national and international connectivity solutions, 4G and 5G national roaming, hosting and digital services to mobile operators, carriers, enterprises, media and content companies, other internet service providers, as well as retail customers. Following significant demand across Africa from businesses and individuals for cloud-based products and content offerings, we have broadened our portfolio to include digital services, managed enterprise solutions and system integration consulting services, thereby leveraging our infrastructure footprint and technological know-how to optimize return on investment.

Our fiber optic network currently stretches more than 73,000 km across Sub-Saharan Africa, one of the world's fastest growing data market regions, and enables us to support high-bandwidth, low-latency applications, such as 3G/4G LTE/5G mobile tower backhauling, OTT content and service delivery, entertainment video and security CCTV streaming, machine-to-machine connectivity, private connections to data center storage and computing services, cloud services, and other applications. Direct access to international submarine cable infrastructure, with equity stakes in SAT3/SAFE, EASSy, TEAMS and WACS cables, as well as significant investment in other cables complements and extends our pan-African fiber network to global destinations.

We own and operate our own fiber optic and wireless networks across ten countries in Africa: Botswana, DRC, Kenya, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe, with further commercial presence in Nigeria, Mauritius, Togo, the United Arab Emirates and the United Kingdom. This makes us the only operator in Sub-Saharan Africa with a single multi-country fiber network of such geographic breadth. Our cross-border backbone fiber network links to our own extensive metropolitan and last-mile networks, which are composed of fiber and fixed wireless access networks in most major cities and secondary cities in the region. We have attracted a high quality and geographically diversified customer base in some of Africa's fastest growing markets, that includes some of the largest consumers of infrastructure-based solutions, such as MNOs, OTTs, international carriers and over 11,000 enterprise customers including financial institutions, other multinational corporations, international carriers and other leading national companies, as well as SMEs and retail consumers.

We believe digital services in Africa represent a significant revenue growth opportunity, particularly in the enterprise and SME markets (see "*Industry Overview—Key drivers of broadband demand*"). Our inclusive vision of helping to build Africa's digital future has also allowed us to provide high-bandwidth connectivity into regions that have never had any fixed-line infrastructure, allowing these emerging markets to leapfrog older fixed-line technologies to fiber optics (DWDM, ME & GPON) and 4G LTE and 5G networks, providing greater bandwidth for voice and data communications and services. We provide over 3500 VSAT CPE Internet connections with satellite VSAT technology in some of the most remote destinations in Africa, creating a ubiquitous area of service across the continent. We believe we are well positioned to build and capture the potential of the African digital future, as digitization expands across Africa (as consumers switch from 2G to 3G/4G LTE and in future, 5G enabled handsets, from traditional voice to broadband and VoIP, and from individual small screen data consumption to always-on multiscreen broadband in the home) and enterprises transform their operations, expand their geographical reach and increase their connectivity, reliability and digital service requirements.

RECENT DEVELOPMENTS

Macro-economic environment and COVID-19 pandemic

Liquid Telecom operates across 13 markets and has over 20 years of experience navigating macro-economic challenges which affect emerging economies from time to time. Most recently, the global economy, has been adversely affected by the economic impact of the COVID-19 pandemic, with most African economies also severely impacted.

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments. The evolution of the pandemic in the various territories in which the Group operates is being closely monitored and the health, well-being and safety of our staff, customers and partners remains our utmost priority. The impact of the pandemic indicates a reduction of general economic activity in the region. Whilst we believe our business is inherently resilient due to the increasing demand for connectivity in the lock down environment, it is not entirely immune to the impact of the pandemic, which triggered significant currency exchange rates volatility, particularly in South Africa, where the Rand depreciated against the U.S. dollar, peaking at 19.04:1 on April 23, 2020 and the May 2020 average rate was 17.72:1, compared to 14.32 in the first quarter of the 2020 financial year. The performance of our Enterprise business division has been adversely impacted, as many of our customers closed their offices for the lock down period, which impeded delivery of our services, delayed closure of some commercial deals and impacted development of the future sales pipeline. We have also seen a slowdown of collections in the 2021 financial year, due to a combination of several factors. Some clients were unable to pay because of the logistical challenges and limited access to electronic banking, others slowed down payments as a precautionary manner to preserve their own cash flows. We have reassessed our provisions as of November 30, 2020 and believe we have sufficient cover for the debtors that are outstanding at the end of the quarter. We have also appointed debtors task force teams to ensure we are collecting debtors as proactively as possible.

Some African economies, which had already been challenged before the onset of the pandemic, were particularly affected. Zimbabwe has been suffering from extreme currency volatility, hyperinflation and ever changing monetary policy. Zimbabwe accounted for 15.0% of our revenue in the nine months ended November 30, 2020, compared to 10.0% in the nine months ended November 30, 2019. As background, in February 2019, RTGS was launched as the official currency of Zimbabwe at the exchange rate of 2.5:1 to US$. Over the following 13 months, the currency devalued to an exchange rate of 18:1, when in March 2020, the RBZ took a defensive decision to fix the ZWL$:US$ exchange rate at 25:1 to protect the already struggling economy during the COVID-19 pandemic. In June 2020, the RBZ commenced weekly U.S. dollar auctions, whereby companies can submit requests for U.S. dollar requirements and allocations are made according to government derived criteria. On June 23, 2020 the fixed rate was lifted again, with the first weekly auction launching the currency free floating rate against the US$ at 57.4:1. Ten further weekly auctions have taken place since then (up to October 23, 2020). The exchange rate stood at ZWL$: USD 81.80:1 as of November 30, 2020. The stabilization of the ZWL$:US$ exchange rate has led to an improvement in the revenues in Zimbabwe.

While it is impossible to completely reverse the adverse impact of currency devaluation, the Group is taking actions to mitigate such impact. To maintain value creation in the currency devaluation environment, we are repricing the Wholesale and Enterprise services based on the new interbank rate. In the Retail business, which has a strong underlying momentum, we are repricing monthly, where permitted, pegging to US$ based on the most recent auction rate. We also attempt to collect in US$ across all of the business segments wherever possible. Combined, these measures should help to make the business "future ready," so that once the economy stabilizes, we benefit fully from the business upside.

The impact of COVID-19 pandemic has not been all negative, as it has highlighted the critical importance of connectivity and digital services in the lockdown environment. Fast internet connection and good online collaboration tools are no longer a "hard sell," but a recognized necessity for any business, no matter how large or small. To capitalize on this trend, the Group has rapidly adjusted our sales strategy, particularly in our Enterprise segment, to capitalize on this trend, by transforming itself into a full-service digital technology company.

New market entries in the DRC and South Sudan

Alongside broadening our business model to incorporate cloud and managed services, the Group has also continued the build out of our core fiber network, entering new markets, notably the DRC and South Sudan.

In the DRC, the Group has invested in a number of key projects in order to serve a large customer base that has had very little access to affordable, high-bandwidth telecommunication infrastructure so far. These projects include East-West OPGW fiber over the SNEL powerline network; FTTX and metro infrastructure in Kinshasa; extension of the SNEL network towards Angola and the Muanda cable landing stations; and new fiber build from Kananga to Goma. In May 2020, the Group delivered the first phase of our network expansion in the DRC, connecting Lubumbashi in the southern region of the DRC with the capital city of Kinshasa in the west through 2,200km of fiber. To help fund the network build out, the Group is working with a number of strategic partners, who will act as anchor tenants and will provide cash to cover a large fraction of the deployment cost.

The Group was also first to start building the optical fiber infrastructure in South Sudan which will connect through the Group's East Africa fiber network through Uganda and Kenya to the undersea cables of the East African coastline. The project started in September 2019 and in the fourth quarter of FY 2020 we successfully completed Phase 1 of 200km fiber backbone, connecting Juba to the border of Uganda. Upon the completion of future phases, the Group's fiber network in South Sudan will make reliable and affordable internet connectivity available for South Sudan's nearly 13 million citizens, as well as thousands of businesses, government institutions and non-governmental organizations. South Sudan will link to the Group's network across the region which covers the East African Community, a regional intergovernmental organization of six partner states with a population of approximately 180 million people, consisting of the Republics of Burundi, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania. The Group's network connects South Sudan to landing stations in Mombasa, Kenya, which then links to all the major subsea cables, offering onwards connectivity to the US and Europe with significantly reduced latency.

KEY FACTORS IMPACTING OUR RESULTS OF OPERATIONS

The following are the key factors that have significantly affected the Group's results of operations and financial condition during the periods under review, or which we expect will significantly affect the Group's operations in the future.

Continued growth in demand for data connectivity and digital services

Our ability to increase the number of customers we serve and the volume of data transited through our networks depends on the underlying demand in our principal regions of operation for our services. We market our services on a retail basis to our enterprise and retail (small businesses and households) customers, and on a wholesale basis to MNOs, carriers and service providers. Our current customer base includes some of the leading national and international MNOs, international carriers, ISPs, software and cloud service providers, web service providers, OTT service providers, financial institutions, national and multinational corporations, as well as SMEs and retail consumers that require fast and secure data connectivity solutions and hosting.

Wholesale services

IP transit traffic has become an increasingly important measure of demand and component of revenue, reflecting evolving customer trends across a range of customer segments. IP Transit traffic in Africa has grown rapidly, mainly driven by the rising numbers of users and "smart" devices, a shift to data-hungry applications and the proliferation of cloud and data center services. According to one estimate, in 2022, 31.7% of the population will use the internet in the Middle East and Africa. The average fixed broadband speed will grow 2.6-fold from 2017 to 2022, from 7.8 Mbps to 20.2 Mbps, while mobile data traffic will increase by a CAGR of 56%. The average traffic per capita will grow from 2.4GB in 2017 to 12.1GB per Month in 2022, which will have an impact on the Group's business as a wholesale provider for other operators.

Revenue for our wholesale voice segment is tied to number of voice minutes on our network. We recognize revenue when calls are terminated on our network and costs of sales when calls originated on our network terminate on another network. In the recent past, the revenue from voice services has been affected by a decrease in the number of voice minutes on our network and a decrease in the price per voice minute as a result of competitive pressure and the increase in the use of OTT services. The recent lockdowns across many of our markets due to the COVID-19 pandemic have further exacerbated the global trend for declining voice traffic. Revenue from the wholesale voice segment made up

18.5% of our revenue in the year ended February 29, 2020, down from 22.5% for the year ended February 28, 2019, while revenue from the wholesale data segment made up 45.0% of such revenue, up from 32.3% for the year ended February 28, 2019. In the nine months ended November 30, 2020, revenue from the wholesale voice segment made up 17.8% of our revenue, down from 19.4% for the nine months ended November 30, 2019, while revenue from the wholesale data and other services segment made up 82.2% of such revenue, up from 80.6% for the nine months ended November 30, 2019.

Enterprise services

We focus particularly on large business and industry segments that require significant amounts of voice, data and internet services such as financial services, manufacturing, mining, security, retail and information technology sectors. The key selling proposition of our services is the local and international reach of our fiber networks. Our ability to cope with specific requirements from multi-site customers (with offices spread over several sub-Saharan countries) on an end-to-end basis has enabled us to attract significant contracts. We rely less on other carriers to provide an international service than our peers, which we market as a key differentiator. This also allows us to control the quality and the cost of delivering the services and to be price competitive. We also leverage satellite services (with Very Small Aperture Terminal ("**VSAT**") antennas) to connect remote sites (such as mines and rural manufacturing plants).

According to Cisco estimates (Cisco Visual Networking Index ("**VNI**") Complete Forecast Update, 2018), enterprise data traffic in Africa and the Middle East is expected to grow at a CAGR of 22% between 2017 and 2022. Detecon forecasts that enterprise VPN will grow in Africa at a CAGR of 8.0% between 2018 and 2023 and will be a US$1.8 billion market in 2023. FTTx is estimated to grow even faster, at a CAGR of 16.3% in the same time period, with South Africa growing at a 34.15% CAGR.

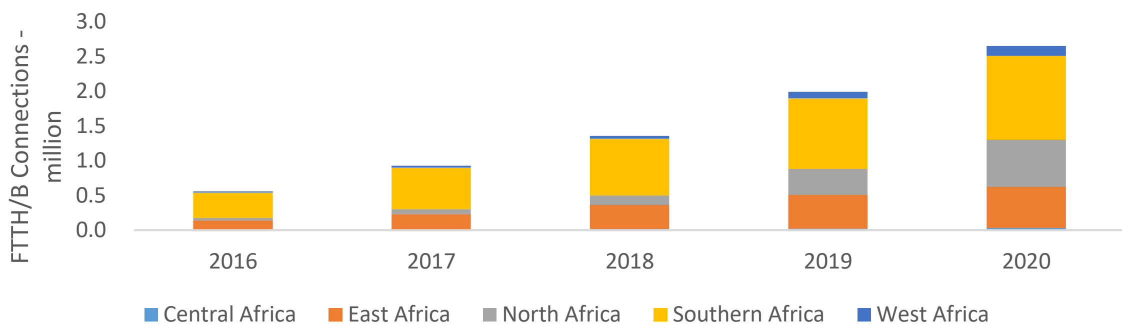
A growing number of enterprise customers rely on our telecommunications expertise to manage their internal telecommunication and IT systems, such as local access networks, internal and guest Wi-Fi networks, security solutions and cloud-based systems (e.g. backup, storage, virtual machines). As an example of solution-based data services for enterprise customers, we provide payment solutions to large financial institutions and retailers, including communication, transaction processing (payment by debit and credit cards), branch banking, and POS terminal solutions. This leverages our expertise in time- and mission-critical IT systems, our telecommunications network, multi-country presence, and our familiarity with the vagaries of electronic communications which may impact digital payment systems. Most recently we have expanded our range of services to include cybersecurity solutions.

Retail services

Our retail business connects households and small businesses through the provision of our FTTH through Gigabit Passive Optical Networks (GPON) and Fixed Wireless Access (FWA), primarily using 4G LTE technology. We believe that both FTTH and FWA, using our own infrastructure deployed in carefully selected areas, represents an important development opportunity for retail revenue growth with a focus on increasing our market share in the middle and top ends of the broadband internet service segment. Our retail customers now also have access to a range of digital services (Office365, Azure and laptop backups).

The size of the FTTH market in Africa is growing, from a small base. Household penetration of FTTH reached 0.5% by June 2019 compared to 0.4% in 2018 according to AfricaAnalysis, as the continent is still dominated by mobile broadband. According to Xalam Analytics estimates, the total number of FTTH/B connections in Africa has grown at a 49% CAGR over the last four years from 0.6 million in 2016 to 2.7 million in 2019. Between 2020 and 2025, it is expected to grow at a CAGR of 19% to reach 5.8 million connections in 2025.

Figure 1: FTTH/B connections in Africa



Source: Xalam Analytics

GPON fiber access networks enable us to provide fast broadband Internet access to residential and SoHo (in rarer cases SMEs) customers, as well as voice, Wi-Fi LAN, Digital education and other services. Other operations, including Zambia, Rwanda and Kenya, have also built GPON networks in niche/high-income residential neighborhoods. In Uganda, we are currently rolling out a new GPON network in Kampala, while our joint venture in Botswana is planning a small GPON network in Gaborone. Being often one of the first movers to roll out GPON in specific areas, we have managed to capture a long-term, captive and stable customer base for telecommunications and value-added services.

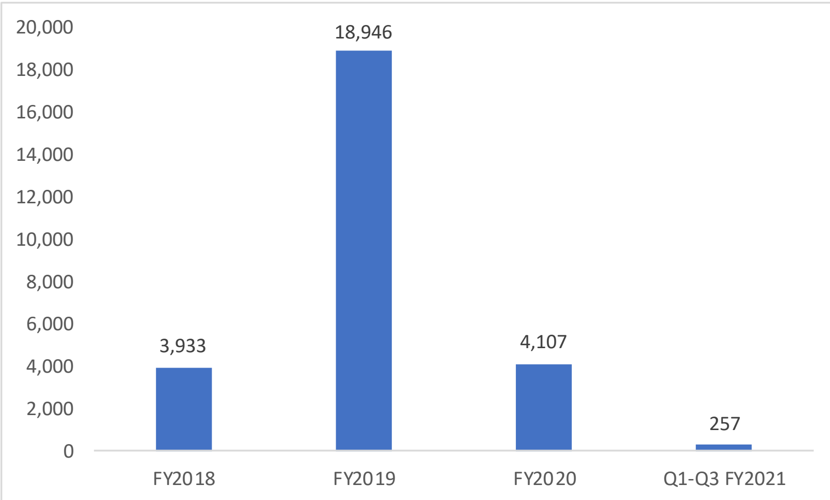
Commencing with our reporting for the nine-month period ended November 30, 2020, we have begun categorizing our reported revenue into a new set of reporting segments to give greater visibility on our evolving product set and allow us to drive value creation. For further information on adoption of the new reporting segmentation, see "—*Factors Affecting Comparability—Change in segment reporting*."

Number of Customers Served and Composition of Customer Mix

Our revenue from wholesale data, enterprise and retail services are directly related to the number of customers we serve. Our ability to provide services to a larger number of customers and locations depends in part on our ability to extend our fiber network to connect new customer premises, to add base stations for radio transmission, and to upgrade key technical components of our network such as IP transmission equipment, VSAT teleport facilities, international connectivity and other core network elements.

During each of the years ended February 28 2018, February 28, 2019 and February 29, 2020, and the nine-month period ended November 30, 2020, we deployed and extended a substantial part of our fiber network, as shown in the chart below.

Figure 2: Incremental fiber laid across the operations each year / period (in km)



Source: Company data.

Our ability to retain customers is tied to the high quality of our networks and service offering. Our network is built and operated to high standards of reliability, with our target being 99.999% availability. This depends on the quality of the initial build, which we monitor rigorously, and on operating an integrated network with multiple routes between any two points. Such an approach creates 'redundancy' whereby traffic can be seamlessly switched onto an alternative route in the event of an outage on the original route. We believe our network is now large enough to have excellent redundancy, whereas this is a real and expensive challenge for smaller networks.

We aim to increase the number of customers we serve by undertaking revenue-generating capital expenditures, such as fiber access network ("last mile") installations which connect newly contracted customers to the network. We decide to commit capital expenditure to expand our fiber network by applying strict investment return and payback criteria. We incurred capital expenditure of US$196.9 million, US$178.1 million and US$104.0 million in the financial years ended February 28, 2018, February 28, 2019 and February 29, 2020, respectively, and US$59.5 million and US$92.6 million in the nine months ended November 30, 2020 and November 30, 2019, respectively.Our capital expenditure for the nine months ending November 30, 2020 was broadly in line with our planned capital expenditure of approximately US$80.0 to US$100.0 million for the year ending February 28, 2021. As of November 30, 2020, we had 12,361 enterprise customers and 131,417 retail customers.

Our revenues are also driven by our ability to enter into enterprise service and connectivity arrangements with MNOs, other carriers and service providers with telecommunications services. For instance, we have entered into strategic master service agreements with MTN Enterprise Business, Orange Business Services and Airtel Africa, giving us the opportunity to provide all of their backhaul requirements in a number of countries or regions. We had 12,361 enterprise customers as of November 30, 2020, 11,699 enterprise customers as of February 29, 2020, 10,723 enterprise customers as of February 28, 2019, and 10,596 enterprise customers as of February 28, 2018.

One of our most significant access network developments has been the roll out of fixed and wireless broadband, which today connects a total of 115,403 premises in Zimbabwe, Zambia, Rwanda, Zanzibar, Tanzania, Kenya, Uganda and the DRC. In certain countries, such as South Africa, Zambia, Zimbabwe and Rwanda, we also offer fast broadband connections to our network via fixed wireless (Point to multipoint, WiMAX and LTE). We plan to expand these networks, thereby covering additional businesses and residential customers. In more remote areas and to be able to serve customers who are not located within coverage of our fiber and fixed-wireless networks, we offer high speed satellite connections, and for this purpose we lease satellite capacity on C-Band, Ku-Band and Ka-Band satellites operated by Intelsat and Eutelsat. We have our own satellite hubs in South Africa and Kenya (in addition to one in London), allowing us to route African traffic through Africa rather than backhauling it via Europe.

To maintain our service levels and retain customers, we continuously monitor and evaluate new technologies, and we sometimes invest in these either to improve the service quality of our network or to increase its capacity. For example, we are presently considering 400G DWDM, implementing fixed LTE as a replacement for WiMAX, and working with partners to implement 5G technology. We have continuously updated and progressively upgraded our core network infrastructure and IT elements (including transmission network, IP core, bandwidth shaping and caching, provisioning and billing systems, VSAT teleport, FTTx, and wireless core) located in several major hubs (including South Africa, Zimbabwe, Kenya, and Zambia) and these are now able to serve multiple countries, enabling a rich product portfolio in all our operators with reduced costs and increased product affordability.

Competition and pricing dynamics

The markets in which we operate include competition related to pricing and other factors.

Wholesale services

In the wholesale data market, which represents a significant proportion of our revenue (41.7% and 46.2% in the nine-month periods ended November 30, 2019 and November 30, 2020, respectively, and 32.2%, 32.3% and 45.0% of revenue in the financial years ended February 28, 2018, February 28, 2019 and February 29, 2020, respectively), price competition varies considerably by country, depending on the number of fixed-line players, availability of fiber redundancy, sophistication of buyers and local regulation. South Africa and Kenya are particularly competitive, and customers have managed to push down prices by negotiating between carriers. Certain customers, for example the largest mobile operators in South Africa and Kenya, have invested directly in some of the city to city national fiber routes as leased dark fiber, either within a consortium or independently. Self-provisioning of that nature represents competition to us and can negatively affect the prices we are able to demand. Our strategy is to maintain strong relationships with key customers through service excellence, and to emphasize our open-access and carrier neutrality policies, such that our independence remains a strong value proposition for our wholesale services.

The wholesale voice market, which represents a declining share of our revenue (19.4% and 17.8% in the nine-month periods ended November 30, 2019 and November 30, 2020, respectively, and 21.6%, 22.5% and 18.5% of revenue in the financial years ended February 28, 2018, February 28, 2019 and February 29, 2020, respectively), is highly competitive, with prices updated frequently based upon changing traffic patterns. We regard this market as largely commoditized, with low margins. Margins are mainly driven by international prices and there are limited scale efficiencies. Certain destinations or routes, however, such as landlocked African countries or countries where international voice termination prices are regulated at a certain level, remain less competitive and can offer higher margins. Additionally, non-conventional and OTT players are offering easily accessible internet based alternatives to traditional telephony services in some of our countries, thereby reducing the number of paid voice minutes generated in the country and cutting the number of voice minutes on our network.

Enterprise services

The enterprise data market represents a significant share of our revenue (34.0% and 28.9% in the nine-month periods ended November 30, 2019 and November 30, 2020, respectively, and 39.0%, 38.0% and 31.4% of revenue in the financial years ended February 28, 2018, February 28, 2019 and February 29, 2020, respectively). Competition in the enterprise segment is largely defined by the different needs of customers, which vary depending on the size and business of the company. Large corporates are sophisticated and highly price-sensitive, and they value speed, security and reliability. They tend to unbundle services and put them out to tender instead of renewing existing contracts. Smaller companies are more apt to bundle and place a premium on provider proximity. Competition includes other national and international carriers, as well as ICT service companies that bundle the connectivity element with value-add services (e.g. IT integration, transformation services, software). Our revenue depends upon both our number of customers and the number of services those customers use. We therefore aim to cross-sell as many services and products (such as LAN management, managed Wi-Fi and cloud and software application solutions) as we can as a bundle in order to increase revenue. We also aim to leverage our existing infrastructure whenever we can, such as by encouraging multiple enterprises within a single site or building to make use of our fiber connection once it has been installed.

Certain industry verticals attract specialized service providers with different levels of competition, such as financial institutions, mining and trading companies.

Retail services

Competition for our retail services varies by country and service. Pricing pressure is felt most acutely in markets such as South Africa and Kenya where several infrastructure players deliver competing service levels, using a range of technologies such as cellular, fixed-wireless and fiber access. Services such as medium-speed broadband at the 1Mbps to 10Mbps level are under significant price pressure. Our lowest FTTH package in Zimbabwe is advertised at US$11 per month (including taxes). Prices for high-speed broadband at the 100Mbps level are under much less competitive pressure, as they can only be reliably delivered at this stage with fiber infrastructure. Our 100Mbps residential FTTH package in Zimbabwe is retailed at US$339 per month (including taxes). Small companies are attracted to bundles (e.g. voice and data, with some services such as installation of PBX voice systems, CPEs and other IT systems) and easy-to-reach technical support. This creates room for differentiation, higher margins and less competition. Residential customers are price-sensitive, attracted to off-the-shelf products, and churn levels are higher in this segment. Residential prices for specific packages have been stable, but packages with lower prices have been progressively introduced to serve lower income households. Un-capped (i.e. unlimited in terms of Internet traffic every month) packages are priced at a premium, while capped packages can be topped up when the data cap has been met. This provides additional opportunities to increase the average revenue per customer.

In addition to the negative affect on our revenue from price competition, we incur certain expenses related to customer relationship management and new billing systems, and expanding our offerings in the enterprise and retail segments to include value-add services such as computer and server backups, connection to data centers, hosting and virtual computing. We also employ advertising and targeted promotions to customers (such as volume discounts to our large enterprise customers, industry-specific marketing and offerings) to enhance the competitiveness of our enterprise business.

Impact of churn

Churn refers to the value of revenue lost through customers terminating their service in any particular period, and includes lost customers, negative price changes, and disconnects associated with upgrades or replacement services. Churn is a factor which could negatively affect our results of operations through loss of revenue and lower return on investment due to the relatively high cost of acquiring new customers. Our average churn for the nine months ended November 30, 2020 was 0.9% of revenues and for the year ended February 29, 2020 was 0.73.% of revenues. This increase in churn is due to the economic impact of COVID-19 pandemic, which resulted in some customers pausing the use of our services or asking for price discounts during the lockdown period. The business continues to monitor the causes of churn closely to ensure a stable customer base.

With regards to through-the-cycle trends, our wholesale and enterprise segments encounter a lower level of churn than our retail segment, due to the complexity of the solutions provided and lower levels of competition. In addition to competitive alternatives, churn levels may be affected by changes in our own or our competitors' prices, our level of customer satisfaction, impact of new or higher taxes on prices, new technologies or services, service bundling, macro-economic environment, political stability and other external factors. Increases in churn may lead to increased costs (resulting from customer retention discount, marketing and advertising, staff cost, commissions and other expenses) and reduced revenue.

The success of our business and our ability to limit churn by retaining existing customers or acquiring new customers, depend upon, among other factors, the introduction of new or enhanced products and services, flexible and competitive pricing models, high quality customer service, end-to-end network quality and reliability, reach of the network, and improved network capabilities in response to evolving customer expectations. High churn rates also place significant pressure on us to find innovative ways of distinguishing ourselves from our competitors to gain, and retain, customers.

Fixed and variable costs

We provide most of our services on the networks that we own, operate and maintain. As the owner and operator of the network, we can control the investment, quality and reach of the network across our footprint. Relative to the initial investment to build the network, the cost of upgrading the data transmission equipment installed on our fiber network to transport a substantially higher amount of data is marginal. This fixed cost structure allows us to benefit from the fast growth in demand and associated potential revenues, with high margins for data services which have been 59.5% and 62.7% in the nine months ended November 30, 2020 and November 30, 2019, respectively, and 62.8%, 67.0% and 67.9% in the year ended February 29, 2020, February 28, 2019, and February 28, 2018, respectively. In the financial year ended February 29, 2020, we saw some gross margin dilution from the long-term 4G roaming contract we signed in the fourth quarter, as the new roaming contracts have a lower gross margin (approximately 20%, compared to a typical margin of approximately 55%). Over time, we expect to expand our cloud and applications offering and grow share of our ICT revenue, which has limited fixed costs linked to it and if sold as bundled with our voice and connectivity services should have a net positive impact on the gross margin.

Variable costs are principally our voice termination costs and equipment sales. These made up 32.4% and 34.8% of our costs of sales in the nine months ended November 30, 2020 and the year ended February 29, 2020, respectively. The variable costs will principally vary with change in wholesale voice revenue and equipment sales.

We generally work towards achieving satisfactory operating margins in our businesses and focus on revenue enhancing measures once we have achieved such margins. We continuously work towards optimizing our cost base by implementing initiatives to improve our cost structure across the various regions in which we operate. We are implementing common technological platforms notably with respect to billing and account management systems. We have also achieved and expect to continue to achieve substantial reductions in our operating expenses as we implement the same best practice operational processes across the Group such as maximizing the use of local peering to reduce IP costs and the use of efficient route management to maximize the utilization of the network. We have centralized logistics through a centralized warehouse in Dubai and introduced common procurement processes across the Group services resulting in reduced operating and capital expenditure costs.

Acquisitions

The Group has from time to time made significant direct and indirect equity investments in a number of fixed telecommunication businesses in various jurisdictions. We completed the Raha Acquisition (in January 2017), the Neotel acquisition (in February 2017) and the Zanlink acquisition (in June 2017). Acquisitions have been used to rapidly grow our fiber network footprint in new countries (for example in Kenya, Uganda, Rwanda and Tanzania) or to strengthen our market position (for example in South Africa, Zimbabwe and Zambia). Most recently, on June 10, 2020, the Group entered into an agreement to purchase 71% holding in Worldstream (Pty) Ltd from Econet Group Ltd for a non-cash consideration of US$9.0 million.

Integrating and improving a newly acquired business and network generally also requires expenditures related to implementing network upgrades to bring the acquired business in line with our high Group-wide standards, which affects network reliability and reduces operational costs; investing in staff to support a seamless integration into the Group, which affects staff costs; investing in sales and marketing activities to increase brand awareness and strengthen the brand in new geographical territories, which affects selling and distribution costs; and reviewing operations to identify excess costs or unprofitable contracts, which affects administrative expenses. In addition, we generally record goodwill in connection with such acquisitions. As of November 30, 2020, the goodwill recorded on our balance sheet amounted to US$127.9 million. Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating income. We have not recognized any impairments to goodwill during the past three financial years. For the year ended February 29, 2020, there were US$0.9 million acquisition costs recognized, and for the nine months ended November 30, 2020, US$0.5 million of acquisition and other investment costs were recognized.

After completing a business combination, we seek to grow EBITDA, profitability and operating cash flow of businesses we have acquired through operations improvements. For example, following the acquisition of Neotel in South Africa in February 2017, South Africa EBITDA margin increased to 24.1% in the year ended February 29, 2020 compared to 20.3% in the year ended February 28 2018. We achieved this improvement through the closing down of unprofitable divisions, cancelling unprofitable contracts, investing in the physical network, and introducing a new management team.

In general, following any acquisition, our results of operations are impacted by the results of the newly acquired business, the cost of servicing any debt incurred to acquire the business and expenditures made to integrate the newly acquired business into the Group. As a result, revenues and cost of sales, among other line items, may not be comparable between periods in which acquisitions were consummated.

Interest costs and indebtedness

U.S. dollar and local currency denominated bank loans have been a significant source of our funding, primarily to finance both our organic and inorganic expansions as well as funding from previously issued senior secured notes. Our interest expense related to borrowings has therefore been a significant component of our finance costs in each of the nine months ended November 30, 2020 and November 30, 2019 at US$59.0 million and US$58.7 million, respectively, and each of the years ended February 29, 2020, February 28, 2019 and February 28, 2018 at US$79.4 million, US$73.5 million and US$79.0 million, respectively.

FACTORS AFFECTING COMPARABILITY

ADC Divestment

Prior to the date of closing of the Offering, we will enter into the ADC Sale and Purchase Agreements with ADC, pursuant to which we will agree to transfer the ADC Assets in exchange for an aggregate consideration of US$193.0

million, to be settled by (i) a cash consideration of US$60.0 million and (ii) US$133.0 million unsecured loan notes from ADC to Liquid Telecommunications South Africa Proprietary and LTK. These transactions are expected to complete before the Company enters into the New Senior Facilities Agreement and at or prior to the closing of the Offering. Following completion of the transactions contemplated by the ADC Sale and Purchase Agreements, and at the time of closing of the Offering, the ADC Assets will no longer be owned by the Group. In South Africa, certain of the ADC Assets consist of an undivided share in immovable property, and ADC is in the process of constructing further data centers on that immoveable property. The ADC Sale and Purchase Agreements contemplate that we will be required to transfer a portion of our undivided share in that immoveable property once ADC has completed the construction to compensate ADC for the relative increase in value of the aggregate property. The value of the undivided share which is held by us will be the same relative value as the value as of the date of this offering memorandum. The Security SPV and the Security Agent will, at the time contemplated in the ADC Sale and Purchase Agreement for such further transfer, sign any and all documentation which may be necessary to procure that the relevant portion of the undivided share that is transferred to ADC is unencumbered.

We believe the ADC Divestment will increase operational efficiency, allowing the Company to focus on realizing its strategy for its core businesses.

Please refer to "*Selected Financial and Other Data— Pro Forma Financial Information (post-with respect to the ADC Divestment*" for certain pro forma financial information giving pro forma effect to the ADC Divestment, together with certain explanatory notes.

Change in segment reporting

The Group has historically reported in four segments: Wholesale Data, Enterprise, Retail and Wholesale Voice. However, in preparation for the transition to our new operating model, beginning with the nine-month period ended November 30, 2020, we will be categorizing our revenue into six new reporting segments: Network, Liquid Sea, Digital Solutions, Technologies, Voice Traffic and Data Centre. As we transition to new segments, we are also reviewing the key performance indicators that we report on to ensure that such metrics effectively reflect the development, performance and position of the business.

This change reflects our strategic repositioning the business as a technology solutions provider, delivering a broader range of products and services to our customers than traditional telecommunications infrastructure. We believe the new segments better reflect the product and service categories we offer. The new segments are described briefly below:

- *Network.* Our network-based services remain at the core of the company and includes revenue from all our owned and leased fiber infrastructure, including the long-haul Cape to Cairo, East to West and South Africa national long distance ("**NLD**") routes.

- *Liquid Sea*. This segment includes revenue from agreements with sub-sea cable providers, hosting of landing stations and providing the gateway to large, global network provision agreements.

- *Digital Solutions*. Our digital solutions segment encompasses our cloud and cybersecurity products, as this segment grows it will include other complementary digital products.

- *Technologies*. Our technologies segment is, to date, primarily network roaming and managed service revenue. In time this will expand to include other innovations and ground-breaking technology in Africa.

- *Voice Traffic*. Our voice traffic segment includes all revenue from voice interconnect agreements.

- *Data Center*. Our data center segment is revenue generated from the data centers currently hosted in the Group.

The tables below summarize our revenue by old reporting segment and by new operating segment, respectively, for the periods ended November 30, 2019 and November 30, 2020.

Figure 5: Revenue by old reporting segment

	For the nine months ended	
	November 30, 2019	November 30, 2020
	(US$ thousands) (Unaudited)	
Wholesale Data	228,163	247,128
Enterprise	186,416	154,901
Retail	26,822	37,925
Wholesale Voice	106,535	95,324
Total	547,936	535,278

Figure 6: Revenue by new reporting segment

	For the nine months ended	
	November 30, 2019	November 30, 2020
	(US$ thousands) (Unaudited)	
Network	270,079	276,987
Undersea Cables	15,684	13,876
Digital Solutions	38,773	31,538
Technologies	95,815	99,853
Voice Traffic	107,957	96,020
Data center	19,628	17,005
Total	**547,936**	**535,279**

Financial Reporting in Hyperinflationary Economies

The economic conditions in Zimbabwe, particularly following changes to the currency in February 2019, are now hyperinflationary. As a result, local accounting bodies have determined that the principles of IAS 29 - "*Financial Reporting in Hyperinflationary Economies*" should be applied. The Group has therefore adopted hyperinflation accounting during the year ended February 29, 2020, with effect from October 1, 2018 for its Zimbabwean subsidiaries.

Since 2018, the RBZ has maintained tight controls on foreign currency exchange in Zimbabwe. On October 1, 2018, the RBZ directed all banks to ring-fence nostro FCAs (i.e. foreign currency accounts held by one bank at another bank) by separating them into two categories, namely ordinary nostro FCAs, which permit transactions in hard currencies other than RTGS (now the Zimbabwean dollar) and RTGS FCAs, which only permit transactions in RTGS (now the Zimbabwean dollar), which authorities sought to maintain at a 1:1 exchange ratio with the U.S. dollar. On February 20, 2019, the RBZ announced that with effect from February 22, 2019, it would adopt the Managed Float policy, permitting a limited interbank foreign exchange market to be established to formalize trading of RTGS balances with other currencies. The RTGS was also denominated as the Zimbabwean Dollar ("**ZWL**$"). Under this policy, whilst restrictions on the movement of foreign currency are still in place in Zimbabwe, there are now mechanisms in place to facilitate payments in U.S. dollars out of the country. In June 2020, the Reserve Bank of Zimbabwe commenced weekly U.S. dollar auctions, whereby companies can submit requests for U.S. dollar requirements and allocations are made according to government derived criteria.

In the 12-month period to February 29, 2020, there has been further movement in the ZWL$:USD exchange rate and the Group has used a rate of ZWL$:USD 18.0:1 to translate the statement of profit or loss and the statement of financial position as of and for the year ended February 29, 2020. Of the US$599.1 million of net foreign exchange loss in the consolidated statement of profit and loss for the year ended February 29, 2020, Zimbabwe contributed US$595.6 million. The net foreign exchange loss arises mainly on the retranslation of U.S. dollar denominated intra-group debt at the statement of financial position date.

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of 2019, the Group observed that the conditions in Zimbabwe were indicative of a hyperinflationary economy. This was confirmed in a statement released on October 11, 2019 by the PAAB, which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "*Financial Reporting in Hyperinflationary Economies*" in Zimbabwe have been met.

Hyperinflation accounting is applicable to accounting periods ended on or after July 1, 2019 and so the Group has applied the requirements of IAS 29 in its consolidated financial statements for the year to February 29, 2020, effective from October 1, 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at March 1, 2019 of US$100.3 million have been recognized in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs of the Group being reported in inflation adjusted terms as of February 29, 2020 and at November 30, 2020.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The Group has used the official published Zimbabwe Consumer Price Index ("**Zimbabwean CPI**") as the general price index. The gains on the net monetary position of US$458.5 million have been recognized in the consolidated statement of profit or loss through "Hyperinflation monetary gain" based on a Zimbabwean CPI of 640.2 for the year to February 29, 2020.

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 18.0:1 was used for the period ended February 29, 2020 and ZWL$:USD 81.80:1.00 for the period to November 30, 2020.

The comparative amounts in the consolidated financial statements of the Group have not been restated as the presentation currency of the Group is that of a non-hyperinflationary economy.

Impact of initial application of IFRS 16 "Leases"

IFRS 16 "*Leases*" was issued in January 2016 to replace IAS 17 "*Leases*". The standard was effective for accounting periods beginning on or after January 1, 2019 and was adopted by the Group on March 1, 2019. IFRS 16 primarily changed lease accounting for lessees; lease agreements give rise to the recognition of an asset representing the right to use the leased item (a "**Right-of-Use asset**") and a lease obligation ("**Lease Liabilities**") for future lease payables. Lease costs are recognized in the form of depreciation of the Right-to-Use asset and interest on the Lease Liability. Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and did not have a material impact for the Group for the periods under discussion.

The Group has assessed the impact of the accounting changes under IFRS 16 with effect from March 1, 2019 and notes the following:

- Right-of-Use assets have been recorded for assets that were leased, measured at the present value of future lease payments in the Group's consolidated statement of financial position for the "reasonably certain" period of the lease, which includes future lease periods for which the Group has extension options. Previously, no leased assets were included in the Group's consolidated statement of financial position for operating leases. Under IFRS 16, Right-of-Use assets are tested for impairment in accordance with IAS 36 "*Impairment of Assets*". This replaces the previous requirement to recognize a provision for onerous lease contracts. The Group has recognized a Right-Of-Use asset at the date of initial application for leases previously classified as an operating lease under IAS 17 "*Leases*". The Group has elected, on a lease-by-lease basis, to measure that Right-Of-Use asset at either:

  (a) its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application; or

  (b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

  After the commencement date, the Right-Of-Use asset has been measured applying a cost model. To apply a cost model, the entity shall measure the Right-Of-Use asset at cost:

  (a) less any accumulated depreciation and any accumulated impairment losses; and

  (b) adjusted for any remeasurement of the Lease Liability.

- At commencement date, Lease Liabilities have been recorded at the present value of future lease payments in the Group's consolidated statement of financial position for the "reasonably certain" period of the lease, which includes future lease periods for which the Group has extension options. Previously, Lease Liabilities were generally not recorded for future operating lease payments and were, instead, disclosed as commitments. After the commencement date, the Lease Liability has been measured by:

(a) increasing the carrying amount to reflect interest on the Lease Liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- At the commencement date, the rate implicit in the lease has been used as the discount rate. If this rate cannot be readily determined, the Group uses incremental borrowing rates applicable to each entity and class of lease. The Group's weighted average incremental borrowing rate is 8.5% as per the practical expedient provided by IFRS 16. If the Group is required to revise the discount rate due to changes in conditions related to the lease, the interest rate implicit in the lease will be used, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

- Lease expenses are recorded through depreciation for Right-of-Use assets and interest on Lease Liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Previously, operating lease rentals were expensed on a straight-line basis over the lease term and disclosed as part of administrative expenses.

- Operating lease cash outflows were previously included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these are recorded as cash flows from financing activities reflecting the repayment of Lease Liabilities (borrowings) and related interest.

- An operating lease under IAS 17 "*Leases*" may have had asset and service components and both parts would have been expensed. As a practical expedient under IFRS 16, the Group has elected that any existing lease comprising both components to be treated as a lease. The Group has elected not to separate non-lease components from lease components, and instead accounts for each lease component and the associated non-lease component as a single lease component. The practical expedient has been applied to fiber infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss. Additionally, the Group has elected to apply this to leases for which the lease term ends within 12 months of the date of initial application of IFRS 16. In this case, the Group has accounted for those leases in the same way as short-term leases and included the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

On adoption of IFRS 16, the Group had a choice between applying the fully retrospective approach or the modified retrospective approach for initial recognition of Right-of-Use assets. The Group chose to apply the modified retrospective approach under which the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application (March 1, 2019).

IFRS 16 has impacted a high volume of transactions and material judgements were required in identifying and accounting for leases. The table below summarizes the impact of IFRS 16 adoption on our consolidated statement of profit or loss for the year ended February 29, 2020:

	For the year ended February 29, 2020		
	Post	**Adjustment**	**Pre**
		(US$ thousands)	
Revenue	785,741	-	785,741
Interconnect related costs	(123,560)	-	(123,560)
Data and network related costs	(242,414)	(33,435)	(275,849)
Other income	4,583	-	4,583
Selling, distribution and marketing costs	(27,032)	(167)	(27,199)
Administrative expenses	(50,659)	(3,744)	(54,403)
Staff costs	(99,319)	-	(99,319)
Depreciation, impairment and amortisation	(149,889)	34,669	(115,220)
Operating profit	**97,451**	**(2,677)**	**94,774**
Dividend received	-	-	-
Restructuring costs	(455)	-	(455)
Acquisition and other investment costs	(921)	-	(921)
Interest income	2,979	-	2,979
Finance costs	(79,427)	9,524	(69,903)
Foreign exchange loss	(599,078)	-	(599,078)
Hyperinflation monetary gain	458,507	-	458,507
Share of profits / (loss) of associate	105	-	105
Profit / (loss) before taxation	**(120,839)**	**6,847**	**(113,992)**
Tax expense	57,511	-	57,511
Profit / (loss) for the period	**(63,328)**	**6,847**	**(56,481)**

See "*—Historical Results of Operations*".

BASIS OF FINANCIAL PRESENTATION

The Annual Financial Statements for the years ended February 28, 2018, February 28, 2019 and February 29, 2020 have been prepared in accordance with IFRS as issued by IASB. The Interim Financial Statements for the nine months ended November 30, 2020 and the nine months ended November 30, 2019 have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. For the periods discussed in this offering memorandum, the Liquid Group's presentation currency was the U.S. dollar. The Liquid Group's financial year ends on the last day of February of each calendar year. See "Presentation of Financial and Other Data."

Functional Currencies and Presentation Currency

The Liquid Group presents its consolidated financial statements in U.S. dollars. The Liquid Group uses the U.S. dollar as the presentation currency of its consolidated financial statements because management analysis and reporting is prepared in U.S. dollars.

HISTORICAL RESULTS OF OPERATIONS

The Liquid Group's results of operations

The table below presents the Liquid Group's results of operations for the periods indicated which has been extracted without material adjustment from the Liquid Financial Statements set out in Part "*Selected Financial and Other Data*".

	For the year ended			For the nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
		(US$ thousands) (Audited)		(US$ thousands) (Unaudited)	
Revenue	680,948	668,910	785,741	547,936	535,279
Interconnect related costs	(121,141)	(119,875)	(123,560)	(89,956)	(81,693)
Data and network related costs	(176,413)	(178,413)	(242,414)	(166,137)	(181,270)
Other income	1,343	1,832	4,583	2,134	379
Selling, distribution and marketing costs	(19,258)	(18,787)	(27,032)	(9,561)	(12,618)
Administrative expenses	(59,227)	(57,362)	(50,659)	(35,637)	(34,970)
Staff costs	(114,863)	(115,428)	(99,319)	(74,090)	(66,897)
Depreciation, impairment and amortisation	(94,347)	(99,414)	(149,889)	(111,252)	(86,746)
Operating profit	**97,042**	**81,463**	**97,451**	**63,437**	**71,464**
Dividend received	-	629	-	-	292
Restructuring costs	-	(5,757)	(455)	(465)	(5,139)
Acquisition and other investment costs	(2,494)	(5,269)	(921)	(349)	(466)
Interest income	3,383	5,589	2,979	2,262	1,493
Finance costs	(78,961)	(73,528)	(79,427)	(58,706)	58,970
Foreign exchange (loss) / gain	(1,314)	(91,780)	(599,078)	(471,889)	334,786
Hyperinflation monetary gain	-	-	458,507	236,240	(327,586)
Share of profits of associate	76	62	105	17	(7)
Profit before taxation	**17,732**	**(88,591)**	**(120,839)**	**(229,453)**	**1,957**
Tax expense	(17,594)	(27,540)	57,511	19,908	(13,988)
Profit / (loss) for the period	**138**	**(116,131)**	**(63,328)**	**(209,545)**	**(12,031)**

Results of operations for the nine-month periods November 30, 2019 and November 30, 2020

Revenue

The following table sets forth our revenue by segment for the periods indicated.

	For the nine months ended November 30, 2020						
	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
				(US$ thousands)			
Data and other services							
Wholesale	144,578	34,630	44,215	77,404	-	(52,739)	248,088
Enterprise	88,073	19,192	44,260	2,510	-	(93)	153,942
Retail	-	27,793	10,132	-	-	-	37,925
Wholesale voice traffic	4,773	-	12	95,245	-	(4,706)	95,324
Inter-segmental revenue	(5,696)	(1,141)	(6,811)	(43,890)	-	57,538	-
Group External Revenue	**231,728**	**80,474**	**91,808**	**131,269**	**-**	**-**	**535,279**

For the nine months ended November 30, 2019							
	South Africa	**Zimbabwe**	**Rest of Africa**	**Rest of the World**	**Central Administration Costs**	**Eliminations**	**Total**
				(US$ thousands)			
Data and other services							
Wholesale	160,461	18,929	36,306	57,679	-	(45,219)	228,156
Enterprise	123,038	18,356	42,722	2,308	-	-	186,424
Retail	2,454	18,037	6,330	-	-	-	26,821
Wholesale voice traffic	8,628	-	13	109,304	-	(11,410)	106,535
Inter-segmental revenue	(9,530)	(773)	(6,168)	(40,158)	-	56,629	-
Group External Revenue	**285,051**	**54,549**	**79,203**	**129,133**	**-**	**-**	**547,936**

Revenue principally comprises (i) revenue from data and other services to wholesale customers principally arising from the sale of global IP Transit and fiber connectivity to 2G, 3G, 4G and 5G mobile base stations, roaming across our network to Mobile Network operators, sale of dark fiber IRUs, IP backhaul, wholesale cloud products and hosting and colocation services, (ii) revenue from data and other services to enterprise and retail customers principally arising from broadband connectivity, direct internet access, VPN connectivity, VOIP services, cloud services and hosting and colocation services, and (iii) wholesale voice revenue, which arises from the termination of international voice minutes between international and national carriers and International and African mobile network operators.

Revenue decreased by US$12.7 million, or 2.3%, to US$535.3 million in the nine months ended November 30, 2020 from US$547.9 million in the nine months ended November 30, 2019. This decrease is primarily due to a 11.1% decline in our Voice Traffic segment due to the COVID-19 pandemic global lockdowns that resulted in reduced business usage and led individuals to make use of VOIP technology, offset by the Network segment increased growth of 2.6% following the sale of IRUs and dark fiber in Rest of World and Rest of Africa geographic area. Also contributing to the uplift was a move to USD billing in Zimbabwe, helping to offset the drop in South Africa Network revenue due to the timing of deals in both the current and prior years. However, overall, the impact of weaker exchange rates, primarily in South Africa, resulted in year-on-year reductions across most revenue segments.

Interconnect related costs

Interconnect related costs principally comprise wholesale voice termination fees paid to international and national carriers and International and African mobile network operators for the termination of wholesale voice minutes.

Interconnect related costs decreased by US$8.3 million, or 9.2%, to US$81.7 million in the nine months ended November 30, 2020 from US$90.0 million in the nine months ended November 30, 2019. This movement was due reduced minutes terminated due to further global lockdowns, resulting in reduced business usage, leading individuals to make use of VOIP technology.

Data and network related costs

Data and network related costs principally comprises licensing fees paid to regulators for providing data connectivity services, colocation costs, cost of equipment sold to customers, satellite leasing costs, cloud services, last mile connectivity services, where the Group does not own or build the network.

Data and network related costs increased by US$15.1 million, or 9.1%, to US$181.3 million in the nine months ended November 30, 2020 from US$166.1 million in the nine months ended November 30, 2019. This increase was primarily due to costs associated with the significant contracts signed in South Africa (including the 4G and 5G roaming contracts).

Other income

Other income decreased by US$1.8 million, or 82.2%, to US$0.4 million in the nine months ended November 30, 2020 from US$2.1 million in the nine months ended November 30, 2019. This decrease was primarily due to reduced profit on disposals property, plant and equipment.

Selling, distribution and marketing costs

Selling, distribution and marketing costs principally comprise bad debts provision, advertising and promotions costs and donations.

Selling, distribution and marketing costs increased by US$3.1 million, or 32%, to US$12.6 million in the nine months ended November 30, 2020 from US$9.6 million in the nine months ended November 30, 2019. This increase was primarily due to increased bad debts provisions arising from the economic challenges presented by the COVID-19 pandemic, offset by reduced advertising costs due to reduced physical activities as a result of in-country lockdowns.

Administrative expenses

Administrative expenses principally comprise short-term leases, office expenses, consulting fees, travel and entertainment costs, and computer expenses.

Administrative expenses decreased by US$0.7 million, or 1.9%, to US$35.0 million in the nine months ended November 30, 2020 from US$35.6 million in the nine months ended November 30, 2019. This decrease was primarily due to reduced travel costs caused by the lockdown restrictions in the countries the group operates in, offset by increased office expenses as result of office cleaning and protective equipment procured for staff during the COVID-19 pandemic.

Staff costs

Staff costs decreased by US$7.2 million, or 9.7%, to US$66.9 million in the nine months ended November 30, 2020 from US$74.1 million in the nine months ended November 30, 2019. This decrease was primarily due to the benefit of organizational restructures in South Africa, Zimbabwe, Zambia and Kenya following the introduction of a new operating model, which sees enhanced automation and digitalization of the business and increased focus on digital services and cloud-based offerings.

Depreciation, impairment and amortization

Depreciation, impairment and amortization decreased by US$24.5 million, or 22%, to US$86.7 million in the nine months ended November 30, 2020 from US$111.3 million in the nine months ended November 30, 2019. This decrease was primarily due to depreciation of the South African Rand and the Zimbabwean dollar offsetting the growth in our tangible fixed assets with investment in backbone network in South Africa, South Sudan and DRC fiber rollouts and the effect of the adoption of IFRS 16. See "—*Factors Affecting Comparability—Impact of initial application of IFRS 16 'Leases.*'"

Restructuring costs

Restructuring costs increased by US$4.7 million, or 1005.2%, to US$5.1 million in the nine months ended November 30, 2020 from US$0.5 million in the nine months ended November 30, 2019. This increase was primarily due to restructuring of the South African, Kenyan and Zambian operations due to an introduction of a new operating model, driven by increased automation and digitalization of the business and greater focus on digital services and cloud based offerings.

Acquisition and other investment costs

Acquisition and other investment costs increased by US$0.1 million, or 33.5%, to US$0.5 million in the nine months ended November 30, 2020 from US$0.3 million in the nine months ended November 30, 2019. This increase was primarily due to various professional fees attributable to due diligence exercises conducted during the period.

Interest Income

Interest income decreased by US$0.8 million, or 34%, to US$1.5 million in the nine months ended November 30, 2020 from US$2.3 million in the nine months ended November 30, 2019. This decrease was primarily due to reduction in interest-bearing cash balances and investments during the period as cash was reinvested into tangible fixed assets post the CDC investment into the group in April 2019.

Finance costs

Finance costs increased by US$0.3 million, or 0.5%, to US$58.9 million in the nine months ended November 30, 2020 from US$58.7 million in the nine months ended November 30, 2019. This increase was primarily due to the Existing Revolving Credit Facility being drawn in March 2020 for a slightly longer period than the prior year as a precautionary measure to preserve liquidity due to the uncertainties of the impact of the COVID-19 pandemic, offset by the decrease in finance costs from Zambia as the term debt is paid down annually.

Foreign exchange (loss) / gain and Hyperinflation monetary gain

We incurred a foreign exchange loss of US$334.3 million and a hyperinflation monetary gain of US$327.6 million in the nine months ended November 30, 2020, as compared to a foreign exchange loss of US$471.9 million and a hyperinflation monetary gain of US$236.2 million in the nine months ended November 30, 2019. This was primarily due to the depreciation of the South African Rand and the Zimbabwean dollar. The Zimbabwean CPI used in calculating the hyperinflation monetary gain as of November 30, 2020 was 2,374.24.

In the period ended November 30, 2020, the Group recognized US$9.4 million of the hyperinflation monetary gain in Other comprehensive (loss)/profit for the period. This amount represents the hyperinflation monetary gain on the opening balances as of March 1, 2020, as calculated from 1 October 2018.

Tax expense

Tax expense was US$14.0 million in the nine months ended November 30, 2020, compared to a tax credit of US$19.9 million in the nine months ended November 30, 2019. This movement arose due to the deferred tax impact of hyperinflation accounting in Zimbabwe.

Loss for the year

For the reasons discussed above, we incurred a loss of US$12.0 million in the nine months ended November 30, 2020, 94.3% lower than our loss of US$209.5 million in the nine months ended November 30, 2019.

Results of operations for the years ended February 28, 2018, February 28, 2019 and February 29, 2020

Revenue

The following table sets forth our revenue by segment for the periods indicated.

For the year ended February 29, 2020							
	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	(US$ thousands)						
Data and other services							
Wholesale	249,020	39,998	46,866	84,761	-	(66,713)	353,932
Enterprise	157,659	27,862	58,603	2,600	-	-	246,724
Retail	2,453	28,881	8,780	-	-	-	40,114
Wholesale voice traffic	10,718	-	14	147,778	-	(13,539)	144,971
Inter-segmental revenue	(11,949)	(1,031)	8,342	(58,930)	-	80,252	-
Group External Revenue	**407,901**	**95,710**	**105,921**	**176,209**	**-**	**-**	**785,741**

For the year ended February 28, 2019							
	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	(US$ thousands)						
Data and other services							
Wholesale	86,334	60,776	42,151	77,195	-	(50,125)	216,331
Enterprise	170,790	25,066	52,893	5,453	-	-	254,202
Retail	9,359	31,077	7,404	-	-	-	47,840
Wholesale voice traffic	17,854	-	11	163,993	-	(31,321)	150,537
Inter-segmental revenue	(14,081)	(916)	(5,910)	(60,539)	-	81,446	-
Group External Revenue	**270,256**	**116,003**	**96,549**	**186,102**	**-**	**-**	**668,910**

For the year ended February 28, 2018							
	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	(US$ thousands)						
Data and other services							
Wholesale	81,638	74,268	36,411	73,432	-	(46,240)	219,329
Enterprise	183,325	27,692	48,161	6,065	-	-	265,243
Retail	13,637	29,040	6,787	-	-	-	49,464
Wholesale voice traffic	24,245	-	18	147,083	-	(24,434)	146,912
Inter-segmental revenue	(10,882)	(873)	(3,461)	(55,638)	-	70,854	-
Group External Revenue	291,963	130,127	87,916	170,942	-	-	680,948

Revenue principally comprises (i) revenue from data and other services to wholesale customers principally arising from the sale of global IP Transit and fiber connectivity to 2G, 3G, 4G and 5G mobile base stations, roaming across our network to Mobile Network operators, sale of dark fiber IRUs, IP backhaul, wholesale cloud products and hosting and colocation services, (ii) revenue from data and other services to enterprise and retail customers principally arising from broadband connectivity, direct internet access, VPN connectivity, VOIP services, cloud services and hosting and colocation services, and (iii) wholesale voice revenue, which arises from the termination of international voice minutes between international and national carriers and International and African mobile network operators.

Revenue increased by US$116.8 million, or 17.5%, to US$785.7 million in the year ended February 29, 2020 from US$668.9 million in the year ended February 28, 2019. This increase was primarily driven by a number of significant contracts signed in the final quarter of the year in the wholesale data segment in South Africa and Rest of Africa. In addition, the 4G roaming contract commenced in the year ended February 28, 2019, providing nine months of monthly recurring revenue in the period for South Africa.

The Rest of Africa segment achieved a US$9.4 million uplift in revenue in the year driven by strong growth in Kenya. Rwanda saw a 13.9% uplift in revenue as a result of a number of customer wins in the education and banking sectors and Uganda contributed a 24.0% increase in revenue, whilst Tanzania, despite a highly price competitive local market, was able to hold revenue steady year on year. In the DRC, the prior year investment has become active and commercialized in the year ended February 29, 2020, resulting in a year on year increase in revenue of 38.6%. Offsetting the above growth was the impact of a weakening South African Rand and ZWL$ in the period as the average ZAR:USD average rate for the year ended February 29, 2020 was 14.6:1 compared to 13.5:1 for the year to February 28, 2019. The impact on revenue from the movement in the Rand was US$34.6 million in the year ended February 29, 2020. The ZWL$ fell from ZWL$:USD 2.5:1 to 18.0:1 in the year ended February 29, 2020, adversely impacting revenue by US$20.3 million.

Revenue decreased by US$12.0 million, or 1.8%, to US$668.9 million in the year ended February 28, 2019 from US$680.9 million in the year ended February 28, 2018. The retrospective impact of the introduction of the Zimbabwe currency from October 1, 2018 to February 22, 2019 resulted in a negative impact on revenue of US$42.4 million. Offsetting this was (i) growth in the underlying performance in our wholesale data and other services segment, with revenue, principally driven by the delivery of dark fiber and IRU sales in South Africa and the initial one-off network planning fee of US$13.0 million from a 4G roaming contract, signed during the year; and (ii) an increase in revenue from our wholesale voice traffic segment which grew by 2.5% due to an increase in minutes and increase in the average revenue per minute following a reduction in the trading of minutes with low revenue per minute destinations such as USA and increased higher revenue per minute traffic terminating in destinations like Niger, Nigeria, UAE and Saudi Arabia.

Interconnect related costs

Interconnect related costs increased by US$3.7 million, or 3.1%, to US$123.6 million in the year ended February 29, 2020 from US$119.9 million in the year ended February 28, 2019. This was primarily due to an increase in wholesale voice traffic termination costs, primarily driven by a change in geographical mix of the voice traffic to higher cost destinations.

Interconnect related costs decreased by US$1.2 million, or 1.0%, to US$119.9 million in the year ended February 28, 2019 from US$121.1 million in the year ended February 28, 2018. This was primarily due to a change in geographical mix of the voice traffic to destinations with lower termination costs.

Data and network related costs

Data and network related costs increased by US$64.0 million, or 35.9%, to US$242.4 million in the year ended February 29, 2020 from US$178.4 million in the year ended February 28, 2019. This increase was primarily due to an increase in connectivity service costs, particularly in South Africa, associated with the signing of new agreements with major customers during the year ended February 29, 2020 and in late February 2019.

Data and network related costs increased by US$2.0 million, or 1.1%, to US$178.4 million in the year ended February 28, 2019 from US$176.4 million in the year ended February 28, 2018. This increase was primarily due to an increase in demand for data connectivity services that arose from dark fiber and IRU sales in South Africa.

Other income

Other income increased by US$2.8 million, or 155.6%, to US$4.6 million in the year ended February 29, 2020 from US$1.8 million in the year ended February 28, 2019. This increase was primarily due to an increase in profit on disposal of property, plant and equipment.

Other income increased by US$0.5 million, or 36.4%, to US$1.8 million in the year ended February 28, 2019 from US$1.3 million in the year ended February 28, 2018. This increase was primarily due to an increase in profit on disposal of property, plant and equipment.

Selling, distribution and marketing costs

Selling, distribution and marketing costs increased by US$8.2 million, or 43.9%, to US$27.0 million in the year ended February 29, 2020 from US$18.8 million in the year ended February 28, 2019. This increase was primarily due to an increase in provision for bad debts in South Africa, Mauritius and Zambia offset by a decrease in advertising and promotion expenses resulting from the on-going cost optimization initiatives of the Group and the impact of adopting IFRS 16.

Selling, distribution and marketing costs decreased by US$0.5 million, or 2.4%, to US$18.8 million in the year ended February 28, 2019 from US$19.3 million in the year ended February 28, 2018. This decrease was primarily due cost optimization initiatives relating to advertising and promotion expenses offset by an increase in provision for bad debts following the first-time adoption of the new accounting standard, IFRS 9 "*Financial Instruments"*.

Administrative expenses

Administrative expenses principally comprise short-term leases, office expenses, consulting fees, travel and entertainment costs, and computer expenses.

Administrative expenses decreased by US$6.7 million, or 11.7 %, to US$50.7 million in the year ended February 29, 2020 from US$57.4 million in the year ended February 28, 2019. This decrease was primarily due to the annualized benefit of cost optimization strategies implemented in the prior year and the impact of adopting IFRS 16 resulting in reduced expenditure of US$3.7 million. See "*—Factors Affecting Comparability—Impact of initial application of IFRS 16 'Leases.*'"

Administrative expenses decreased by US$1.9 million, or 3.1%, to US$57.4 million in the year ended February 28, 2019 from US$59.2 million in the year ended February 28, 2018. This decrease was primarily due to a reduction in management fees payable as a result of a minority interest buy-out and continued cost optimization through the digitalization of processes and migration of computer services away from an external supplier to the in-house team.

Staff costs

Staff costs decreased by US$16.1 million, or 14.0%, to US$99.3 million in the year ended February 29, 2020 from US$115.4 million in the year ended February 28, 2019. This decrease was primarily due the annualized benefit of the Group restructuring the organization primarily in South Africa and Zimbabwe due to an introduction of a new operating model, which sees enhanced automation and digitalization of the business.

Staff costs increased by US$0.6 million, or 0.5%, to US$115.4 million in the year ended February 28, 2019 from US$114.9 million in the year ended February 28, 2018. This slight increase was primarily offset by the Group restructure, primarily in South Africa and Zimbabwe as mentioned above.

Depreciation, impairment and amortization

Depreciation, impairment and amortization increased by US$50.5 million, or 50.8%, to US$149.9 million in the year ended February 29, 2020 from US$99.4 million in the year ended February 28, 2019. This increase primarily resulted from to the impact of hyperinflation accounting on property, plant and equipment and the associated accumulated depreciation. IFRS 16 also contributed US$34.7 million to the full year increase.

Depreciation, impairment and amortization increased by US$5.1 million, or 5.4%, to US$99.4 million in the year ended February 28, 2019 from US$94.3 million in the year ended February 28, 2018. This increase was principally driven by capital expenditure during the year.

Restructuring costs

Restructuring costs decreased by US$5.3 million, or 91.4%, to US$0.5 million in the year ended February 29, 2020 from US$5.8 million in the year ended February 28, 2019. This decrease was primarily due to a restructure of the Zambian operations.

Restructuring costs were US$5.8 million in the year ended February 28, 2019 due to the Group restructure in South Africa and Zimbabwe.

Restructuring costs were US$0 in the year ended February 28, 2018.

Acquisition and other investment costs

Acquisition and other investment costs decreased by US$4.4 million, or 83.0%, to US$0.9 million in the year ended February 29, 2020 from US$5.3 million in the year ended February 28, 2019.

Acquisition and other investment costs increased by US$2.8 million, or 112.0%, to US$5.3 million in the year ended February 28, 2019 from US$2.5 million in the year ended February 28, 2018.

Acquisition costs related to the capital structuring and fund-raising processes undertaken during the years ended February 28, 2019 and February 29, 2020.

Interest Income

Interest income decreased by US$2.6 million, or 46.7% to US$3.0 million in the year ended February 29, 2020 from US$5.6 million in the year ended February 28, 2019. This decrease was principally driven by reduced interest-bearing cash balances generating interest income and the effect of the depreciation of the Zimbabwean dollar.

Interest income increased by US$2.2 million, or 65.2%, to US$5.6 million in the year ended February 28, 2019 from US$3.4 million in the year ended February 28, 2018. This increase was principally driven by higher interest-bearing cash balances generating interest income prior to the introduction of the Zimbabwean dollar.

Finance costs

Finance costs increased by US$5.9 million, or 8.0%, to US$79.4 million in the year ended February 29, 2020 from US$73.5 million in the year ended February 28, 2019. The increase was largely driven by the change in accounting treatment for leases under IFRS 16 in the year ended February 29, 2020.

Finance costs decreased by US$5.5 million, or 7.0%, to US$73.5 million in the year ended February 28, 2019 from US$79.0 million in the year ended February 28, 2018.

Foreign exchange (loss) / gain and Hyperinflation monetary gain

We recognized a foreign exchange loss of US$599.1 million and a hyperinflation monetary gain of US$458.5 million in the year ended February 29, 2020, compared with a foreign exchange loss of US$91.8 million in the year ended February 28, 2019. The foreign exchange loss in the year ended February 29, 2020 was primarily due to the translation of US Dollar trade payables and liabilities and were predominantly non-cash in Zimbabwe. The monetary adjustment relates entirely to the adoption of IAS 29 "*Financial Reporting in Hyperinflationary Economies*."

We recognized a foreign exchange loss of US$91.8 million in the year ended February 28, 2019, compared with a foreign exchange loss of US$1.3 million in the year ended February 28, 2018. The foreign exchange loss in the year ended February 28, 2019 was primarily due to the retranslation of cash and current assets in Zimbabwe.

Share of profits of associate

Share of profits of associate was flat at US$0.1 million for the year ended February 29, 2020 and the years ended February 28, 2019 and February 28, 2018, reflecting the Group's 20% investment in its associate Number Portability Company (Pty) Limited in South Africa.

Tax expense

We realized a tax credit of US$57.5 million in the year ended February 29, 2020, compared to a tax expense of US$27.5 million in the year ended February 28, 2019. This was primarily due to the recognition of the deferred tax asset relating to hyperinflationary accounting in Zimbabwe.

Tax expense increased by US$9.9 million, or 56.3%, to US$27.5 million in the year ended February 28, 2019 from a tax expense US$17.6 million in the year ended February 28, 2018. This increase was primarily due to a deferred tax charge on foreign exchange loss which arose 2019 as result of the change in currency in Zimbabwe with effect from 22 February 2019.

Profit / (Loss) for the year

The loss for the year decreased by US$52.8 million, or 45.5%, to a loss of US$63.3 million in the year ended February 29, 2020 from a loss of US$116.1 million in the year ended February 28, 2019, due the currency changes and results of operations described above.

For the reasons discussed above, the loss for the year was US$116.1 million in the year ended February 28, 2019, down from a profit of US$0.1 million in the year ended February 28, 2018.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity have been cash flows from operations and bank borrowings, and our principal uses of cash flows from operations include capital expenditures, interest, tax payments and loan principal repayments.

Our ability to fund planned capital expenditures and working capital, and to make scheduled payments of principal, or to pay the interest on, or to refinance, our indebtedness, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors that are beyond our control, as well as our ability to repatriate profits and capital from certain of the jurisdictions in which we operate which have jurisdictionally-specific restrictive exchange control policies, particularly the Democratic Republic of Congo and Zimbabwe.

We believe that our cash flows from operating activities, bank borrowings and issuance of securities will be sufficient to fund our anticipated capital expenditure, working capital requirements and debt service requirements as they become due.

As of November 30, 2020, our cash and cash equivalents amounted to US$82.2 million (including restricted cash), of which US$30.0 million was held in Zimbabwe, US$18.2 million in South Africa, US$23.0 million in Rest of Africa (our operations in Africa other than South Africa and Zimbabwe), and US$11.1 million in our Rest of World (International) geographical segment. Out of our total cash and cash equivalents as of November 30, 2020, an amount of US$1.2 million, or 1.5%, has been treated as restricted cash. Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits.

Historical cash flows summary

The Liquid Group's historical cash flows

The following table sets forth, for the years ended February 28, 2018, February 28, 2019 and February 29, 2020, and the nine months ended November 30, 2019 and November 30, 2020, the Liquid Group's consolidated cash flows generated from operating activities, cash flows used in investing activities and cash flows generated from financing activities.

	For the year ended			Nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
	(US$ thousands) (Audited)			(US$ thousands) (Unaudited)	
Net cash generated from operating activities	181,025	152,410	136,542	91,951	141,790
Net cash used in investing activities	(269,238)	(113,162)	(100,995)	(90,289)	(56,249)
Net cash generated from / (used in) financing activities	82,725	(48,056)	(1,612)	42,295	(67,118)
Net (decrease) / increase in cash and cash equivalents	(5,488)	(8,808)	33,935	43,957	18,423
Cash and cash equivalents at beginning of the period	152,736	163,655	95,082	95,082	85,003
Translation of cash with respect to foreign subsidiaries	16,407	(59,765)	(44,014)	(42,797)	(21,250)
Cash and cash equivalents at end of the period	**163,655**	**95,082**	**85,003**	96,242	82,176

Cash flows from operating activities before working capital changes were US$153.6 million the nine months ended November 30, 2020 and US$167.1 million in the nine months ended November 30, 2019, primarily due to the reasons discussed in "*—The Liquid Group's results of operations—Results of operations for the nine months ended November 30, 2020 and November 30, 2019*."

Cash flows from operating activities before working capital changes were US$259.4 million in the year ended February 29, 2020, US$182.8 million in the year ended February 28, 2019, and US$189.3 million in the year ended February 28, 2018, primarily due to the reasons discussed in "*—The Liquid Group's results of operations—Results of operations for the years ended February 29, 2020, February 28, 2019 and February 28, 2018*."

Working Capital

The following table shows changes in our working capital:

	For the year ended			Nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
	(US$ thousands) (Audited)			(US$ thousands) (Unaudited)	
Cash flow from operating activities before working capital	189,269	182,809	259,446	167,146	153,617
(Increase) / decrease in inventories	(8,723)	185	(2,581)	347	(5,481)
(Increase) / decrease in trade and other receivables	(41,483)	(886)	(103,576)	(62,867)	(20,527)
(Decrease) / increase in trade and other payables	17,455	(6,217)	2,052	(3,588)	7,022
(Decrease) / increase in deferred revenue	10,763	(3,537)	(12,758)	(8,110)	12,382
(Decrease) / increase in accruals	19,809	(2,466)	3,988	3,918	2,521
(Decrease) / increase in unfavourable contracts	(3,135)	917	(582)	(427)	(448)
Cash generated from operations	183,955	170,805	145,989	96,419	149,086
Income tax (paid) / received	(2,930)	(18,395)	(9,447)	(4,468)	(7,296)
Net cash generated from operating activities	**181,025**	**152,410**	**136,542**	**91,951**	**141,790**

We had a working capital requirement of US$4.5 million in the nine months ended November 30, 2020. This was primarily due to an increase in trade and other receivables as a result of invoicing large deals to customers and the timing of collections. This was offset by increased deferred revenue representing the upfront cash payment of IRUs and Dark Fiber sold during the period and increased accruals. Trade and other payables also increased by US$7.0 million.

We had a working capital requirement of US$113.5 million in the year ended February 29, 2020. This was primarily due to an increase in trade receivables and other receivables of US$103.6 million, principally as a result of increased billing of large deals to customers, where the service has been invoiced, but not yet collected as of year-end. Adding to this working capital requirement was a decrease in deferred revenue of US$12.8 million representing the amortisation of IRUs during the year, which would have used up cash received from upfront sales. The working capital outflow as described above was partially offset by an increase accruals and trade and other payables of US$6.0 million due to the period end hold on cash as part of management's careful working capital processes.

We had a working capital requirement of US$12.0 million in the year ended February 28, 2019. This was primarily due to the decrease in accruals of US$2.5 million and trade and other payables of US$6.2 million due to the normalization of trade creditors and accrued balances post the 2018 financial year, where management was unable to hold back on payments to specific creditors at year end. There was also a decrease in deferred revenue of US$3.5 million representing the amortisation of IRUs during the year, which would have used up cash received from upfront sales.

We had a working capital requirement of US$5.3 million in the year ended February 28, 2018. This was primarily due to an increase in trade receivables and other receivables of US$41.5 million, principally as a result of increased prepayments, timing of customer payments and one-off sales of IRUs to customers at year end. These developments were partially offset by an increase in accruals of US$19.8 million and trade and other payables of US$17.5 million due to the year/quarter end hold on cash as part of management's careful working capital processes. The increase in deferred revenue of US$10.8 million represents mainly the sale of IRUs during the year.

Cash flows generated from operating activities

Cash flows generated from operating activities were US$141.8 million in the nine months ended November 30, 2020, and US$92.0 million in the nine months ended November 30, 2019. The increase in cash flows generated from operating activities in the nine months ended November 30, 2020, as compared with the nine months ended November 30, 2019, was primarily due to the improvement in trade and other receivables due to collections of large deals to customers compared to the prior year and increased deferred revenue representing the upfront cash payment of IRUs and Dark Fiber sold during the period and increased accruals.

Cash flows generated from operating activities were US$136.5 million in the year ended February 29, 2020 and US$152.4 million in the year ended February 28, 2019. The decrease in cash flows generated from operating activities in the year ended February 29, 2020, as compared with the year ended February 28, 2019, was primarily due as a result of increased billing of large deals to customers, where the service has been invoiced, but not yet collected as of year-end.

Cash flows generated from operating activities were US$152.4 million in the year ended February 28, 2019 and US$181.0 million in the year ended February 28, 2018. The decrease in cash flows generated from operating activities in the year ended February 28, 2019, as compared with the year ended February 28, 2018, was primarily due to a US$6.5 million decrease in our profit before interest, depreciation, amortisation and impairment in the year ended February 28, 2019, increased working capital requirement of US$6.7 million as described above and higher taxes paid.

Cash flows used in investing activities

Cash flows used in investing activities were US$56.2 million in the nine months ended November 30, 2020, and US$90.3 million in the nine months ended November 30, 2019. The decrease in cash flows used in investing activities in the nine months ended November 30, 2020, as compared with the nine months ended November 30, 2019, was primarily due to reduced overall capital expenditure of property, plant and equipment and intangible assets as lockdown restrictions prevented access to sites and a slowdown in certain projects as well as management's careful planning and conservation of cash to preserve liquidity during the COVID-19 pandemic.

Cash flows used in investing activities were US$101.0 million in the year ended February 29, 2020 and US$113.2 million in the year ended February 28, 2019. The decrease in cash flows used in investing activities in the year ended February 29, 2020, as compared with the year ended February 28, 2019 was primarily due to reduced overall capital expenditure of property, plant and equipment owing to tighter controls of investment projects.

Cash flows used in investing activities were US$113.2 million in the year ended February 28, 2019 and US$269.2 million in the year ended February 28, 2018. The decrease in cash flows used in investing activities in the year ended February 28, 2019, as compared to the year ended February 28, 2018, was primarily as a result of the receipt of US$60.0 million from Econet Group for the unwinding of the investment in Econet Media Limited made in the prior year and the prior year finalization of acquisitions, totaling US$17.9 million, related to Zanlink Limited and the minority interests in Liquid Telecommunications Holdings South Africa (Pty) Limited.

Cash flows generated from financing activities

We had a net cash outflow from financing activities of US$67.1 million in the nine months ended November 30, 2020, while we had a net cash inflow of US$42.3 million in the nine months ended November 30, 2019. This was primarily due finance costs of US$35.3 million related to Existing Senior Secured Notes and our Existing Revolving Credit Facility and repayment IFRS 16 lease liabilities of US$27.7 million.

We had a net cash outflow from financing activities of US$1.6 million in the year ended February 29, 2020 and a net cash outflow of US$48.1 million in the year ended February 28, 2019. This was primarily due the repayment of the US$73.0 million drawn under our Existing Revolving Credit Facility and other facilities of US$78.8 million, finance costs of US$66.4 million related to Existing Senior Secured Notes and IFRS 16 lease liabilities of US$36.4 million offset by the US$180.0 million cash received from the CDC investment in convertible preference shares.

We had a net cash outflow from financing activities of US$48.1 million in the year ended February 28, 2019, while we had a net cash inflow of US$82.7 million in the year ended February 28, 2018. This was primarily due the payment of a dividend of US$13.5 million for the full-year management fee, under the Strategic Support Agreement (amended to US$1 per annum effective March 1, 2019), finance costs of US$64.8 million related to the Existing Senior Secured

Notes and the acquisition of the minority interest in Zambia amounting to US$35 million. This was offset by proceeds of US$65.3 million mainly related to the drawdown of our Existing Revolving Credit Facility of US$73.0 million.

Planned Cash Requirements and Capital Expenditure Plan

We continue to spend efficiently on maintenance, upgrades and customer connections, ensuring our network continues to be fit for purpose and future proof, providing resilience and redundancy, so we are well positioned to meet increases in customer demand and respond to unforeseen events. The remainder of the capital expenditure is invested in strategic growth projects, such as the connections across the DRC, either on our own or in conjunction with key partners with whom we look to build long-term relationships. These projects are at the discretion of the Board and reviewed regularly to ensure delivery and cost management is on track.

As of November 30, 2020 we were contractually committed to capital expenditures of US$27.8 million over the next twelve months to November 30, 2021. This principally relates to ongoing build projects in South Africa, our expansion in DRC and some data center upgrades.

We are planning a number of projects of a more recurring nature which, in line with our general approach to de-risking our capital expenditure, these projects will be tied to committed orders from one or more customers. We will always seek, where possible, to take cash deposit towards such projects, either by way of an advance payment or as a committed stage payment. These include last-mile customer connections in several of our presence countries, in particular for enterprise MPLS connections, and network expansion.

We are also evaluating projects to expand our network and maintain our growth momentum where we can establish a strong business case for this investment.

Contractual obligations

Our principal contractual obligations consist of our obligations in respect of financial indebtedness that is owed under our credit facilities. In addition, we have obligations under leases, trade and other payables, capital commitments and other contractual commitments, including interest accrued. We expect that our contractual commitments may evolve over time in response to current business and market conditions, with the result that future amounts due may differ considerably from the expected amounts payable set out in the table below.

	Carrying amount as of February 29, 2020[(1)]	**Carrying amount as of November 30, 2020[(1)]**	**Less than 1 year[(1)]**	**1 to 5 years[(1)]**	**More than 5 years[(1)]**
			(unaudited) (US$ thousands)		
Interest bearing loans and borrowings, including bonds........	944,797	850,883	24,026	7,330	620,000
Leases..	95,414	110,338	37,569	64,057	8,712
Trade and other payables and other liabilities	164,374	143,845	134,647	9,198	-
Capital expenditure and operating expenditure contractual commitments...............................	53,754	27,847	27,847	-	-
	1,258,339	**1,132,913**	**224,089**	**80,585**	**628,712**

(1) As adjusted to give effect to the Transactions.

Financial obligations

Existing Senior Secured Notes

On July 13, 2017, the Issuer issued US$550 million of Existing Senior Secured Notes, and, on November 7, 2017, the Issuer issued an additional US$180 million of Existing Senior Secured Notes. The Existing Secured Notes are secured by the collateral shared with the Senior Facilities Agreement (described below) and are guaranteed on a senior secured basis by the Company, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited. The Group expects to use the proceeds of this Offering in part to purchase in the Tender Offer or, to the extent not tendered and accepted for purchase in the Tender Offer, redeem in full in the Redemption all of the Existing Senior Secured Notes. See "*Use of Proceeds*."

Existing Senior Facilities Agreement and Existing Revolving Credit Facility

On July 11, 2017, the Company and certain guarantors entered into a senior facilities agreement with, among others, the Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) and Standard Chartered Bank (the "***Existing Senior Facilities Agreement***") consisting of (i) a revolving credit facility (the "***Existing Revolving Credit Facility***") and (ii) a term loan facility with a capacity of US$150 million (the "***2017 Term Loan***"). On November 7, 2017, the 2017 Term Loan was repaid and cancelled, using a portion of the proceeds of the Senior Secured Notes issued on November 7, 2017. As of November 30, 2020, there was US$0.1 million drawn and outstanding under the Existing Revolving Credit Facility. The Group expects to repay all amounts outstanding under the Existing Revolving Credit Facility with the proceeds of this Offering.

Stanbic Zambia Facilities

In 2016, our subsidiary in Zambia, CEC Liquid Telecommunication Limited (now Liquid Telecommunications Zambia Limited), as the borrower, and Stanbic Bank Zambia Limited, as the lender and facility agent, entered into a term loan facility agreement (as amended) pursuant to which Stanbic Bank Zambia Limited agreed to extend to CEC Liquid Telecommunication Ltd two non-revolving term loan facilities with a maximum aggregate limit of US$15.3 million (the "**Stanbic Zambia Facilities**"). The first facility was extended for the purpose of refinancing CEC Liquid Telecommunication Limited's then existing indebtedness to Barclays Bank Zambia plc, and the second for the purpose of financing the completion of a certain aerial fiber project and other general corporate purpose. CEC Liquid Telecommunication Ltd entered into a floating charge over its current assets for the remaining US$2.3 million of the loan. The Company entered a guarantee agreement with Stanbic Bank Zambia Limited (the "**Stanbic Zambia Facilities Guarantee**"), whereby the Company, together with Copperbelt Energy Corporation plc (then, CEC Liquid Telecommunication Limited's other shareholder) guaranteed in equal proportions up to a maximum amount of US$13.0 million of principal and interest amounts due by CEC Liquid Telecommunications Ltd., under the Stanbic Zambia Facilities. The facility agreement also included a first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited.

On December 8, 2017, CEC Liquid Telecommunication Limited, as a borrower, entered into a revolving credit facilities agreement with Stanbic Bank Zambia Limited, as a lender and facility agent, pursuant to which Stanbic Bank Zambia Limited extended to CEC Liquid Telecommunication Ltd two revolving credit facilities with an aggregate commitment of up to US$8.0 million (the "**Stanbic Zambia RCF**"). The first facility has a total commitment of up to US$5.0 million and bear interest at the rate of 6.0% per annum plus LIBOR. The second facility has a total commitment of up to US$3.0 million and to bear interest at the rate of 5.75% per annum plus LIBOR. The Company entered into an amendment agreement with Stanbic Bank Zambia Limited pursuant to which the Stanbic Zambia Facilities Guarantee was amended to additionally guarantee the obligations of CEC Liquid Telecommunications Limited under the Stanbic Zambia RCF, without amending the guarantee amount.

As of November 30, 2020, US$10.9 million was outstanding under Stanbic Zambia Facilities and the Stanbic Zambia RCF.

The Stanbic Zambia RCF was extended in May 2020 to 2025, converted to a Zambian Kwacha denominated term loan.

Financial leasing agreements

As of November 30, 2020, the Group has recognized Right of Use Assets relating to Land and Buildings, Computer Equipment, Network Equipment, Motor Vehicles and Fiber Infrastructure of approximately US$113.1 million, together with their corresponding Lease Liability.

Pension obligations

We have pension arrangements in most of the countries in which we operate and have implemented pension plans worldwide. All pension schemes are defined contribution schemes.

Contingent obligations

In addition to the commitments described above and in the section entitled "*Risk Factors*", we provide letters of support for Uganda, Tanzania, UK and Zimbabwe.

Raha Limited Fine

On August 28, 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS11.9 billion (approximately US$5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on August 21, 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited, a subsidiary in Tanzania, which the Group disagrees with. The findings and fines result from a hearing held on August 25, 2020. The Group is appealing the outcome of the hearing and the directors consider that the Group has a robust position and as a result of the appeal process, do not consider that the full fines will be due and payable. The Group has therefore not provided for these fines at this stage. The directors continue to keep the position under review.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any material off-balance sheet arrangements other than those already disclosed in our consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal management reports, which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates. We do enter derivative financial instruments to manage our exposure to interest rate and foreign currency risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The Group constantly reviews its foreign exchange rate exposures and enters into foreign currency hedging contracts when appropriate.

The carrying amounts of our foreign currency denominated monetary assets and monetary liabilities as of the periods indicated are as follows:

	For the year ended			For the nine months ended	
	February 28, 2018	**February 28, 2019**	**February 29, 2020**	**November 30, 2019**	**November 30, 2020**
	(US$ thousands) (Audited)			**(US$ thousands) (Unaudited)**	
Assets					
Currency of the United Kingdom (GBP)	21,646	13,968	23,001	12,251	17,514
Currency of United States (USD)	287,886	82,619	103,926	153,785	99,796
Currency of Zimbabwe (ZWL$)	-	61,756	25,365	3,035	23,822
Currency of South Africa (ZAR)	74,398	71,790	109,767	104,661	82,785
Currency of Botswana (BWP)	413	869	940	874	1,335
Currency of Kenya (KES)	16,373	13,920	15,884	11,241	17,112
Currency of Zambia (ZMK)	3,414	2,673	802	1,339	285
Currency of Rwanda (RWF)	3,009	3,837	7,290	5,740	4,914
Currency of Nigeria (NGN)	106	106	109	104	108
Currency of Uganda (UGX)	1,330	1,797	3,174	3,225	3,252
Currency of Tanzania (TZS)	4,150	2,391	3,692	4,056	2,267
	412,725	**255,726**	**293,950**	**300,311**	**253,190**

	For the year ended			For the nine months ended	
	February 28, 2018	**February 28, 2019**	**February 29, 2020**	**November 30, 2019**	**November 30, 2020**
	(US$ thousands) (Audited)			**(US$ thousands) (Unaudited)**	
Liabilities					
Currency of the United Kingdom (GBP)	17,217	9,416	21,150	15,920	13,971
Currency of United States (USD)	804,915	869,688	782,826	820,422	799,745
Currency of Zimbabwe (ZWL$)	-	18,443	18,344	4,112	5,728
Currency of South Africa (ZAR)	95,281	61,255	59,689	70,957	57,394
Currency of Botswana (BWP)	347	238	509	371	489
Currency of Kenya (KES)	11,658	14,877	17,138	12,439	17,104
Currency of Zambia (ZMK)	1,740	1,069	208	106	32
Currency of Rwanda (RWF)	1,847	2,849	2,557	2,307	2,013
Currency of Nigeria (NGN)	3	9	9	9	9
Currency of Uganda (UGX)	961	995	2,409	1,549	2,551
Currency of Tanzania (TZS)	1,275	1,558	2,331	1,949	1,931
	935,244	**980,397**	**907,170**	**930,141**	**900,967**

Foreign currency sensitivity analysis

We are mainly exposed to the currencies of the United Kingdom (GBP), Zimbabwe (ZWL$), South Africa (ZAR), Kenya (KES) and Rwanda (RWF).

The following table details the Group's sensitivity to a 10% deterioration in the U.S. dollar (the reporting currency of the Group) against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity.

	For the year ended			For the nine months ended	
	February 28, 2018	February 28, 2019	February 29, 2020	November 30, 2019	November 30, 2020
		(US$ thousands) (Audited)		(US$ thousands) (Unaudited)	
GBP Currency impact	(443)	(455)	(185)	367	(354)
ZWL$ Currency impact	-	(4,331)	(702)	108	(1809)
ZAR Currency impact	2,088	(1,054)	(5,008)	(3370)	(2539)
KES Currency impact	(471)	96	125	120	(1)
RWF Currency impact	(116)	(99)	(473)	(343)	(290)
	1,058	**(5,843)**	**(6,243)**	**(3,119)**	**(4,994)**

The sensitivity on statements of profit or loss and other comprehensive income is mainly attributable to the exposure outstanding on foreign currency receivables, payables and long-term loans at year end in the Group.

Interest rate risk management

We are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. For our exposure to interest rates, see "*—Liquidity risk management.*"

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis points' increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the nine months ended November 30, 2020 would increase by US$0.5 million. This is mainly attributable to the Group's limited exposure to interest rates on variable rate borrowings as most of the Group's borrowings are at fixed rates.

Profit for the year ended February 29, 2020 for the Group would increase by US$0.7 million (2019: increase of US$0.002 million). This is mainly attributable to the Group's limited exposure to interest rates on variable rate borrowings as most of the Group's borrowings are at fixed rates. There is also no increase or decrease in other equity reserves for the year ended February 29, 2019.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Apart from sales to related companies, we do not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. We define counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Our capital structure consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to owners, comprising issued capital, reserves and retained earnings in the statement of changes in equity respectively.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
				(US$ thousands)			
Group 2020							
Financial liabilities	[illegible]	60,392	25,087	66,123	750,071	5,497	907,170
Group 2019							
Financial liabilities	[illegible]	70,336	79,112	87,680	736,600	6,669	980,397
Group 2018							
Financial liabilities	[illegible]	106,783	91,741	15,886	734,626	5,971	955,007

Fair value of financial instruments

The directors consider the financial assets and financial liabilities stated at amortized costs in the financial statements approximate their fair values.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGMENT AND DISCRETION

We prepare our financial statements in accordance with IFRS. Certain financial reporting standards under IFRS require us to make judgments or to use our discretion in determining the values to be recorded, as described in the notes to our audited financial statements included elsewhere in this offering memorandum. The most material of these include the following:

Key Judgements

Revenue Recognition

The directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 “Revenue from Contracts with Customers” and whether the Group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Classification and measurement of financial instruments

- *Classification of financial assets*: The Group uses judgement in the assessment of the business models within which the non-equity financial assets are held and assessment of whether the contractual terms of such financial assets are solely payments of principal and interest on the principal amounts outstanding.

- *Valuation of investments*: IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

- *Impairment*: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The Group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Identification of leases and lease terms

The directors considered the detailed criteria for the recognition of leases as set out in IFRS 16. The Group, at the inception of the contract, assesses whether the contract contains a lease by considering if the contract conveys a right of control to use the identified asset for a period of time in exchange for consideration. The Group considers whether the contract involves the use of an identified asset, whether the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and also if the Group has the right to direct the use of the asset.

Further, judgements are made when determining the appropriate lease term and whether it is reasonably certain that a termination or extension option will be exercised, and in relation to any incremental borrowing rate used.

The directors are satisfied that leases have been appropriately identified and that the lease terms have been correctly measured.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognized as a liability or provision or disclosed as a contingent liability.

Key Estimates

Royal Bafokeng Holding Limited - On-Sale Agreement

In October 2017, the Group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("**RBH Limited**"). The agreements include an "On-Sale" clause whereby the Group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as of November 30, 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price, the prescribed calculations indicate an additional US$1.3 million of share value will be issued to RBH Limited and if 10% below the agree price an additional US$2.2 million of share value will be issued to RBH Limited.

Impact of COVID-19 pandemic

Due to the unpredictable financial outcome of the COVID-19 pandemic, management has made the following estimates:

Expected credit loss assessment on Trade and affiliated entities receivables

For year ended February 29, 2020, of the US$16.1 million of doubtful debt provision raised, US$2.0 million relates to the expected credit loss for the potential impact of the pandemic on the recoverability of the trade and affiliated entities receivables.

Impairment assessment on Intangible assets, Property, plant and equipment, and Right-of-Use assets.

Considering the nature of the Group's business, management considers that there is no indication of impairment as telecommunications is a key resource during this pandemic.

Operating activities

None of the Group's operations have been suspended or are expected to be suspended. In March 2020, US$40.0 million was drawn down on the US$73.0 million Existing Revolving Credit Facility as a precautionary measure to preserve liquidity. Management is confident that the business is sufficiently capitalized with the appropriate level of liquidity and profitability and remains a going concern. As such, the Group is able to meet its known obligations in the ordinary course of business for the next twelve months from date of signing of the financial statements and has therefore adopted the going concern assumption in the preparation of these financial statements.

Management also continues to monitor the business for any further impact including volatility of exchange rates.

Residual value and useful life

The Group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with of IAS16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programs all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred taxation assets

The Group recognizes the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in used of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The following information relating to the Company's industry has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organizations. The information has been accurately reproduced and, as far as the Company is reasonably aware and able to ascertain from the information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors should read this section in conjunction with the more detailed information contained in this Offering Memorandum including "Risk Factors" and "Business Overview".

Sub-Saharan Africa Macroeconomic Overview

Sub-Saharan Africa ("**SSA**") is a region filled with opportunities in the form of a growing working-class population, diversified and evolving economies (including the world's five fastest growing economies in 2019) and the world's largest free trade area (Source: IMF, 2020). The region grew at an average real GDP growth rate of 4.1% between 2010 and 2019 and 3.1% from 2018 to 2019. Growth in the first five years (2010-2015) was primarily driven by strong investment in mining and infrastructure, robust private consumption, particularly in low-income countries and increased financial inclusion through mobile-telephone-based financial services. While the region's largest economies were severely impacted by the steep decline in commodity prices in 2016, a majority of oil importers reaped the benefits with countries such as Côte d'Ivoire, Kenya and Senegal recording growth rates in excess of 5%. The positive momentum carried through to 2019 with merely six countries in the region recording negative growth rates (Source: IMF, 2020).

The growth outlook for SSA has been dampened by the COVID-19 outbreak with real GDP growth for 2020 projected to contract by approximately 3.2%, comparatively lower than the 8% contraction forecast for advanced economies. This contraction can be attributed primarily to the nationwide lockdown measures implemented by several countries from late March 2020 in efforts to contain the spread of the virus, which disrupted global supply chains and trade, with knock on effects to manufacturing and industry. The largest declines in trade are likely to be in sectors with highly integrated global value chains as exports are expected to fall due to shortage of intermediate inputs. Deeply affected SSA economies will include South Africa, Kenya and Ethiopia amongst others (Source: World Bank, 2020). Tourism and natural resource-dependent countries are expected to be to the worst impacted by these restrictions. As the pandemic spread, almost all commodity prices saw sharp declines. Two countries most affected were Angola and Nigeria, which respectively derive 90% and over of their export earnings from oil (Source: World Bank, 2020). However, the lockdowns had a positive impact on sectors such as technology, driven by higher data demand as businesses and individuals adopted working from home arrangements. Growth in the region is forecast to recover to 3.4% in 2021 subject to the revival of economic activity as restrictions are eased across different countries (Source: IMF, 2020).

Table 1: Summary statistics of the Company's core markets

	South Africa	**Zimbabwe**	**Kenya**	**DRC**	**Zambia**	**Tanzania**
GDP 2019 (current US$ billion)	351	21	96	47	23	63
GDP growth 2019 (real, annual %)	0.2%	-6.5%	5.4%	4.4%	1.5%	6.3%
GDP growth forecast 2020 (real, annual %)	-8.0%	-10.4%	-0.3%	-2.2%	-5.1%	1.9%
GDP per capita 2019 (US$)	6,001	1,281	1,817	526	1,769	1,068
Population, 2020 total (m)	59	15	54	90	18	60
Household & NPISH consumption 2017 (current international US$ billion) *	421	36	160	64	27	94

Source: IMF (June 2020), World Bank (2020), United Nations (2020)
* Households and Non-Profit Institutions Serving Households Final consumption expenditure, PPP

While the majority of countries in the region are forecast to contract in 2020, several countries, including Benin, Ghana, Côte d'Ivoire, Ethiopia, Mozambique, Tanzania and Uganda are expected to record positive growth, averaging at a rate of 1.8% between them (source: IMF, 2020). However, real GDP is only expected to return to pre-crisis levels by 2023 or 2024 in the region's largest economies due to reliance on natural resource exports (for Angola and Nigeria) and prolonged structural constraints in South Africa (Source: IMF, 2020). GDP growth in South Africa is expected to rebound to 3.5% in 2021 driven by an improvement in business activity and confidence as the authorities make progress in implementing policies to boost growth and stabilize public debt (Source: IMF, 2020).

Until the COVID-19 outbreak, growth had been resilient in Kenya and Tanzania, where the rising middle class and services sector continue to grow, supported by increased infrastructure investment. In spite of the contraction expected in 2020, Kenya's economy is forecast to grow by 4% in 2021 (Source: IMF, 2020), supported by a growing youthful population, a dynamic private sector, a highly skilled workforce and improved infrastructure (source: World Bank, 2020). East Africa's second-largest economy, Tanzania, which sustained economic growth averaging 6-7% over the last decade, is projected to grow by 1.9% in 2020 (Source: IMF, 2020).

Zimbabwe is forecast to return to positive growth of 4.2% in 2021 supported by a large skilled workforce and an abundance of natural resources (source: AfDB, 2020). Growth could be further supported by prudent policy responses to stabilizing the foreign exchange market and controlling inflation.

The recovery in SSA will depend on the containment efforts and risks of the COVID-19 outbreak, the reopening and revival of economies and the trajectory of oil prices. Despite the negative impact of the pandemic, SSA is projected to contract less than other developed markets and return to positive growth in 2021. This reflects both the region's resilience and potential captured in the large young and growing population, growing urbanization, vast natural resources and agricultural diversity (Source: OECD, 2020).

Sub-Saharan Africa Broadband & Fiber Telecommunications Market Overview

Historically, limited liberalization, poor infrastructure, high prices and low demand contributed to the underdevelopment of the fixed broadband networks in SSA. These dynamics have been shifting, most notably since the arrival of new submarine cables from 2009. Once global broadband access became available in the region via submarine cables, investment attention turned to national fiber networks and subsequently to metro fiber networks. The metro fiber networks took this capacity to buildings, cellular sites and access networks which brought the capacity to consumers and enterprises (sometimes using wireless technology). Supply and pricing at all these levels has changed substantially since 2009, and the Company has become a key player at all network levels – global, national, metro and access – across the region.

History, development and characteristics

Broadband supply in SSA was historically (before 2000) constrained by poor infrastructure, exacerbated by the large land areas and dispersed populations in many countries, as well as regulatory restrictions. Most markets were partially liberalized by economic and political shifts in the late 1990s and early 2000s, leading to the explosion of mobile phone ownership that has characterized the African telecommunications market for most of the last 15 years. This notwithstanding, in many countries, deployment of true broadband infrastructure (terrestrial fiber, submarine cables and landing stations, wired connections into homes and offices) was being pursued by only a handful of companies. Historically, in certain jurisdictions, using South Africa as an example, the law stipulated that this deployment could only be carried out by the incumbent (generally state-owned) fixed-line operators. As a result, most end users only had access to narrowband connections - and hence only to narrowband services such as voice and SMS, which are typically high margin products for the providers.

Submarine cables

The lack of international capacity was the primary infrastructure bottleneck prior to 2009. The two submarine cables serving SSA prior to 2009 (South Atlantic 3 "**SAT-3**" and South Africa Far East "**SAFE**") were statutory monopolies in most of the countries in which they landed, and their owners charged high prices. The only alternative was satellite capacity, which came at a high cost and introduced severe delays (latency) into connections, compared to submarine cables. The speed of connectivity to the global internet was typically in the order of 1kbps per person across the region. There was hence no business case to invest in national broadband networks, or to offer high-speed fixed or mobile connections to end users, as onward connectivity to valuable content in Europe or the United States was expensive—commonly more than US$100 per GB, equivalent to approximately US$17 for a one-hour Voice-over-Internet Protocol networks ("**VoIP**") call. This lack of connectivity supply, combined with low demand that resulted from a low level of computer ownership and expensive mobile handsets, contributed to the low adoption of bandwidth-intensive applications (i.e. streaming video, cloud, mobile broadband, social media, etc.). Moreover, high cost of capital, shortfalls in transport and power infrastructure, and complicated regulatory and intraregional frameworks discouraged widespread broadband network development and "last mile" connections.

As the importance of digital connectivity became apparent to governments and they bowed to pressure to liberalize markets further, investors realized the opportunities that were unfolding. The first privately-owned submarine cable in SSA, SEACOM, launched in July 2009, and was followed by consortium cables, meaning those built by a group of telecommunications companies, East Africa Submarine Cable System ("**EASSy**"), West Africa Cable System ("**WACS**"), The East African Marine Systems ("**TEAMS**"), and Africa Coast to Europe ("**ACE**"), and private cables GLO-1 and Main One between 2010 and 2012. During this period, competitive international capacity markets were established in most countries in SSA for the first time. Wholesale bandwidth prices across ten sample markets[1] in SSA dropped from a range of US$500 – US$5,000 to US$10 – US$1,000 per Mbps between 2010 and 2016, allowing retail prices to adjust to more reasonable levels (Source: Xalam Analytics, 2017). With retail broadband becoming more affordable and demand growing, bottlenecks began to develop in backbone networks, metro (or backhaul) networks and access networks that reach end users.

Over the last couple of years, additional submarine cables have been deployed in SSA which include the South Atlantic Inter Link (**"SAIL"**, 6,000 km) and South Atlantic Cable System ("**SACS",** 6,165 km) which went live in 2018 (both connecting the African west coast to Brazil) and Melting Pot Indian Oceanic Submarine System ("**METISS**", 3,200 km, connecting Mauritius to South Africa). Other planned SSA submarine cables expected to launch over the next three years include 2Africa, which is pan-African, Equiano on the African west coast, Djibouti Africa Regional Express 1 ("**DARE1**") and Pakistan & East Africa Connecting Europe ("**PEACE**") in the East Coast.

National Backbone networks

National backbone networks, which distributed local content and submarine capacity to cities and towns across each country and to inland regions, needed to be upgraded. In many cases, these had previously used long-distance microwave links that are markedly inferior to fiber optic cables, the latter having more capacity than is typically available via microwave (hundreds of Gbps on fiber, compared with hundreds of Mbps on microwave[2]). This led to further liberalization in many countries as new entities were created and licensed to deploy fiber (e.g. Broadband Infraco in South Africa and Zambia, both using the incumbent electricity company's transmission lines). Mobile operators often deployed their own backbones, one of which is at the origin of the Company's current fiber network in Zimbabwe, which was deployed in 2009 in anticipation of greater international connectivity.

Metro networks

The "middle mile" also referred to as "backhaul" (or within cities, as "metro network"), involves connecting sites that aggregate traffic, such as cellular towers, to large points of presence and thereafter to backbone networks. These backhaul networks mostly used microwave connectivity, and sometimes copper or satellite, but these technologies began to prove inadequate once 3G, 3.5G, 4G LTE (Long Term Evolution "**LTE**") and more recently 5G networks were deployed and data volumes grew. A tower site that had previously carried only voice traffic might have required its backhaul capacity to be increased by two orders of magnitude (e.g. from 2 Mbps to 200 Mbps) or more, once medium-term technology improvements were factored in, in order to carry data. Such sites, which can number in the hundreds in a city, increasingly require fiber backhaul connections rather than copper or microwave. MNOs can build these connections themselves, but in many situations a neutral carrier has positioned itself to undertake the construction against a commitment from one or more MNOs to lease capacity on a wholesale basis. Once these backhaul networks become densely deployed in cities, they can be used to serve other high bandwidth sites such as the offices of MNOs and Internet Service Providers ("**ISP**s"), enterprise solution providers, web-based service providers and global cloud players, and other large enterprises in the financial services and media sectors.

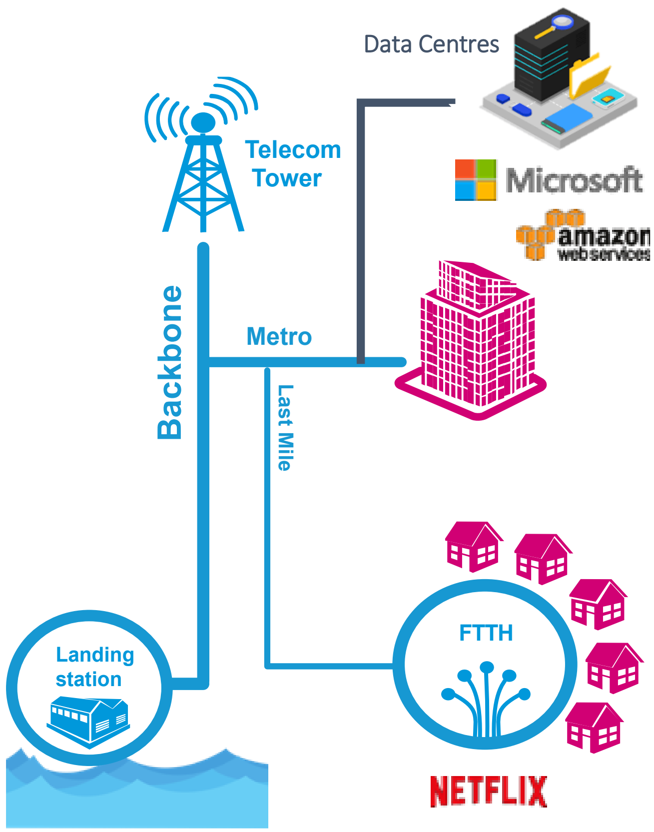
[1] South Africa, Nigeria, Ghana, Senegal, Kenya, Cameroon, Gambia, Guinea, Burkina Faso, Uganda

[2] Data transfer rates include 1 Tbps (or 1000 Gbps); 1 Gbps (or 1000 Mbps and 1 Mbps (or 1000 bit per second).

Access networks

Access networks, and in particular mobile networks, have attracted significant investment capital and they continue to be a focus as upgrades unfold, first to 3G and 3.5G in the period 2005–2010, then to 4G LTE from around 2012 onwards and 5G from 2019. This dramatically increased the capacity of these networks by at least tenfold in the last 15 years by increasing spectral efficiency—the bits carried per unit of frequency. More spectrum has been allocated to mobile data usage and specific techniques have been developed to reuse frequency more effectively in congested areas. These developments have contributed to greater capacity delivered to end users, which in turn has driven the backhaul demand described above.

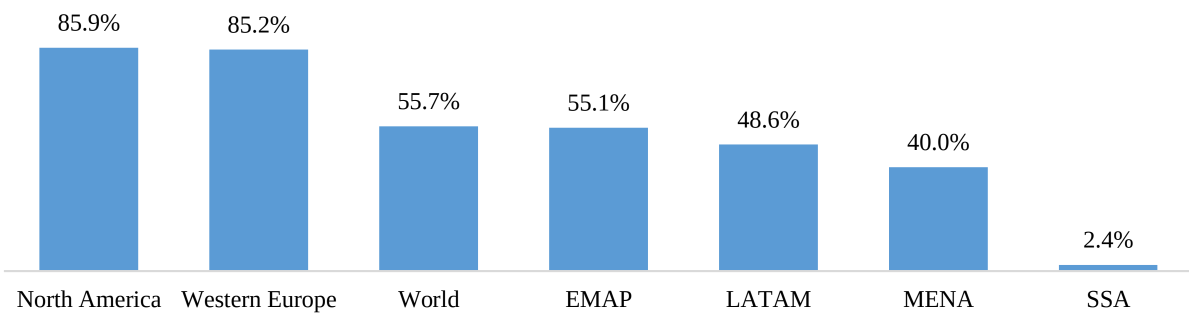
Figure: Diagrammatic representation of flow from submarine cables to end users



Source: The Company.

However, as consumers have become accustomed to enjoying rich content on their handsets, they also began to demand a service that may have been considered to be irrelevant in Africa, given the almost insignificant deployments of copper landlines in most countries: end user fixed connections, in this case fiber to the home (FTTH) or fiber to the businesses (FTTB). Beginning with the rise of cable networks in Nairobi in the early 2010s, there have been deployments of fixed access (FTTH/B or cable) networks in many cities in SSA including Johannesburg, Harare, Lusaka, Kigali, Lesotho, Lagos, Accra and Kampala. Given the numerous national programs in developed countries since c. 2008 to upgrade to "superfast broadband", SSA still lags significantly behind these other regions. The chart below shows the proportion of premises connected by fiber (which is also referred to as next generation access ("**NGA**")) relative to homes passed with any kind of fixed network.

Figure: Premises connected by NGA as proportion of total premises passed



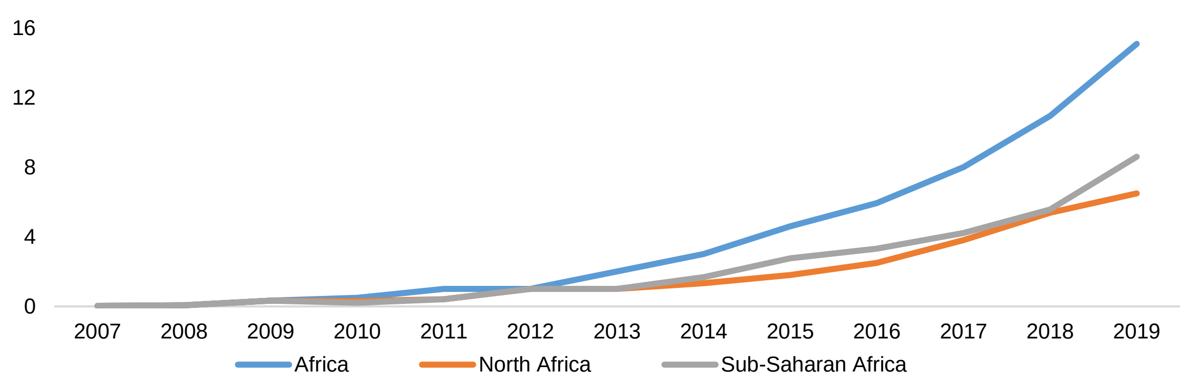
Source: Analysys Mason, 2020.
EMAP – Emerging Markets and Asia Pacific; LATAM – Latin America and MENA – Middle East and North Africa

Trends in supply dynamics and pricing

As described above, in the days of Public Switched Telephone Network ("**PSTN**") voice, SSA was poorly served by submarine cables, and gaps in service were generally filled by expensive satellite connections. The deficiencies in international connectivity continue to be addressed through large-scale investment in submarine cables connecting Africa to the rest of the world. By the end of 2019, US$4.5 billion had been spent on submarine cable buildout in Africa, approximately 90% of which was invested after 2010 (Source: Xalam Analytics, 2020).

Some cables are privately-owned (such as SEACOM, GLO-1, Main One, Equiano and PEACE) but the majority (notably SAFE/SAT-3, EASSy, TEAMS, WACS, SACS, SAIL, ACE and 2Africa) are owned by a consortium of operators. Many operators in the region now own a share in at least one cable and purchase redundant capacity on others. The market is broadly liberalized with a variety of international capacity vendors in most countries, although access to cable landing stations at fair prices remains a concern in some parts of Africa.

Figure: International (used) internet bandwidth in Africa (Tbps)[3]



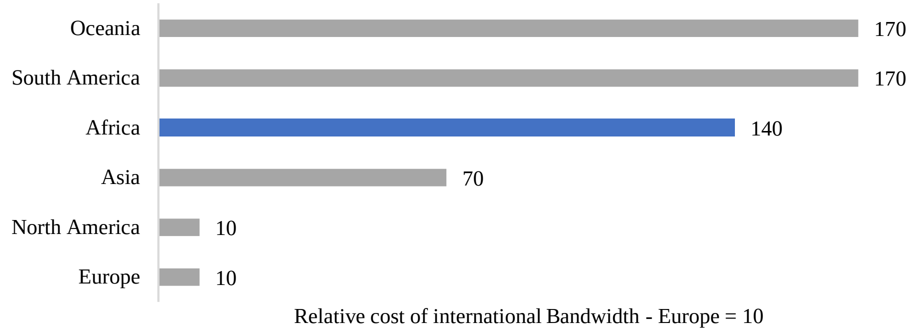
Source: Africa Bandwidth Maps

Increased capacity has also led to falling wholesale bandwidth prices in most African markets. According to Xalam Analytics, median prices across ten sample markets[4] in SSA declined (from a range of US$500 – US$5,000 to US$10 – US$1,000 per Mbps between 2010 and 2016). However, relative to Europe and the United States, African price points remain relatively high, indicating potential further price declines, further uptake of capacity, and consequently rising international traffic. This virtuous circle of rising usage and declining prices has been observed since 2009.

[3] Africa used internet bandwidth is the sum of North Africa and Sub-Saharan Africa used internet bandwidth

[4] South Africa, Nigeria, Ghana, Senegal, Kenya, Cameroon, Gambia, Guinea, Burkina Faso, Uganda

Figure: Relative cost of international bandwidth around the world (2016)

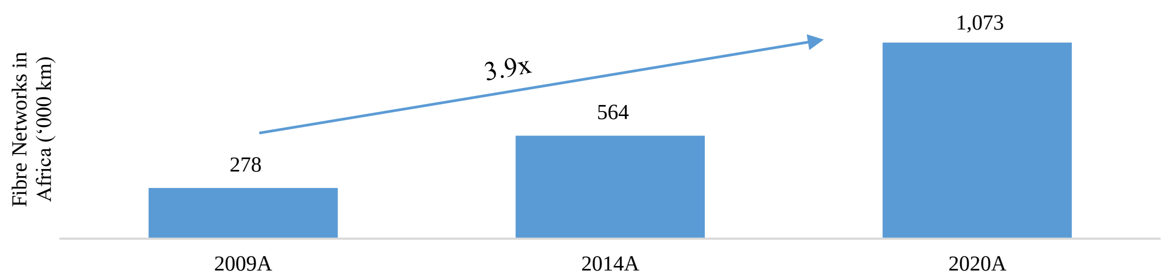


Source: Xalam Analytics, 2017

Material variations in pricing exist within different regions in Africa, which partly reflect a difference in price between coastal countries (with direct access to submarine cables) and landlocked countries, as the latter are required to pay terrestrial transit fees to access international connectivity. The local market conditions and regulatory environment are also a major factor in price variations between countries.

Greater international capacity has caused the focus of investment to switch to terrestrial networks. According to Hamilton Research, Africa's operational terrestrial fiber optic network route length has grown four times between June 2009 and June 2020 to reach approximately 1,072,649 km of fiber route (Source, Hamilton Research, 2020).

Figure: Significant growth of Africa's operational fiber networks



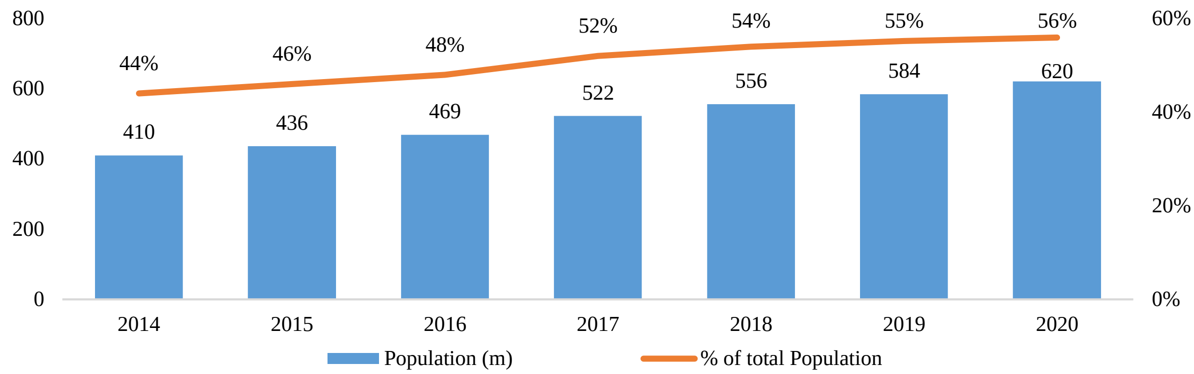
Source: Africa Bandwidth Maps /Hamilton Research, 2020

There are typically between one and three backbone providers in each country. The backbone providers sometimes include the former monopoly fixed-line provider, one or more of the mobile operators (which frequently exclude third parties from using their network), a network leveraging electricity and/or railway company rights of way, or an independent operator. Such networks may also be deployed collaboratively by competing operators, such as with certain major brand anchor tenants and the Company which are cooperating on the National Long Distance ("**NLD**") network in South Africa and the consortium of operators on the National ICT Broadband Infrastructure ("**NICTBB**") in Tanzania. These collaborations have occasionally run into operational difficulties, for example when parties struggle to find areas of common interest to expand the network. In some countries, the government owns the network (National Optic Fiber Backbone ("**NOFBI**") in Kenya, Botswana Fiber Networks Ltd ("**Bofinet**") in Botswana), and various operating models are in use (such as outsourced management, new special purpose vehicle to manage the fiber, leased to several operators). Some routes were duplicated by either competing operators in profitable areas or due to the lack of reasonable access to existing networks (e.g. in Nigeria), despite the capacity of each network being far higher than conceivably required by all operators. With limited competition, backbone transmission prices in many markets remain relatively high, but they are falling and, with increasing volumes and economies of scale, are becoming less of a constraint on end user pricing and take-up.

Metro networks have typically been deployed by new entrants such as Dark Fibre Africa ("**DFA**") in South Africa or the Company in various countries, or by mobile operators themselves (e.g. Safaricom in Nairobi). Incumbent fixed operators have also deployed metro networks in many cities.

As of July 2020, an additional 210 million SSA residents had been brought within a 25 km reach of a fiber-optic node since June 2014, placing 55.9% of the SSA population (as shown below) in reach of operational fiber networks (Source: Hamilton Research, 2020). Operators are increasingly looking to cover key metro areas with large urban populations and numerous enterprises from which most of the future broadband demand is expected to originate.

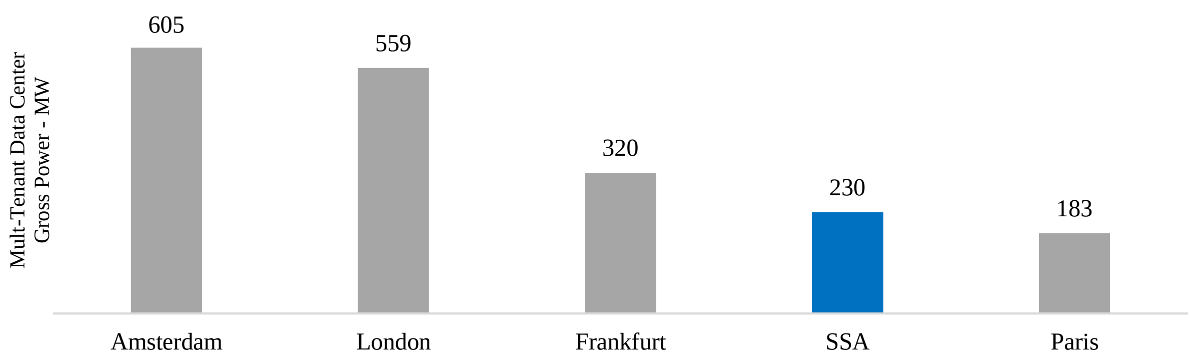
Figure: SSA residents within 25 km reach of fiber



Source: Hamilton Research, 2020

In addition, the increasing metro fiber connectivity is enabling bandwidth providers in metro areas to address the currently underserved colocation space needs of the continent. According to Xalam Analytics, by the end of 2020, there will be approximately 230 MW (105,000 m^2 of white space and 37,000 rack capacity) of available data center capacity in SSA; South Africa remains Africa's biggest data center market representing 79% of the SSA capacity, followed by Nigeria, Ghana and Kenya which together contribute approximately 9.5% of SSA data center supply. Colocation space and attendant power supply in SSA have grown three-fold between 2016 and 2020. This however lags behind some single large European cities such as the 'FLAP' markets (Frankfurt, London, Amsterdam and Paris) (Source: Xalam Analytics, 2020).

Figure: SSA vs. Metro markets – Available colocation capacity -MW, 2020E



Source: Xalam Analytics, 2020

Market size and growth prospects for data in Africa

African demand for data has been growing, driven by growth in broadband connections, smartphones and internet enabled devices which has supported the data demand for streaming, downloads, social media and financial and commercial transactions on smartphones. However, data usage[5] in SSA is still relatively low at 1.6 GB per smartphone per month in 2019 compared to the global average of 7.0 GB. This low data usage in SSA is expected to grow 4.4 times from 1.6 GB in 2019 to 7.1 GB in 2025 in line with the current global data usage. (Source: Ericsson, June 2020).

Monthly mobile data traffic per smartphone continues to increase, driven by cheaper smartphones, improved device capabilities, more affordable data plans and an increase in data-intensive content, predominantly video. In addition, the introduction of new wireless technologies (e.g, 3G, 4G/LTE and 5G) has increased the need for network

[5] Data usage is expressed in bytes (8 bits), where 1 GB is 1 million bytes.

densification to provide the high-speed data services for which these technologies are designed. Between 2019 and 2025, total mobile data traffic is estimated to increase by more than 12 times across SSA (Source: Ericsson, June 2020).

Substantial expansion in computing power, bandwidth-intensive applications, the roll-out of Wi-Fi access points, IoT connected vehicles, the move to more flexible working, the increasing deployment of FTTH and enterprise fiber connectivity across the region will also continue to have a meaningful impact on bandwidth traffic demand.

Key drivers of demand for mobile, fiber and cloud products and services in sub-Saharan Africa

SSA's demographic trends support increased penetration of data services. Simultaneously, income among data users is growing and technology changes are expected to push down costs and increase the variety of data services offered. Finally, market and regulatory pressure will mean greater emphasis is required on backhaul and data center infrastructure. A key theme that arises is the positive feedback or "virtuous circle" of lower cost and higher value: as costs to use data decline, consumers and producers of data find increased value from what they spend, which encourages greater use of data, and due to scale economies pushes costs down further.

Such virtuous circles have previously been evident in the internet's historic growth. Fifteen years ago, the low incremental value to consumers of a superfast (more than 20Mbps) broadband connection did not justify investment in NGA deployments. However, users in developed countries have quickly adapted to the new possibilities that arise from such connections: for example, they have evolved from viewing short homemade clips to paying to stream a wide range of media content online. This in turn has spawned new payment models, construction of vast new data centers and launched a new industry in small-scale content publishing. Cost per unit of broadband has fallen dramatically, while users perceive greater value and producers have developed attractive digital services that were previously unthinkable.

In-line with their counterparts in developed countries, a youthful and increasingly urban population in Africa is likely to drive up internet penetration rates while growing incomes will allow them to consume more data. The resulting volume will support investments in data centers to run content and services, and fiber networks to deliver it. FTTH, metro fiber and 4G/5G access networks increasingly involve substantial fixed investment and relatively low marginal costs, so more users are likely to be able to access unmetered data services (in contrast to the prepaid products used by the majority of African customers today). This will in turn encourage more digital services to be developed and offered locally, further reducing costs and increasing quality.

A key conclusion from the above, and from the drivers discussed below, is that economies in Africa will be increasingly reliant on the internet. According to the IMF, expanding internet access in SSA to an additional 10% of the population could increase the region's real per capita GDP growth by 1- 4% (Source: IMF, 2020). Overall demand for ICT services will continue to grow at a faster rate than overall GDP growth and within that, the shift of sector revenue away from voice and towards data services will continue apace, requiring investment in significant broadband infrastructure: submarine cables, cross-border fiber, national and metro fiber including to connect base stations, data centers, FTTH and LTE for access and high capacity satellite for more remote areas.

Favorable demographic trends: Increasing young and urban population leads to higher broadband penetration

Africa's cities will be home to an additional 207 million people by 2030, which means that approximately 48%. of the African population will be urbanized compared to 42%. in 2020 (Source: United Nations, World Population Prospects 2019). This rapid urbanization trend could bring significant economic benefits to the continent. McKinsey points out that urbanization has a strong correlation with the rate of real GDP growth, as productivity in cities is higher than in rural areas: in 2015, Africa's urban GDP per person was US$8,200, compared with US$3,300 in rural areas (Source: McKinsey, 2016). Cities offer better access to infrastructure, education, and new markets, resulting in more rapid growth in productivity. Cities in Kenya and Nigeria, for instance, have per capita consumption rates that are more than double the national rates (Source: McKinsey, 2016). Cities will be critical to Africa's growth and development for the next decade and beyond.

Urbanization is important for fiber as it improves the economics of connecting new base stations and delivering FTTH both because new buildings are delivered with space for fiber as standard, and the same metro fiber infrastructure carries services for more users generating more revenue for providers. Fiber broadband users also tend to consume vastly (typically an order of magnitude) more data on each connection than mobile users, so the ongoing deployment of FTTH will have an exponential impact on total bandwidth demand.

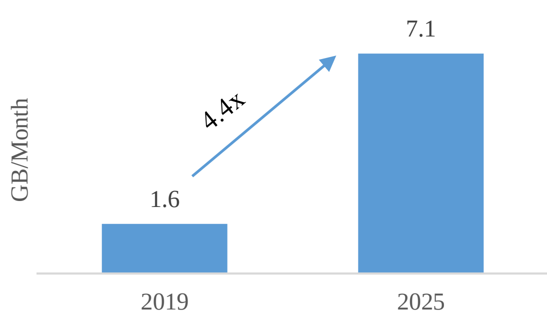
SSA has a young population and a growing labor force, and to date jobs growth has outpaced labor force growth. It is expected that by 2050, the working-age population will be 1.3 billion, larger than that of China, India or Europe (Source: United Nations, Population Division, 2019). In addition, the growing middle class is expected to be key in growing the mobile telecommunications market and the convergence of technologies, while also contributing to driving forward financial inclusion, government efficiency, trading opportunities and the delivery of education, healthcare and other services to urban and rural populations.

OMDIA forecasts that mobile broadband penetration in Africa is expected to increase from approximately 49.2% in 2019 to 79.9% by 2025 (Source: OMDIA, 2020). GSMA forecasts that the number of internet users in SSA will rise from 271.0 million in 2019 to 478.5 million in 2025 (Source: GSMA Intelligence, 2020). Combining a younger, growing and more technically adept population with increased urbanization and population density as well as ever greater use of data, it follows that mobile operators' dependence on fiber backhaul is likely to increase significantly.

Increasing income: consumers and businesses are demanding more and different types of data

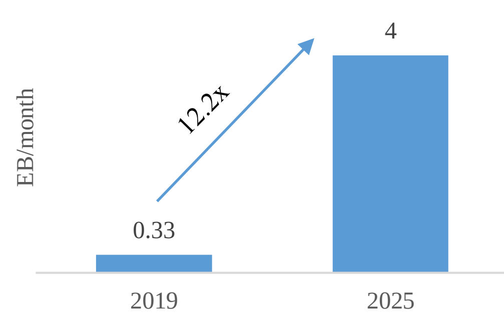
SSA's real GDP grew at an average of 4.8% per year between 2004 and 2019 making it one of the most rapidly growing economies in the world (Source: World Economic Outlook, 2020). The increase in spending per household has been responsible for about 40% of consumption growth in Africa (and household growth the rest) (Source: Mckinsey, 2017). It is expected that by 2025, 65% of African households will be in the 'discretionary spending' income bracket (earning more than $5,000 per annum), compared with less than 50% in 2015 (Source: Mckinsey, 2017). Consequently, the profile of goods and services that African consumers purchase will shift from basic necessities to include data services and advanced end-user devices. This is will lead to the growth in mobile data in SSA as shown in the figure below.

Figure: SSA Data traffic per smartphone (GB per month)



Source: Ericsson, June 2020

Figure: Mobile data traffic (EB per month[6]*)*



Source: Ericsson, June 2020

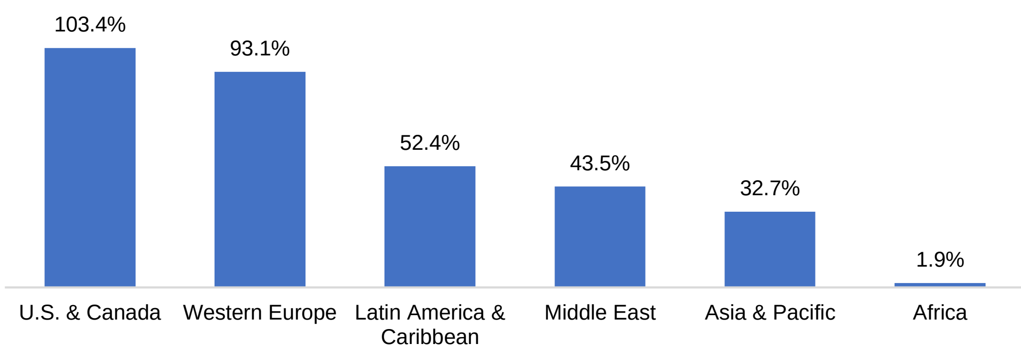
Demand for domestic and SME fiber connections is also accelerating in Africa. Households and other premises derive great cost benefits from a fiber connection plus WiFi router, rather than each household member connecting to a mobile signal. Online media and content are simultaneously becoming widely used, and the quality of a fiber link supports easy access. Accordingly, Cisco forecasts that machine to machine modules will grow at a CAGR of 24% between 2018 and 2023 in Africa and the Middle East ("**AME**") (Source: Cisco, 2020). These trends are leading to substantial capital investments in fiber networks by bandwidth infrastructure providers.

In Africa, household broadband penetration[7] remains relatively low: Africa's median household broadband penetration as of 30 June 2020 was 1.9%, compared to penetration rates of 103.4% and 93.7% respectively in the U.S, Canada and Western Europe (Source: TeleGeography, 2020).

[6] EB is one exabyte, which is 1 billion GB.

[7] Household broadband penetration: fixed broadband subscriber base divided by its number of households

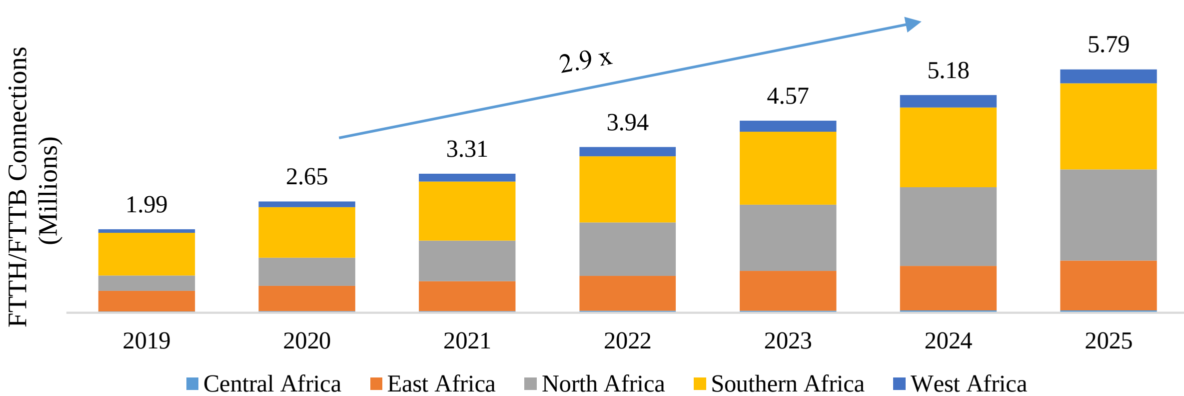
Figure: Household broadband penetration –2020



Source: TeleGeography, 2020

This suggests that substantial room for further growth exists. In particular, Xalam Analytics notes that Africa's FTTH/FTTB connection rate has grown almost 5 times since 2016. African FTTH connections will reach almost 6 million by 2025, with a run rate of approximately 628,000 new connections per year (Source, Xalam Analytics, 2020).

Figure: FTTH/FTTB connections in Africa (millions)



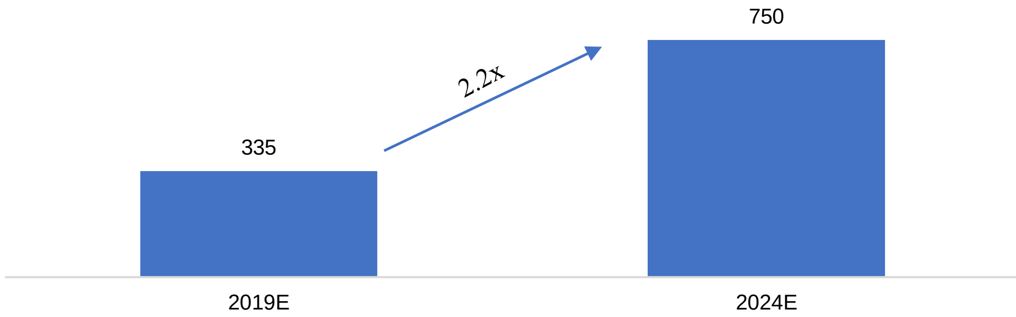
Source: Xalam Analytics, 2020

Increasing broadband requirements from enterprises

As connectivity improves in Africa and as its economies expand, business demand for managed services is growing. Cisco forecasts that business internet traffic in the AME region will grow at a CAGR of 14% between 2018 and 2023. The managed services that drive broadband demand include increased data storage, enhanced redundancy, reduced IT costs, improved connectivity and network efficiency. Examples include financial institutions seeking modern and robust IT infrastructure for efficient service delivery, security and disaster recovery purposes and media and content companies seeking more localized hosting infrastructure to feed local content across platforms to an increasingly digital audience.

The multi-tenant colocation market in SSA is expected to grow 2.2x between 2019 and 2024 to US$750 million—as enterprise usage of data and managed services increases (Source: Xalam Analytics, 2020). In addition, the total number of enterprises seeking connectivity and the bandwidth required by each, will also rise accordingly.

Figure: SSA – Colocation revenue projections (US$ million)



Source: Xalam Analytics, 2020

Technology is improving: for a given cost, the quantity and quality of data are improving

Increase in smartphone penetration[8] and usage per connection drives mobile data volumes

Most countries in Africa have a lower income level when compared to other parts of the world, so affordability is key. Falling handset prices, either new or used, continue to drive penetration. In addition, access to smart devices encourages subscribers to upgrade from basic 2G services to 3G, 4G LTE and 5G, and each of these upgrades, together with use of attendant bandwidth-hungry applications, results in consumption of an increasing amount of data. According to OMDIA, at the end of 2019, smartphone penetration in Africa was 35.2% which is relatively low when compared to penetration rates in North America and Western Europe of 84.2% and 103%, respectively. OMDIA forecasts that smartphone penetration in Africa will increase to 57.4% by 2024 thus providing a catalyst for an increase in data usage per subscriber. In absolute numbers, this translates into an increase of 434 million new smartphone connections between 2019 and 2024, to reach 876 million smartphone connections by 2024, growing at a CAGR of 14.7% (Source: OMDIA, 2020).

Increased smartphone penetration coupled with higher average broadband speeds (average broadband speeds is forecast to increase by 4.2x from 9.7 Mbps to 41.2 Mbps between 2018 and 2023 (Source: Cisco, 2020)) will drive data usage growth. Moreover, as more devices are 3G/4G LTE enabled, a migration of voice traffic from traditional switched networks (voice) to VoIP is also envisaged to contribute to data usage growth.

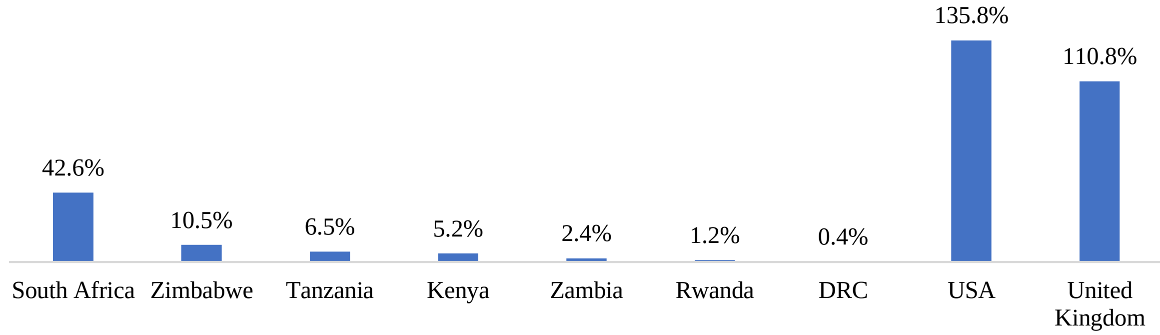
Increased throughput of mobile access technologies is requiring higher bandwidth to be delivered to cell sites

As mobile data demand increases significantly, the telecommunications industry has similarly increased investments to provide coverage and capacity across Africa. This has led to an ongoing large-scale roll-out of 4G LTE, which delivers faster speeds, but will require further densification of backhaul connectivity for cellular sites. According to Xalam Analytics, the number of LTE networks in Africa stood at 112 in 2019, which is double the 64 LTE networks recorded in 2016. Further backhaul bandwidth demand is anticipated as adoption increases. The 4G LTE penetration rate in Africa was 9.6% in 2019, however, countries such as South Africa have an LTE penetration rate of over four times the Africa average. Even with the progress made in the roll-out of 4G LTE in the region, comparing African countries to other developed countries such as the UK and the US which have penetration rates of over 100% shows the significant gap in LTE deployment across the region (Source: OMDIA, 2020).

A major benefit to rolling out LTE is the lower cost per MB delivered compared with 2G or 3G networks, which is expected to lead to lower end user prices, in turn supporting increased mobile data usage per connection. In addition, the recent 5G rollout is expected to continue to drive down the cost of delivering each MB to end users.

[8] Smartphone penetration is the number of smartphones connections as a percentage of population

Figure: 4G/LTE penetration[9] in 2019



Source: OMDIA, 2020

These increases in mobile throughput mean that wholesale demand for fiber backhaul is likely to continue growing, as in many countries in Africa only a small proportion of sites are currently connected with fiber.

New applications generate data and create new sources of revenue

New capabilities that are being introduced into wireless networks are increasing the range of services that can be provided. For example, 5G radios are being designed to efficiently support three different profiles of traffic: high throughput (e.g. for video services), low energy (for IoT), and low latency (for mission critical services such as safety and security).

The IoT ecosystem is also increasing across AME. According to GSMA Intelligence firm IDC, the IoT market opportunity in the AME region is poised to grow by 16% annually from US$8.47 billion in 2019 to US$17.6 billion by 2023. Four countries in the region, namely South Africa (US$1.9 billion), Saudi Arabia (US$1.49 billion), Turkey (US$1.24 billion) and the UAE (US$0.65 billion) are estimated to account for 62% of the total IoT expenditure in the AME region in 2019.

Figure: IOT market Spending in the Middle East & Africa (US$ billion)

Source:

Source: GSMA, IDC, 2020

The dynamics of the market are changing: wholesale is increasing in importance, data is becoming localized, and fixed networks are growing

Mobile operators increasingly prefer to outsource or share non-core infrastructure

One of the major trends in mobile networks in Africa in the last 10 years has been the outsourcing of tower services. TowerXchange estimated that 40% of SSA's 158,909 towers were sold to specialized tower companies, which lease the towers back to the sellers (TowerXchange, 2019). They typically aim to create value through careful financing, increasing tenancy on towers and optimizing delivery of services such as power and security of the towers. Many operators have also outsourced field maintenance, sales channels, and radio network planning and deployment.

A common feature of outsourcing these activities is that they can benefit from economies of scale and/or scope. The cost of a tower is almost independent of the number of users, and a field maintenance team can easily service multiple

[9] LTE Penetration: The number of LTE connections as a percentage of total population

networks at nearly the same cost as one. The same is true of backhaul networks and particularly fiber backhaul in which a fixed installation cost can support almost unlimited demand. While all these functions – towers, sales channels, fiber backhaul – were all at one stage considered to be strategic advantages over competing operators, this is becoming less relevant as the market matures, and the cost premium of maintaining exclusivity is becoming unaffordable.

Data center ownership and / or operation is a further function that MNOs may be looking to outsource. In part this is because of requirements for backup (operators tend to prefer leasing space for disaster recovery systems rather than building a redundant data center themselves) or to provide colocation services to their own enterprise customers. Some operators may have built network switching centers suitable for hosting third parties with the specific intention of leasing space to their customers. Given the vastly different risk and return profiles of data centers versus mobile networks, and the fact that data center operations are not core to MNO business, there is potential for the same trend towards outsourcing data center operations.

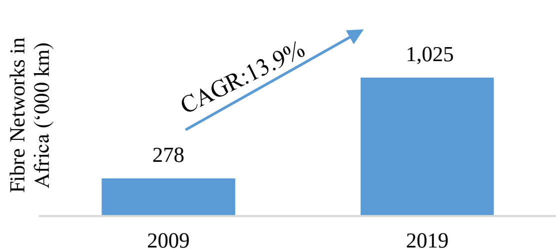
Data is becoming more localized

An ISP can respond to demand for content in several ways: it may serve the content from its own systems (e.g. if it offers a video-on-demand service and hosts the content itself), it can retrieve the content from another local provider through paid or unpaid peering (e.g. if another operator hosts the Google Global Cache), or, where the content is hosted internationally, it must retrieve it through major hubs such as London or Mumbai. Handling traffic in the latter way is more expensive and results in lower quality in terms of delays when compared with local serving of data.

Fixed networks are becoming a critical infrastructure to MNOs, ISPs and to the wider economy

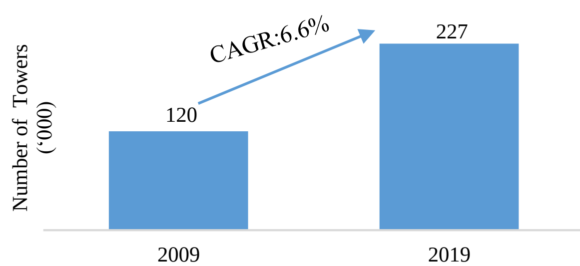
Fiber to connect to towers and buildings has become a major focus of investment. The figure below shows how route length of fiber networks in Africa has grown between 2009 to 2019, at a CAGR of over 14%. In the same period, the number of mobile towers in Africa has grown from 120,000 to around 226,844, a CAGR of 6.6% (Source: TowerXchange 2014, 2019) which is further driving fiber roll-out. Given the rapidly increasing traffic described earlier, it is likely that continued growth of fiber backhaul networks will be required.

Figure: Fiber networks in Africa



Source: Hamilton Research (2020)

Figure: number of towers in Africa



Source: TowerXchange (2014, 2019)

Regulatory pressure: quality data service demands more fixed network and more computing power

Alongside growth in capacity and increased access, regulation in the broadband industry is also maturing. Across Africa, MNOs are constantly under pressure to improve their quality of service. Most congestion problems in mobile networks arise because the volumes of data traffic are growing faster than the MNO's capacity, and the bottleneck is frequently the backhaul between the radio site and the core network. Regulatory intervention has therefore encouraged MNOs to find ways of deploying fiber backhaul, one of which is to partner with an independent bandwidth infrastructure provider using service level guarantees to ensure the quality of service, effectively using shared infrastructure to deliver solutions at a lower cost than self-building.

In some markets, regulators and local governments are trying to reduce duplication of infrastructure in order to ensure the efficient use of capital and reduced damage to roads following the repeated digging required to lay cables. This is a further driver towards the use of wholesale capacity services by MNOs and other operators.

Additionally, regulatory requirements covering data residency are increasing throughout Africa - most banking regulations, for example, require sensitive customer information to be hosted locally. Increasing cyber threats and the requirement to create backup sites will push companies to look for secure, off-site storage options simply to comply with their own governance and risk management requirements. This will drive investment in local, independent data centers, designed with colocation in mind, and will require dense, reliable fiber connections. Furthermore, governments are pursuing national broadband and financial inclusion plans, as they view increased connectivity and 'banking the unbanked' as important drivers of economic growth. This would further burnish demand for network expansion, and spur development of local expertise and applications.

Overview of core markets where the Company operates

Summary statistics across the Company's core markets

	South Africa [a]	Zimbabwe [b]	Kenya	DRC	Zambia	Tanzania
Mobile subscribers (m) (as of June 2020)	96	13.7	54	39	17	48
Mobile penetration rate (%) (as of June 2020)	172%	94%	102%	39%	93%	85%
Mobile subscriber growth (%) CAGR (20 -24)	1.5%	1.5%	3.9%	1.2%	4.0%	3.4%
Smartphone penetration (%) (2019)	91.2%	38.1%	59.9%	12.3%	17.0%	32.9%
Fixed line subscribers (m) (June 2020)	2.7	0.3	0.1	-	0.1	0.1
Household fixed-line penetration (2019) - %	15.%	7%	1%	-	3%	1%
Enterprise segment revenue (2020) US$'m	6,495	186	375	114	45	142
Enterprise segment revenue growth (2020 - 2023)	4%	5%	3%	3%	2%	4%
Data center colocation and cloud revenue (2020) - US$'m	1,701	26	57	10	7	17
Data center colocation and cloud revenue CAGR (2020 - 2023)	14%	16%	14%	18%	21%	17%
Household broadband penetration (%) (2019)	31%	5%	4%	0%	3%	3%
Used international Bandwidth (Gbps) (2019)	4585	221	1341	66	177	385
Used international Bandwidth (%) (2019 - 2025 CAGR)	38%	32%	34%	42%	36%	42%
% of population within 25km of a fiber node [c]	92.2%	56.6%	80.8%	26.3%	46.2%	39.9%
Infrastructure [d]	Openserve: 163,800km The Company: 32,597 km (Owned + Leased) Broadband Infraco: 15,000 km Dark Fibre Africa: 13,600 km Link Africa: 8,500 km	The Company: 10,175 km *(Owned + Leased)* PowerTel: 3,000km TelOne: 3,000km	The Company: 9,011 km *(Owned + Leased)* Safaricom: 7,000 km Telkom Kenya: 7,000 km Wananchi: 2,100 km	The Company: 2,788 km *(Owned + Leased)* SCPT: 8,000km	The Company: 5,779 km *(Owned + Leased)*	The Company: 3,194 km *(Owned + Leased)*
International connectivity	SAFE, SEACOM, EASSy, WACS. SAT-3/WASC, Africa-1, METISS (Q3 2020), EllaLink (Q4 2020), Equiano (Q4 2021), Peace (2020), 2Africa (Q3 2020)	EASSy, WACS, SEACOM	SEACOM, TEAMS, EASSy, LION2, DARE1, One Africa (Africa-1), 2Africa (Q4 2020)	WACS, Africa-1	Africa-1	SEACOM, WACS, EASSy, SEAS, Africa-1

Sources: The Company, TeleGeography, CA, ICASA, ZICTA, PORTAZ, Hamilton Research, Xalam Analytics, OMDIA
[a] South Africa: Mobile subscribers, penetration rate as of 30 September 2019
[b] Zimbabwe: Mobile subscribers, penetration rate as of 31 March 2020
[c] % of population within 25km of a fiber node – data as of 31 July 2020
[d] Infrastructure: Company data - as of September 2020, data for other players - as of February 2020

South Africa's Telecommunications Market Overview

Mobile Market Overview

South Africa has a relatively mature mobile telecommunications industry, with a high mobile penetration rate for the continent and a growing penetration rate across fiber as operators seek to connect more cities and towns. It was one of the first on the continent to commence the roll-out of a mobile phone network and remains one of the largest telecommunications markets in Africa.

South Africa's mobile telecommunications market is primarily served by four main MNOs—Vodacom, MTN, Cell C and Telkom SA. Vodacom is majority owned by Vodafone Plc, a UK-listed mobile operator, and is listed on the Johannesburg Stock Exchange ("**JSE**"). MTN is also listed on the JSE. Cell C is currently owned by JSE-listed Blue Label Telecom but is working on a recapitalization plan as the company defaulted on a series of debt payments in 2018. Telkom SA is majority owned by the SA government. FNB Connect, owned by FNB banking group is the largest of several Mobile Virtual Network Operators ("**MVNOs**") operating in South Africa, controlling 39% stake in the MVNO market (Source: TeleGeography, 2020).

The aggregate mobile networks in South Africa covers most of the country, with 99.7% of the population having 3G coverage and 92.8% having 4G LTE coverage in 2019. The increase in 4G/LTE coverage to 92.8% was a 24% increase over the 4G LTE coverage available in 2016 (Source: ICASA, State of SA ICT Sector Report, 2020). 5G has already been deployed by MTN and Vodacom in Johannesburg, Durban, Pretoria, Cape Town, Bloemfontein and Porth Elizabeth.

As of 30 September 2019, there were 82 million prepaid mobile subscriptions and 14 million post-paid mobile subscriptions in the country, a total of 96 million subscriptions representing a mobile penetration rate of 172% over the same period. Among this subscriber base, there were approximately 53.4 million smartphones in use translating to a smartphone penetration rate of 91.2% (Source: ICASA, State of SA ICT Sector Report, 2020). Mobile subscriber growth is expected to grow at a CAGR of 1.5% between 2020 and 2024 (Source: OMDIA, 2020). The industry generated approximately ZAR 194 billion in revenue for the 12 months ended 30 September 2019. Mobile voice generated ZAR 36 billion of this, a 17% decline from the same period in 2018. Mobile data generated ZAR 40.1 billion in revenue, a 15% decline on the preceding period despite the 19% increase in mobile data subscription over the same period. (Source: ICASA, State of SA ICT Sector Report, 2020).

Fixed Market Overview

Telkom SA, a former state-controlled monopoly, is the largest fixed-line network in South Africa. The Company's operation in South Africa was founded in 2006 pursuant to it being awarded the second network PSTN license. The country is presently served by the SEACOM, WACS, EASSy, METISS, SAT-3 and SAFE submarine cables. Telkom SA dominates the fixed voice market but also faces competition from MNOs, companies offering call-by-call carrier selection services and ISPs providing VoIP services.

The fixed-line market had approximately ZAR 37.4 billion in revenue for the 12-month period ending 30 September 2019. This was composed of fixed-line voice revenue of ZAR 10.6 billion and fixed-line internet and data revenue of ZAR 26.8 billion. While there has been pressure on revenues in the fixed-line segment owing to slowing voice revenue, the continued roll-out of FTTH/B in many of South Africa's metros is expected to increase adoption of fixed broadband services, although competition may place some pressure on FTTH/B prices. This continued roll-out of FTTH/B, together with DSL has resulted in the significant increase of fixed broadband subscriptions by 29.4% over the last five years (Source: ICASA, State of SA ICT Report, 2020).

Enterprise

South Africa's enterprise segment is served by multiple industry players, primarily Telkom SA, the Company, Dimension Data, MTN Business, Vox and Vodacom Business. A number of the players have very limited fiber capacity of their own, and generally buy and re-sell capacity from third-party owners. The segment revenue is estimated to grow at a 4% CAGR from US$6.5 billion in 2020 to US$7.4 billion in 2023 which is driven largely by growth in the cloud and data center colocation which account for 30% of the enterprise segment in 2020 (Xalam Analytics, 2020).

Data center and cloud services

South Africa is the largest data center market in Africa, accounting for approximately 79% of the continent's colocation IT load. The market is led by three main players, Teraco, Africa Data Centres and Dimension data - combined account for 74% market share (Source: Xalam Analytics, 2020). South Africa is also home to four Internet exchanges – NAPA Africa, Johannesburg Internet Exchange, Cape Town Internet Exchange and Durban Internet Exchange.

Xalam Analytics estimates that by the end of 2020, the country will have an available IT load of approximately 180 MW, which is over 3.5 times the 51 MW recorded in 2016. South Africa will also have an estimated available rack capacity of approximately 25,000 racks and 70,000 square meters of operational white space with 80% of available capacity being carrier neutral in 2020. Growth has been driven predominately by the expansion of global cloud and internet content players requiring local presence. Since 2017, 10 identified Content Delivery Network providers have set up in South Africa, with two hyperscale providers (Microsoft and AWS) establishing data centers in the country. (Source: Xalam Analytics, 2020)

Xalam Analytics projects that South Africa's colocation supply will further increase to approximately 300 MW by 2024 with the main players – Teraco, Africa Data Centres, Company and Dimension Data accounting for 90% of total supply by 2021. This growth is driven by businesses embracing outsourcing and managed services for their business and technological needs, hyperscale development, increased adoption of cloud services, growing smartphone penetration, internet speed and penetration. (Source: Xalam Analytics, 2020).

Xalam Analytics estimates that revenue generated by the data center market is expected to grow at a CAGR of 14% from US$230 million in 2020 to US$340 million by 2023 as more capacity comes on stream. Public and private cloud, market revenues are expected to grow at a 14% CAGR from US$1.5 billion in 2020 to US$2.2 billion in 2023. The contribution of cloud and data center colocation to revenue in the enterprise segment is also expected to grow by 9% from 26% in 2020 to 34% in 2023 driven by growing traffic, adoption, internet and smartphone penetration, digitalization and various expansions and developments fueling the strong demand for cloud and data center services. (Source: Xalam Analytics, 2020).

Wholesale

South Africa's wholesale voice and data segment is served by Telkom SA, the Company, DFA, SEACOM, WIOCC, MTN, Internet Solutions, Teraco, Vox, CMC Networks, Vodacom Business and state-owned BitCo. In 2015, Telkom SA created Openserve to house its wholesale operations and provide equal access to its fiber broadband and metro Ethernet network as well as IP Connect and South African Internet Exchange offerings. As of 2019, international bandwidth usage was estimated to be 4.6 Tbps. This is expected to grow at a CAGR of 38% between 2019 and 2025 driven by increasing fixed and mobile penetration and growth in mobile business subscriptions (Source: TeleGeography, Q2 2019).

The Company launched a wholesale 4G network in 2019 in South Africa, with a major brand anchor tenant, utilizing the Company's 1800MHz spectrum allocation. Subsequently, the Company launched a wholesale 5G network in 2020, with another major brand anchor tenant, utilizing the Company's 3.5GHz allocation.

Retail

In recent years multiple open-access fiber network operators have been laying cable in the more affluent areas of South Africa's major metros. According to StatSA, in 2018 only 10.4% of the population had access to the internet at home (Source: ICASA, State of ICT Sector Report, 2020). Companies focused on rolling out FTTH include Vumatel, Link Africa, Metro Fibre, Mitchels Fibre, ClearAccess, Openserve, Vox Telecom and SA Digital Villages. (Source: TeleGeography, 2020)

Infrastructure

South Africa has one of the longest terrestrial fiber networks in Africa, with mobile operators MTN, Vodacom and Cell C joining Telkom SA and the Company in deploying fiber optic infrastructure for providing advanced communication services to residential and business customers. According to TeleGeography, Telkom SA has 163,800 km of fiber lines installed nationally, surpassing 2.42 million households.

As of September 2020, the Company owned and operated over 8,300 km of national long-distance fiber and 13,000 km of metro fiber. Separately, the Company also has 11,200 km of long haul leased fiber (Source: Company). The Company also directly connects the major centers in South Africa to the rest of the world via submarine cables.

DFA has laid fiber in major metropolitan areas which it leases to other carriers, including Cell C, Vodacom, MTN, Telkom SA and Dimension Data as well as media companies and high internet usage corporations. As of 2019, DFA had 13,600 of fiber with services available in Johannesburg, Cape Town, Durban, Midrand, Centurion, Pretoria and a few smaller metros.

The state-owned Broadband Infraco operates a fiber-optic network spanning 15,000 km with 156 Points of Presence. It is being merged with state broadcaster Sentech to consolidate the fiber infrastructure for broadband/broadcasting purposes. Link Africa also operated around 8,500 km of fiber as of January 2020. (Source: TeleGeography, 2020)

Zimbabwe's Telecommunications Market Overview

Mobile Market Overview

There were approximately 13.7 million active mobile phone subscriptions in Zimbabwe as of 31 March 2020 across three operators—Econet, Telecel and NetOne. Econet had approximately 70% of the subscriber market share, followed by NetOne with 24% (Source: Postal and Telecommunications Regulatory Authority of Zimbabwe ("**POTRAZ**", 2020), from licensee reporting). Mobile subscriber growth is expected to grow at a CAGR of 1.5% between 2020 and 2024 (Source: OMDIA, 2020). As of March, 2020, Zimbabwe had an estimated mobile penetration rate at 94.2%. The entire mobile market generated US$2.1 billion in revenues in Q1 2020 (Source: POTRAZ, 2020).

Mobile money continues to expand rapidly across Zimbabwe, mobile money subscribers grew four times from 1.9 million subscribers in December 2012 to 7.7 million subscribers as of 31 March 2020. This growth is largely due to a service launched by Econet - Eco-Cash in 2015 which now has 92.1% market share as of 31 March 2020. Mobile money transactions in the country were 517 million as of 31 March 2020. (Source: POTRAZ, 2020)

Fixed Market Overview

There were 260,959 active fixed-line subscriptions in Zimbabwe as of 31 March 2020, with 18 connections per 1,000 people (Source: POTRAZ). TelOne's transmission backbone spans over 4,000 km using microwave radio, fiber optic and open wire systems (Source: TeleGeography).

As an alternative, Africom and PowerTel offer VoIP-based voice services - carried over their own fiber-based IP networks (Source: TeleGeography, 2020). Both companies operate under internet access provider Class A (including VoIP) licenses and are not licensed as fixed-line telephony providers or mobile cellular network operators. In addition, in January 2012, Econet launched VoIP telephony services under its Econet Broadband division (since transferred to Econet's sister company, internet provider Zimbabwe Online (Pvt) Ltd (ZOL), under the name ZOLphone).

Enterprise

The key players that serve the enterprise segment in Zimbabwe include Dandemutande, Frampol Africa, TelOne, the Company and PowerTel. The enterprise segment revenue is estimated to grow at a CAGR of 5% from US$186 million in 2020 to US$214 million in 2023. The enterprise segment is comprised mainly of mobile B2B and connectivity which account for 84% of the sector in 2020, however growth in the segment is driven by growth in the cloud and data center colocation which account for 14% of the enterprise segment. (Source: Xalam Analytics, 2020).

Data center and cloud services

In March 2017, TelOne opened two data centers, in Harare and Mazoe. The centers form part of the National Broadband Backbone project and the construction of the new data centers was carried out in conjunction with Huawei. (Source: TeleGeography, 2020). Africa Data Centres has a data center facility in Harare which is being upgraded.

Xalam Analytics estimates that data center colocation revenue is expected to grow at a CAGR of 21% from US$4 million in 2020 to US$7 million in 2023 as more colocation capacity comes on stream in the next few years. For the cloud segment which comprises of public and private cloud, market revenues are expected to grow at a 15% CAGR from US$22 million in 2020 to US$33 million in 2023. The contribution of cloud and data center colocation to the total enterprise revenue is also expected to grow by 5% from 14% in 2020 to 19% in 2023 fueled by strong demand for these services (Source: Xalam Analytics, 2020).

Wholesale

Zimbabwe's wholesale market is served primarily by the Company, TelOne, Dandemutande and Powertel. Limitations in international bandwidth for the landlocked country, Zimbabwe, for many years held back the development of the internet and broadband sectors, but this has changed since fiber optic links to Secom, EASSy and WACS submarine cables were established via neighbouring territories like Mozambique and South Africa. As of 2019, international bandwidth usage in Zimbabwe was estimated to be 221.2 Gbps. This is expected to grow at a CAGR of 32% between 2019 and 2025 driven by increasing fixed and mobile penetration and growth in mobile business subscriptions (Source: TeleGeography, Q2 2019).

The first commercial LTE services were launched in 2013, while investment in LTE technologies, for which the regulator has assigned spectrum in the 700MHz band, continues. In addition, since mid-2018 the government and regulator have considered implementing a technology-neutral regime in a bid to ease licensee investment in emerging technologies, including 5G (source: Markets & Markets)

As of 2019, international bandwidth usage in Zimbabwe was estimated to be 221.2 Gbps. This is expected to grow at a CAGR of 32% between 2019 and 2025 driven by increasing fixed and mobile penetration and growth in mobile business subscriptions (Source: TeleGeography, Q2 2019).

Broadband / Retail

The key players that serve the fixed broadband space include TelOne, Dandemutande, the Company, PowerTel, Frampol Africa and Africom. Zimbabwe has one of Africa's most expensive data markets, partly due to underinvestment in broadband infrastructure and the high cost of international bandwidth. There were just 0.2 million fixed broadband subscribers and 8.17 million mobile broadband subscribers as of June 2019 (Source: TeleGeography, 2020). The rising demand for ADSL and fiber optic services is expected to yield growth in the broadband sector. the Company has rolled out FTTH services in Harare, Victoria Falls and Bulawayo, as well as a nationwide fixed LTE network to provide fixed broadband services.

Infrastructure

The Zimbabwean fixed line incumbent, TelOne currently operates a national fiber backbone spanning over 4,000 km. PowerTel also owns and manages a 3,000 km fiber backbone network, which helps to link Zimbabwe through gateways in Botswana and Mozambique to submarine cables (Source: TeleGeography, 2020).

In May 2020, South Africa-based DFA was awarded a Class B IAP license, making it the first new telco to be licensed in Zimbabwe in over ten years. It intends to deploy a nationwide fiber backbone network which will be used to provide capacity to third-party access providers (Source: TeleGeography, 2020).

As of September 2020, the Company owned and operated over 4,600 km of national long-distance fiber, and its FTTH/Metro-fiber network stretches to over 5,500 km across the country (Source: The Company).

In terms of international connectivity, the internet sector has received a huge boost from the connection to international fiber-optic submarine cables via cross-border fiber networks rolled out by several private and government-backed operators over the years. As far back as 2011, PowerTel, the Company and Africom all connected to international fiber networks via the borders with South Africa, Mozambique and Botswana.

Kenya's Telecommunications Market Overview

Mobile Market Overview

The Kenyan mobile market had 54.1 million active subscriptions at June 2020, representing a mobile penetration rate of 102%, where Safaricom had the largest share of these subscriptions, with 66.3%. The remaining 34% of the market was split between - Airtel Kenya (27.7%), Telkom Kenya (5.5%) and Jamii Telecommunications (0.4%) (Source: TeleGeography, 2020). The majority of the active subscriptions are prepaid. There are also MVNO operators such as Finserve Africa, BLAZE and Mobile Pay. Safaricom was the first operator to market 3G and 4G services and currently has over 63% of the population covered by 4G. It also carried out 5G trails in early 2020 (TeleGeography). Mobile subscriber growth is expected to grow at a CAGR of 3.9% between 2020 and 2024 (Source: OMDIA, 2020).

The number of mobile data/internet subscriptions has grown from approximately 19.8 million in 2015 to 49.5 million in 2019, representing a CAGR of 26% (Source: Communications Authority of Kenya ("**CA**"), 2019), which is expected to increase with the ongoing adoption of 4G LTE technologies and the deployment of 5G.

Kenya has a large and well-established mobile money market that continues to expand rapidly. The number of mobile money subscribers has expanded from 27.7 million in 2015 to 32.6 million as of June 2019, with Safaricom accounting for 82% market share (Source: CA, 2019). Furthermore, the volume and value of transactions has increased from 1.8 billion and KES 4.6 trillion in June 2017, to 3.1 billion and KES 8.5 trillion in June 2019. (Source: CA, 2019).

Fixed Market Overview

Kenya has a small and declining fixed-line network with approximately 70,394 subscribers (PSTN: 21,600 and VoIP: 48,794) as of December 2019 (Source: TeleGeography, 2020). Fixed-line subscriptions has declined by 61% over the prior five years to December 2019 (Source: TeleGeography, 2020). Telkom Kenya was incorporated in 1999 as the sole operator of the national PSTN, a role previously held by the Kenya Posts and Telecommunications Corporation. Telkom Kenya faces significant competition from VoIP operators, particularly Wananchi which offers triple-play bundles under the brand name Zuku. The decommissioning of Telkom Kenya's CDMA network in the second quarter of 2015 led to a substantial decrease in the total number of fixed-line connections.

Enterprise

Kenya's enterprise segment is served by multiple industry players, primarily: Internet Solutions, Safaricom, the Company, Telkom Kenya, MTN Business and Wananchi. The segment revenue is estimated to grow at a 3% CAGR from US$375 million in 2020 to US$406 million in 2023. Although mobile B2B accounts for 62% of the segment, it is not expected to grow over the forecast period as market dynamics are shifting towards cloud and data center services which are now the driving force in the segment. (Xalam Analytics, 2020).

Data center and cloud services

Kenya has the third largest colocation market in SSA, based on both available commercial white space and IT power. It benefits from being a key regional trading hub and landing point for submarine cables. It is also East Africa's most dynamic market, with Nairobi and Mombasa being East Africa's economic and connectivity hubs, respectively.

The available colocation supply has more than doubled from 4.6 MW in 2016 to 10 MW (estimated) in 2020. As of 2020, Kenya had four primary dedicated data center colocation facilities and five smaller multi-purpose facilities. As the industry is maturing, the data center market is dominated by carrier neutral data centers. In 2020, 76% of the colocation supply is carrier neutral while 23% is still owned by MNOs, which is a significant change compared to 2016 where about 50% was carrier neutral. As of the second quarter of 2020, Africa Data Centres controlled 41% of the colocation supply followed by icolo.io (32%) and Safaricom (15%). Other players include MTN Business and PAIX and IX Africa (Xalam Analytics, 2020). Xalam Analytics estimates that 15 MW (1,500 racks) of colocation supply is expected to come into the market by 2024, driven by new facilities and expansion of existing providers, which is ultimately driven by data center demand in the country.

Xalam Analytics estimates that data center colocation revenue is expected to grow at a CAGR of 8% from US$7 million in 2020 to US$9 million in 2023 as more colocation capacity comes on stream. For the cloud segment which comprises of public and private cloud, market revenues are expected to grow at a 14% CAGR from US$50 million in 2020 to US$74 million in 2023. The contribution of cloud and data center colocation to the total enterprise revenue is also expected to grow by 5% from 15% in 2020 to 20% in 2023 (Source: Xalam Analytics, 2020).

Wholesale

Kenya has an established wholesale market served primarily by the Company, Jamii Telecommunications, Internet Solutions, FON, Wananchi and Telkom Kenya (Telkom Kenya operates the Kenyan government's fiber network, NOFBI). As of 2019, international bandwidth usage was estimated to be 1.3 Tbps (only 28.5% of the available bandwidth being utilized (Source: CA, 2019). This is expected to grow at a CAGR of 34% between 2019 and 2025 driven by increasing fixed and mobile penetration and growth in mobile business subscriptions (Source: TeleGeography, Q2 2019).

Kenya is also the preferred conduit for the IP transit traffic of its landlocked neighbors. Nairobi is East Africa's largest economic center while Mombasa is an important regional submarine cable connectivity. (Xalam Analytics 2020).

Broadband / Retail

Growth in Kenya's broadband market has historically been driven by a combination of the government's comprehensive ICT strategy and network investments by private service providers. Major private service providers include Wananchi, Safaricom, Poa Internet Solutions, Jamii Telecommunications, the Company, Mawingu Networks and Telkom Kenya. As of June 2020, the number of fixed broadband subscriptions increased from 421,925 subscriptions in June 2019 to 587,200 subscriptions in June 2020, which translates to a household penetration rate of 4.2% (Source: TeleGeography, 2020).

Infrastructure

In November 2017, Telkom Kenya completed the first phase of its national backbone and metropolitan transmission network upgrade and had kicked off an FTTB project covering 300 commercial buildings in a number of urban centers. Telkom Kenya has also laid more than 7,000 km of fiber to provide SMEs and corporate clients dedicated lines with broadband speeds of up to 10 Mbps (Source: TeleGeography, 2020).

More recently, in September 2019, Safaricom deployed around 7,000 km of fiber-optic cabling, passing 302,900 Kenyan households of which 114,700 were connected. This compares favorably with 47,417 households that were passed and 10,200 homes that were connected at end-March 2017. The operator has also connected 2,600 commercial buildings with fiber broadband. In January 2019 Telkom announced that it was investing in the access, core, transmission and IT components of its corporate and SME FTTB network. Wananchi also has 2,100km of fiber covering 500,000 homes predominantly in Nairobi, Mombasa and Nakuru (Source: TeleGeography, 2020).

As of September 2020, the Company owns and manages over 3,000 km of national long-distance fiber, its FTTH/Metro-fiber network stretches to almost 2,000 km and its leased network extends to almost 4,000 km across the country (Source: The Company).

In terms of international connectivity, the government and the internet service providers have remained active in the development of the regions' submarine cable systems. There are four submarine networks landing on Kenya's shores: the SEACOM system (2009), TEAMS (2009), EASSy (2010) and the 2,700 km LION2 (2012). Recent developments include the commissioning of DARE1 in 2020 and PEACE cable forecasted for 2021.

DRC's Telecommunications Market Overview

Mobile Market Overview

The DRC mobile market comprises of four main MNOs. Vodacom is the market leader with a 36% subscriber share as of June 2020, followed by Orange (28%), Airtel (26%) and Africell (10%) (Source: TeleGeography, 2020). The three largest operators are majority owned by large international telecommunications groups, being Vodacom Group, headquartered in South Africa, Orange Group headquartered in France and Bharti Airtel, headquartered in India.

In 2016, Orange's acquisition of Tigo from Millicom created an MNO of scale which is competing with Airtel for the second position in DRC. Africell, the later entrant, entered the DRC market in November 2012, disrupting market dynamics with aggressive pricing.

The DRC mobile market had 38.7 million wireless subscribers as of June 2020, representing a low mobile penetration rate of 38.9%. Mobile subscription grew marginally over the last five years. There was a decline in mobile subscribers by 22% in 2016 due to the governments mandatory SIM registration program in 2016, which resulted in the deactivation of inactive SIMs and the removal of several overlapping SIMs following Orange's purchase of Tigo in 2016. Mobile subscriber growth is expected to grow at a CAGR of 1.2% between 2020 and 2024 (Source: OMDIA, 2020).

In terms of revenue, according to the he Post and Telecommunications Regulatory Authority ("**ARPTC**"), revenue from voice services grew by 10% to US$249 million in Q4 2019 compared to Q4 2018 and revenue from data services grew by 22% to US$74.9 million over the same period. (Source: TeleGeography, 2020).

Fixed Market Overview

According to ARPTC, the DRC fixed line telephony segment has been non-existent since 2013. There are currently no subscribers in this segment.

Enterprise

The key players in the enterprise segment include Airtel, Global Broadband, Microcom, Vodacom, Africell, Castor networks, Orange, the Company and Societe Congolaise des Postes et Telecommunication ("**SCPT**"). The segment revenue is estimated to grow at a CAGR of 3% from US$114 million in 2020 to US$125.6 million in 2023. The market dynamics are shifting towards cloud and data center services which are now a key driver of the segment. (Xalam Analytics, 2020).

Data center and cloud services

Similar to many other African markets, data center colocation supply in DRC is relatively low. The market initially had issues with terrestrial fiber connectivity due to SCPT monopoly on terrestrial fiber. However, the advent of a new government in 2019 introduced more flexibility into the market and has also attracted key projects.

Xalam Analytics estimates that data center colocation revenue is expected to grow at a CAGR of 24% from US$1.5 million in 2020 to US$2.8 million in 2023. For the cloud segment, market revenues are expected to grow at a 17% CAGR from US$8.7 million in 2020 to US$13.8 million in 2023. The contribution of cloud and data center colocation to the total enterprise revenue is also expected to grow by 4 % from 9% in 2020 to 13% in 2023 driven by growing demand. (Source: Xalam Analytics, 2020).

Wholesale

The state-owned fixed line incumbent SCPT largely functions as a wholesale connectivity provider, leasing out capacity on a fiber backbone that was installed by Chinese vendors. As of 2019, international bandwidth usage was estimated to be 66 Gbps and is expected to grow at a CAGR of 42% between 2019 and 2025 to 535 Gbps as mobile penetration increase (Source: TeleGeography, Q2 2019).

The Company operates a wholesale fixed network in Kinshasa, Lubumbashi and Goma, as well as other smaller cities. In 2019, the Company secured a 2,300km dark fiber route on the power transmission line operated by utility company SNEL, from the Zambia border, near Lubumbashi, to Inga, near Kinshasa. The Company also has international gateways interconnecting with Zambia and Rwanda (Source: The Company).

Broadband / Retail

The development of DRC's fixed broadband sector has been plagued with challenges such as the lack of an operational nationwide fixed network. The majority of the nation's copper infrastructure was destroyed or damaged by civil wars during the 1990s and 2000s and attempts to repair or rebuild have been hindered by a lack of financing. The ARPTC does not have a list of broadband service providers and continues to exclude the fixed broadband sector from its quarterly statistical reporting. Nonetheless, figures published by the ITU citing the ARPTC indicated there were 4,620 fixed broadband subscribers in the DRC at end-2018. By contrast, the ARPTC states that the number of mobile internet connections had tripled, growing from 5.5 million in 2014 to 16.95 million by December 2019 (Source: TeleGeography, 2020).

Infrastructure

In the last decade, Huawei and the China International Telecommunication Construction Corporation were involved in the installation of a fiber backbone running from Kinshasa to the coast, with onwards connection via the WACS submarine cable system. The fiber backbone comprises of a 600 km Muanda-Kinshasa link, alongside a 3,400 km Kinshasa-Bandundu-Sakania link. This fiber network also passes 45 cities and is primarily used to support the data needs of large companies. In addition to this, in May 2018 SCPT confirmed that a 4,000 km link from Kinshasa to Lubumbashi had been completed, and an extension to Kasumbalesa was under way (Source: TeleGeography, 2020).

As of September 2020, the Company owns and manages over 120 km of national long-distance fiber, its FTTH/Metro-fiber network stretches to almost 100 km (Source: The Company). The Company operates a 2,300km backbone link between Lubumbashi and Kinshasa utilizing the power transmission infrastructure owned by utility company SNEL. Mobile operators Vodacom and Airtel also secured dark fiber on the SNEL network.

The country was able to access international submarine cable networks for the first time in April 2013 following the landing of WACS. In terms of other overland connections, Phase V of the Central African Backbone project will see the DRC interconnect to ten other countries in Central Africa. The country is also set to host landing points for the ACE cable, the Equiano cable and 2Africa cable (Source: Xalam Analytics, 2020)

Zambia's Telecommunications Market Overview

Mobile Market Overview

As of 30 June 2020, there were 16.8 million mobile subscribers which translates to a mobile penetration rate of 92.9% Subscribers are served by three major mobile operators, MTN, Airtel and Zamtel. Mobile penetration grew from 71.5% in 2015 to 92.9% in June 2020. MTN is the market leader with a subscriber share of 43.1% as of June 2020, followed by Airtel (35.0%) and Zamtel (21.9%) (Source: TeleGeography, 2020). The two largest operators are majority owned by large international telecommunications groups, being MTN, headquartered in South Africa and Airtel Africa which is majority owned by India's Bharti Airtel. Zamtel is wholly owned by the Zambian government. The 3G network currently covers approx. 94% of the population (Source: TeleGeography, 2020).

The total number of active mobile internet subscriptions in Zambia increased from 9.1 million subscriptions as of June 2019 to 9.4 million subscriptions as of June 2020 reflecting a growth of 3.3%. This translates to an increase in the mobile internet penetration rate from 52.2% to 52.4%. This improvement can be attributed to increased investments of service providers leading to more extensive coverage of 3G/4G networks, the increased adoption of emerging technologies such as 3G and 4G/LTE and increased roll out of networked devices such as POS machines (Zambian Information and Communication Technology Authority "**ZICTA**"). Mobile subscriber growth in the country is expected to grow at a CAGR of 4% between 2020 and 2024 (Source: OMDIA, 2020).

Fixed Market Overview

Zamtel is the only fixed-line voice provider in Zambia and the network remains small: there are approximately 96,700 (PSTN) lines which translates to a household penetration of 2.6% (Source: TeleGeography, 2020). In addition to Zamtel, the Company, ZESCO, Kenya Power and Powertel also provide fiber network access.

Enterprise

Zambia's enterprise segment comprises the public sector organizations, multinationals and local companies. This segment is served by multiple industry players, primarily MTN, Airtel, the Company, Africonnect and Paratus Telecom. The sector is still in an earlier stage of market development compared to South Africa. The segment comprises mainly mobile B2B and connectivity that together account for 84% in 2020. Both sectors are expected to remain largely flat between 2020 and 2023. The enterprise segment is estimated to grow at a 2% CAGR from US$45 million in 2020 to US$48 million in 2023 driven largely by growth in the cloud and data center segments which account for 15% of the enterprise segment in 2020 (Xalam Analytics, 2020).

Data center and cloud services

In 2015, the Smart Zambia initiative was introduced, which is predicated on cloud computing and was split into two phases. As part of Phase I, a national cloud data center was built, as well as the launch of an ICT talent training center, with Huawei as the primary project supplier. The data center is at the Zambian Information and Communication Technology campus, located in Lusaka, Zambia's capital city. The ZICTA cloud platform is designed to provide processing, networking, and storage facilities for government and public institutions, and commercial enterprise services. A backup data center is co-located at the Roma switch office of Zamtel. A second backup data center is situated at the Zamtel Kitwe switch office. Each of the three centers is fully equipped with servers, power, monitoring, and communications equipment rooms.

Phase II was launched to build a national broadband network and e-Government platform to benefit 17 cities across the country. Phase II will include the deployment of 9,050 km of fiber optic cable across ten provinces, with a plan to connect 10,000 businesses and public sector organizations, and 200,000 urban households to the national cloud data center built in Phase I (Source: Huawei, 2017). MTN is also planning to open a data center in Lusaka (Source: BMIT, 2019)

There is significant room for growth in the data center and cloud segments. Xalam Analytics estimates that market revenue is expected to more than double from US$0.5 million in 2020 to US$1.1 million in 2023. For the cloud segment which comprises of public and private cloud, market revenues are expected to grow at a 21% CAGR from US$6.0 million in 2020 to US$10.5 million in 2023. The contribution of cloud and data center colocation to the total enterprise revenue is also expected to grow by 9% from 15% in 2020 to 24% in 2023 driven by growing demand for both services. (Source: Xalam Analytics, 2020).

Wholesale

Zambia's wholesale segment is a relatively mature market and is primarily served by the Company which has a 49.3% market share (by revenue), Fibrecom, Paratus Telecom, MTN and Lusaka Telecom. Other smaller players and new entrants include Zamtel, Smartnet, Airtel, WIOCC, Orange Business and PCCW. (Source: BMIT, 2019).

As of 2019, international bandwidth usage was estimated to be 177 Gbps. This is expected to grow at a CAGR of 36% between 2019 and 2025 to 1,139 Gbps driven by increasing fixed and mobile penetration and growth in mobile business subscriptions (Source: TeleGeography, Q2 2019).

Infrastructure

Zambia's connection to submarine cable systems and investments in terrestrial fiber optic network infrastructure are expected to drive growth in the fixed line sector given ongoing investments and expansion. As of September 2020, the Company owns and manages over 1,500 km of national long-distance fiber, its FTTH/Metro-fiber network stretches to almost 1,200 km and its leased network stretches over 3,000 km across the country (Source: The Company). Airtel Zambia is also investing US$48 million to upgrade its infrastructure, and its installation of fiber network in Kasama and Ndola to Solwezi is almost complete, which is expected to improve service delivery.

Tanzania's Telecommunications Market Overview

Mobile Market Overview

Mobile accounts for more than 99.8% of connections in the country as of 30 June 2020 (48.1 million mobile subscriptions compared to 75,619 fixed network connections) (Source: Tanzania Communications Regulatory Authority "**TCRA**", 2020). Mobile subscribers grew at a CAGR of 7% from 2014 to 2019 (Source: TCRA, 2020) and is expected to grow at a CAGR of 3.4% between 2020 and 2024 (Source: OMDIA, 2020).

There are six mobile operators in Tanzania —Vodacom Tanzania, Tigo Tanzania (including Zantel), Airtel Tanzania, Halotel, Smart Telecom and TTCL, the state-owned telecommunications operator. Vodacom, Tigo and Airtel are the largest operators and had approximately 84% of market share as of 30 June 2020. Halotel, a more recent entrant, launched mobile services in October 2015 and had a market share of 13% as of 30 June 2020 (Source: TCRA, 2020). The penetration rate as of 30 June 2020 was approximately 84.7% (Source TeleGeography, 2020).

New regulatory requirements came into effect in October 2016 regarding SIM card registration. In February 2018, the registration requirements were updated to include biometric registration to improve the acquisition of accurate customer information and to curb mobile phone related fraud and other criminal activities more effectively. Further to this, in May 2019, the TCRA made the biometric SIM registration mandatory. The final deadline for the exercise was in January 2020, after which network operators commenced blocking unregistered subscribers.

All the mobile operators have now launched 4G services and are currently rolling out their network across the country Tigo was the first to launch 4G services doing so in April 2015. In December 2015, TTCL launched its 4G service in Dar es Salaam, while in June 2016, Vodacom launched its 4G LTE network in Dar es Salaam.

According to the TCRA's estimates, there were approximately 27.1 million internet users as of 30 June 2020, equivalent to 47% population penetration, with majority accessing the internet on a mobile device. Usage of non-voice services, including data, SMS and Mobile Financial Services, are increasing in Tanzania. Internet usage has increased rapidly, with the TCRA's figures showing an 18.3%. CAGR in the number of users between 2012 and 2019 (TCRA, 2020).

Fixed Market Overview

The fixed line telephony market is small and has been declining over the years. The market contracted at a CAGR of 11.3% between 2012 and 2019, according to the TCRA. There were approximately 75,619 fixed-line voice subscriptions in June 2020 (Source: TCRA, 2020). TTCL, is the only provider of fixed-line voice services. Zantel (which was acquired by Tigo in 2019) no longer reports any fixed voice lines in service as of 31 December 2019.

Enterprise

TTCL is a leading player, offering broadband internet connectivity via an IP network covering the country's main regional centers, with fixed and wireless links to end users. Other players include Habari Node, the Company, Zuku TZ, Cats-Net,Vodacom, Aptus Solutions and ComNet. The segment revenue is estimated to grow at a CAGR of 4% from US$142 million in 2020 to US$158 million in 2023. The Mobile B2B segment accounts for 67% of the sector, however, growth in the segment is driven by cloud and data center services. (Xalam Analytics, 2020).

Data center and cloud services

The data center industry in Tanzania is still growing and Xalam Analytics has identified the market as one of the SSA markets with significant potential. It is amongst the top 10 data center markets in SSA, with an estimated colocation supply capacity of l.3 MW by the end of 2020, (Xalam Analytics, 2020). Tanzania has a national data center located in Dar es Salaam's Kinondoni District and is operated by TTCL. The facility was completed in 2016 and offers services to both public and commercial organizations. In addition, Tigo also offers third party colocation through its Tier III data center.

Xalam Analytics estimates that data center colocation revenue is expected to grow at a CAGR of 22% from US$1.8 million in 2020 to US$3.4 million in 2023 as colocation capacity increases. For the cloud segment, market revenues are expected to grow at a CAGR of 17% from US$14.8 million in 2020 to US$23.6 million in 2023. The contribution of cloud and data center colocation to the total enterprise revenue is also expected to grow by 5% from 12% in 2020 to 17% in 2023 driven by growing demand (Source: Xalam Analytics, 2020).

Wholesale

Key players in the wholesale sector include Aptus Solutions, TTCL, Airtel, the Company, Capital Technologies, Cats-Net, Habari Node, Smile Communications, Spicenet and Vodacom. As of 2019, international bandwidth usage was estimated to be 385 Gbps which is expected to grow at a CAGR of 42% between 2019 and 2025 to 3,131 Gbps as fixed and mobile penetration increase (Source: TeleGeography, Q2 2019).

Broadband / Retail

The major players in the broadband sector in Tanzania include TTCL, Wananchi Tanzania, Raha Tanzania (The Company), Maisha Broadband, and Cable Television Network. As of June 2020, Tanzania broadband connections totaled approximately 379,300, an increase of 14% since December 2019 (Source: TeleGeography, 2020). Additionally, household broadband penetration increased from 2.8% in December 2019 to 3.2% in June 2020. In contrast to fixed broadband, as mobile operators offer data services, the TCRA estimated that there were over 25 million internet subscribers at 31 December 2019, showing that wireless networks are seeing the bulk of growth in the internet access segment (Source: TeleGeography, 2020).

Recently, a trend towards the deployment of new technologies, including TD-LTE and FTTH networks, has emerged. Wananchi provides Zuku-branded triple-play IP telephony, TV and broadband services over a fiber-optic network in parts of Dar es Salaam. The Company and TTCL also offer FTTH/B networks. Other FTTH network operators include Maisha Broadband and Cable Television Network ("**CTV**"), which provides coverage in Dar es Salaam, Mbeya, Tanga, Arusha, Mwanza and Dodoma while companies that have opted to roll out TD-LTE services include CTV and Spicenet.

Infrastructure

The government's national terrestrial fiber-optic backbone project, the NICTBB, operationally managed by TTCL, was established in 2008 to act as the terrestrial continuation of existing submarine cables. In addition, various fixed and mobile operators have built and operate their own terrestrial fiber networks. TTCL has already connected the NICTBB to Kenya, Uganda, Malawi, Zambia, Rwanda and Burundi. As of September 2020, the Company's FTTH/Metro-fiber network was over 300 km and its leased network stretched to almost 3,000 km across the country (Source: The Company).

Tanzania's telecommunications networks are also linked to several submarine cables, SEACOM was connected in 2009 and EASSy entered service in 2010. The Seychelles East Africa System ("**SEAS**") launched commercially in August 2012.

Usage of fiber in Tanzania is expected to grow quickly, both as a transit and access technology. The growth is expected to be driven by operators' investments into the deployment and expansion of fiber-optic infrastructure. In March 2018, TTCL announced that it had embarked on a nationwide FTTH roll-out costing TZS 40 billion (US$17.7 million), and that customers using the FTTH network would be able to access broadband connection speeds of up to 50 Mbps (Source: TeleGeography, 2020).

BUSINESS

OVERVIEW

We are one of the largest multi country, open access fiber network operators in Africa, delivering national and international connectivity solutions, 4G and 5G national roaming, hosting and digital services to mobile operators, carriers, enterprises, media and content companies, other internet service providers, as well as retail customers. Following significant demand across Africa from businesses and individuals for cloud-based products and content offerings, we have broadened our portfolio to include digital services, managed enterprise solutions and system integration consulting services, thereby leveraging our infrastructure footprint and technological know-how to optimize return on investment.

Our fiber optic network currently stretches more than 73,000 km across Sub-Saharan Africa, one of the world's fastest growing data market regions, and enables us to support high-bandwidth, low-latency applications, such as 3G/4G LTE/5G mobile tower backhauling, OTT content and service delivery, entertainment video and security CCTV streaming, machine-to-machine connectivity, private connections to data center storage and computing services, cloud services, and other applications. Direct access to international submarine cable infrastructure, with equity stakes in SAT3/SAFE, EASSy, TEAMS and WACS cables, as well as significant investment in other cables complements and extends our pan-African fiber network to global destinations.

We own and operate our own fiber optic and wireless networks across ten countries in Africa: Botswana, DRC, Kenya, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe, with further commercial presence in Nigeria, Mauritius, Togo, the United Arab Emirates and the United Kingdom. This makes us the only operator in Sub-Saharan Africa with a single multi-country fiber network of such geographic breadth. Our cross-border backbone fiber network links to our own extensive metropolitan and last-mile networks, which are composed of fiber and fixed wireless access networks in most major cities and secondary cities in the region. We have attracted a high quality and geographically diversified customer base in some of Africa's fastest growing markets, that includes some of the largest consumers of infrastructure-based solutions, such as MNOs, OTTs, international carriers and over 11,000 enterprise customers including financial institutions, other multinational corporations, international carriers and other leading national companies, as well as SMEs and retail consumers.

We believe digital services in Africa represent a significant revenue growth opportunity, particularly in the enterprise and SME markets (see "*Industry Overview—Key drivers of broadband demand*"). Our inclusive vision of helping to build Africa's digital future has also allowed us to provide high-bandwidth connectivity into regions that have never had any fixed-line infrastructure, allowing these emerging markets to leapfrog older fixed-line technologies to fiber optics (DWDM, ME & GPON) and 4G LTE and 5G networks, providing greater bandwidth for voice and data communications and services. We provide over 3500 VSAT CPE Internet connections with satellite VSAT technology in some of the most remote destinations in Africa, creating a ubiquitous area of service across the continent. We believe we are well positioned to build and capture the potential of the African digital future, as digitization expands across Africa (as consumers switch from 2G to 3G/4G LTE and in future, 5G enabled handsets, from traditional voice to broadband and VoIP, and from individual small screen data consumption to always-on multiscreen broadband in the home) and enterprises transform their operations, expand their geographical reach and increase their connectivity, reliability and digital service requirements.

The services we offer to customers are divided into four segments:

- ***Enterprise.*** Our Enterprise segment provides solutions to large-scale corporate and governmental consumers of bandwidth with complex, multi-country connectivity, colocation, hosting, cloud and digital transformation services. In partnering with leading software, content and internet service providers to package business service offerings, supported by our fiber local access networks and data center facilities, we provide high-speed broadband, cloud and colocation services, Voice over Internet Protocol ("***VoIP***") and global connectivity to small and medium sized enterprises and non-governmental organizations, as well as payment solutions to financial institutions through our Liquid Payments business. We provide a one-stop shop for digital transformation with best-in-class IaaS, PaaS and SaaS applications, in particular to financial service industry, including multi-cloud services (Microsoft Azure, AWS, Oracle, others), direct cloud connectivity, virtual servers, storage, disaster recovery, managed security, Azure Stack and cybersecurity. We also aim to expand our metro and Fiber to the Business ("***FTTB***") networks and to drive multi-tenancy growth in the buildings enabled to use the fiber network. Complementary VSAT and fixed-wireless (point-to-point or point-to-multipoint) networks extend the reach of the network to connect remote locations or provide backup connectivity.

- ***Wholesale Data.*** Our Wholesale Data division provides Global IP Transit and fiber connectivity to 2G, 3G, 4G and 5G mobile base stations across our extensive independent, self-owned fiber network and international leased lines. We cover a wide range of customers from international carriers to African mobile and public telecom operators and African Internet Service Providers ("***ISPs***"). We also help other ISPs reach more customers with attractive offers using our wholesale FTTH services whilst also monetising our open-access fiber network. In addition, we provide services to MNOs where they can roam across our wholesale 4G and 5G mobile networks. We complement our offering with a range of wholesale cloud products, where we are a tier 1 and tier 2 supplier for Microsoft across Africa.

- ***Wholesale Voice.*** We provide connectivity via fiber and satellite, in the voice market, into and out of Africa to national and international operators as well as African mobile network operators. Many destinations in Africa still offer regulated prices set at levels where margins are attractive for international voice carriers. Our ability to carry voice traffic on our own fiber network from international interconnection points to the nearest point of interconnection with local voice service providers is a major differentiator in an otherwise commoditized marketplace. In doing so, we can control the routing of the voice traffic, deliver high quality calls, avoid fraud schemes that are prevalent on the international voice transit market and provide a stable and reliable service for our customers.

- ***Retail.*** Our Retail business connects households and small businesses through the provision of our FTTH through Gigabit Passive Optical Networks ("***GPON***") and Fixed Wireless Access ("***FWA***"), primarily using 4G LTE technology. We believe that both FTTH and FWA, using our own infrastructure deployed in carefully selected areas, represents an important development opportunity for retail revenue growth with a focus on increasing our market share in the middle and top ends of the broadband internet service segment. Our retail customers now also have access to a range of digital services (such as Office365 and laptop backups).

Commencing with our reporting for the nine-month period ended November 30, 2020, we have begun categorizing our reported revenue into a new set of reporting segments to give greater visibility on our evolving product set and allow us to drive value creation. For further information on adoption of the new reporting segmentation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—Change in segment reporting.*"

For the year ended February 29, 2020, we had total revenues of US$785.7 million, a net loss of US$63.3 million and Adjusted EBITDA of US$247.3 million. For the nine-month period ended November 30, 2020, we had total revenues of US$535.3 million, a loss for the period of US$12.0 million and Adjusted EBITDA of US$158.5 million. The following chart sets forth a breakdown of the Liquid Group's revenue by segment for the years ended February 28, 2018, February 28, 2019, and February 29, 2020, and the nine months ended November 30, 2020.

Figure: Revenue by segment (in US$ thousands)

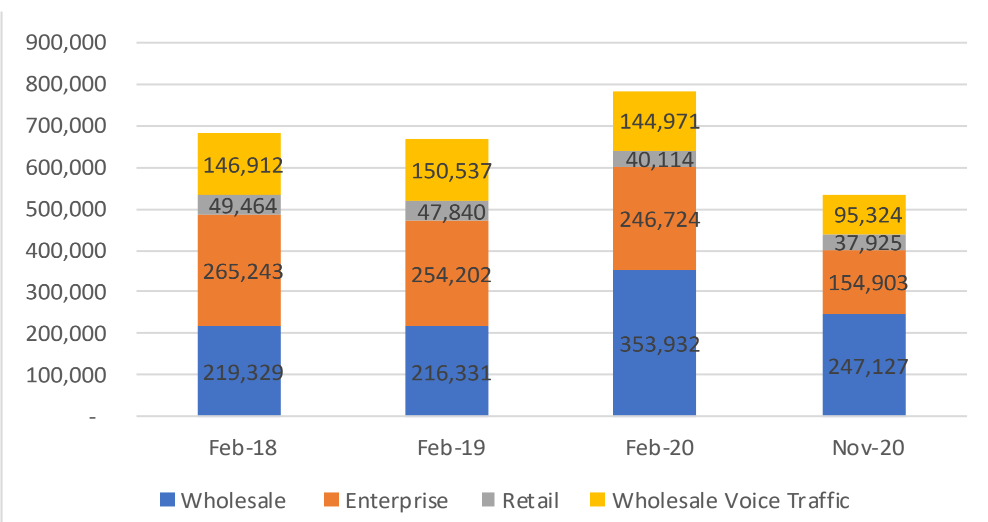


Figure 1. Source: Company data

Key Financial and Operating Measures

The following table sets out certain of the Group's key financial and operating measures for the periods indicated:

	As of and for the year ended February 28/29			As of and for the nine months ended November 30,		As of and for the 12 months ended November 30,
	2018	**2019**	**2020**	**2019**	**2020**	**2020**
Operating measures						
Wholesale voice						
Total wholesale voice minutes (in millions) on our network(1)	1,470	1,304	1,131	876	766	1,021
Wholesale data						
Number of km of fiber laid(2)	50,061	69,007	73,114	70,349	70,349	70,349
Enterprise						
Number of enterprise customers(3)	11,050	10,723	11,699	11,439	12,361	12,361
Retail						
Number of retail customers(4)	46,504	60,579	117,326	96,220	131,417	131,417
Financial Measures						
Average churn rate(5)	1.55%	1.44%	0.73%	0.84%	0.90%	0.78%
New Sales ("sold TCV for new services," USD million)(6)	289	300	309	253	121	177
Service Activation Pipeline ("MRR backlog") (US$ thousands) (unaudited)(7)	4,515	4,050	2,710	2,754	3,122	3,122

(1) Total number of voice minutes on the Group's network.
(2) Total number of kilometers (including backbone, metro and FTTX) over which fiber is installed. Multiple fiber cables or ducts within the same trench are only counted once. Includes both owned and leased capacity through partnerships.
(3) Total number of Enterprise customers.
(4) Number of broadband FTTH, WIMAX and LTE customers (including subscription customers and prepaid customers) by each operation. The number of customers includes active customers that were active less than 30 days before the end of the period. The numbers now exclude CDMA, LTE and FTTH customers in South Africa.
(5) Average monthly churn rate. Monthly churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non – renewals, divided by the total revenue for the month.
(6) Total value in terms of non-recurring (one off) revenue and the sum of all expected monthly recurring revenues over the duration of each contract (at undiscounted nominal value) from service orders for new services, signed by its Wholesale and Enterprise customers during the period. This excludes upgrades, downgrades and renewals. Some of these contracts may be cancelled or terminated before the end of their term. Excludes roaming contracts.
(7) Monthly recurring revenue expected from service orders signed by the Group's Wholesale and Enterprise external customers that have not yet been installed, accepted by the customer or activated, and therefore not yet generated revenue. Excludes roaming contracts.

Key Strengths

We have a demonstrated track record of executing our outlined strategy supported by a strong management team.

Led by our founder and a seasoned management team, and supported by industry professionals with deep experience in our core markets, we have built a strong operational track record through executing our strategy to build and monetize the extensive network that exists today. In recent years, we have successfully implemented a large-scale network expansion, having increased our fiber-optic network by over 20,000 km since February 28, 2018, to more than 73,000 km network as of November 30, 2020 (compared to approximately 50,000 km in July 2017). This network stretches across ten countries in Sub-Saharan Africa and represents the largest cross-border fiber optic network on the continent. This positioning allows us to take advantage of the increased demand for data intensive applications, particularly from enterprise and wholesale data customers across Africa. We have reinforced this capability by securing direct access to international submarine cable infrastructure through a number of strategic investments that allow us to deliver reliable connectivity to our customers. On the back of this unique network infrastructure, and in line with our strategy, as of November 30, 2020, we served over 12,300 enterprises and over 131,000 retail customers across Sub-Saharan Africa (representing 27.5% growth from a total of 112,672 network customers as of July 2017).

In addition, we have leveraged our customer satisfaction and technical support centers in Harare, Nairobi, Johannesburg and London to provide a consistently high level of customer service, as demonstrated by our reduced average customer churn rate of 0.73% for the year ended February 29, 2020, as compared to 1.55% for the year ended February 28, 2018. (For the nine months ended November 30, 2020, our average churn rate was 0.90% due to the economic impact of COVID-19 pandemic.)

In recent years, we have focused on optimizing and simplifying our corporate structure. This has involved making strategic moves to acquire full ownership and control of former commercial partnerships in Zambia, Zimbabwe and Botswana, thus increasing operational efficiency through streamlined organizational structures. See "*—Employees*."

We have also demonstrated a strong track record of making strategic acquisitions and successfully integrating acquired businesses into the Group. We successfully completed the KDN, RwandaTel and Infocom acquisitions in 2013, and the Raha, Neotel and Zanlink acquisitions in 2017. These acquisitions have been used to rapidly grow our fiber network footprint in new countries such as Kenya, Uganda, Rwanda and Tanzania, or to strengthen some of our existing market positions in South Africa, Zimbabwe and Zambia. Since the acquisition of Neotel (now Liquid Telecommunications South Africa (Pty) Limited, or "**LTSA**"), we have achieved significant revenue growth, commercialized LTSA's under-utilized spectrum assets and implemented IT systems across the Group, such as ServiceNow (a service assurance system), thus driving greater operational efficiencies. More recently, on June 10, 2020, the Group entered into an agreement to purchase a 71% holding in Worldstream (Pty) Ltd from Econet Group Ltd for a non-cash consideration of US$9.0 million and has already made significant progress in integrating the business and realising its value. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Impacting Our Results of Operations—Acquisitions.*"

Our swift and effective response to the COVID-19 pandemic provides further evidence of the strength and resilience of our network and the competence and agility of our management team. This team has managed the Group response throughout the pandemic by means of a targeted COVID-19 task force formed in March 2020 to respond to operational and working capital challenges.

Our revenue has grown at a CAGR of approximately 10% from the year ended February 28, 2017 to the year ended February 29, 2020, while our Adjusted EBITDA has grown at a CAGR of approximately 16% and our cash flow (defined as EBITDA less capital expenditure) has grown at a CAGR of approximately 19% during the same period. The table below summarizes the development of certain key operating metrics since the year ended February 28, 2017:

	For the 12 months ended November 30, 2020 (approx.)	**For the year ended February 29, 2020**	**For the year ended February 28, 2017 (approx.)**
	(USD millions, except where indicated)		
Geography (% revenue)			
South Africa	45.4%	51.9%	43.0%
Zimbabwe	16.5%	12.2%	19.0%
Rest of Africa	15.2%	13.5%	13.0%
Rest of the World	22.8%	22.4%	25.0%
Total	100.0%	100.0%	100.0%
Product offering (% revenue)			
Wholesale voice	17.1%	18.5%	25.0%
Wholesale data	47.8%	45.0%	31.0%
Enterprise	28.3%	31.4%	37.0%
Retail	6.8%	5.1%	7.0%
Total	100.0%	100.0%	100.0%
Revenue (US$ millions)	781	786	595
Adjusted EBITDA (US$ millions)	234	247	158
Adjusted EBITDA margin (%)	30.0%	31.5%	27.0%
Capital expenditure	71	104	81
Cash flow[(1)]	163	129	77
Net debt/Adjusted EBITDA	3.4x	3.1x	4.0x

(1) Defined as Adjusted EBITDA less capital expenditure.

Our network and communication infrastructure assets are mission-critical and difficult to replicate.

We have the largest cross-border independent pan-African fiber-optic network and cloud infrastructure on the continent. Our fiber network spans more than 73,000 km from Cape Town to Cairo, crossing ten countries, and includes dense metro, regional and backbone network infrastructure. Our fiber network is supported by a large inventory of leased international capacity on submarine cables, voice switches in the UK, Mauritius, Kenya, and South Africa, leased capacity on C-Band, Ku-Band and Ka-Band satellites, state-of-the-art satellite hubs in South Africa, Kenya and the UK, and over 1,000 (mostly leased) wireless sites that support fixed wireless service rollout.

In addition to our cross-border and national backhaul networks, we have built an extensive FTTx network, connecting almost 89,000 homes and buildings in Zimbabwe, Zambia, Kenya, Uganda and Rwanda, and increased our reach to enterprise customers across Africa. Unlike others in the industry, we also own over 70% of our fiber network, the remainder of which is secured via long-term IRU contracts with typical remaining contract terms of over ten to fifteen years as of November 30, 2020.

The development and maintenance of a pan-African network infrastructure of this scale can be both capital intensive and operationally challenging, requiring significant knowledge of the markets, geography and regulatory environments in which we operate. We incurred capital expenditure of US$196.9 million, US$178.1 million and US$104.0 million in the financial years ended February 28, 2018, February 28, 2019 and February 29, 2020, respectively, and US$92.6 million and US$59.5 million in the nine months ended November 30, 2019 and November 30, 2020, respectively. We have a proven track record of leveraging our industry experience in Africa to successfully negotiate the acquisition of licenses and authorizations in new countries, across international borders and in complex and diverse regulatory environments. Obtaining such licenses and authorizations can be a lengthy and time-consuming process for potential competitors. In addition, managing and monitoring the compliance obligations of a large number of local contractors that are essential to expand and maintain a network of our scale and to cost-effectively maintain the infrastructure necessary to deliver a high quality of service constitute significant barriers to entry for potential competitors.

We have also made significant investments in redundant network infrastructure, cybersecurity and upgrades in recent years, including the implementation of triple route redundancy, fully redundant equipment and ample capacity to steer traffic. These investments have allowed us to maintain a best-in-class operational track record, as demonstrated by high customer uptime levels and robust network security**.**

The unique breadth and resilience of our network infrastructure has allowed us to become the undisputed market leader in Africa, leading to our recognition for eight successive years as the Best African Wholesale Carrier at the Global Carrier Awards. We are also a market leader in pan-African cloud and wholesale data services, a position enhanced through key commercial and operating partnerships, such as our partnership with Microsoft, for whom we are a Tier 1 and Tier 2 Cloud Service Provider across Africa. Given the limited number of pan-African operators with our network capabilities and regional expertise, we believe we will continue to be the preferred partner of global technology and communications companies wishing to access the largest number of African markets.

Having largely completed the primary phase of our capital-intensive rollout of network infrastructure (in terms of reach and capacity), we are well positioned to realize the benefits of over a decade's worth of strategic investments and expansion. We expect to realize these benefits through continued growth of our enterprise and wholesale data business, the roll-out of additional service offerings, such as cybersecurity, to enterprise customers and continued improvement in our operational efficiency and customer monetization.

We have established strong and lasting relationships with a diversified and blue-chip customer base.

We have established a broad customer base, covering many industries and organizations of various sizes across all of the territories we operate in. This range includes international MNOs and government agencies, to small, medium and large enterprises, as well as a growing retail base. Our relationships with voice carriers date back to the beginnings of the company and are evolving to enable us to deliver traffic to an increasing number of countries.

We maintain strong relationships with over 12,360 enterprise customers across Africa, representing a diversified, stable, blue-chip customer base, with global, pan-African and local clients in multiple sectors. Such sectors include financial institutions, multinational corporations, international carriers, ISPs and other leading national companies. Capitalizing on our investments in high-quality infrastructure, our competitive pricing and high quality of service levels, we have achieved substantial revenue growth in our data and other services segment, which increased by 23.6% in the year ended February 29, 2020. In the nine months ended November 30, 2020, revenues for the data and other services segment were flat as compared to the nine months ended November 30, 2019.

Supported by our network capabilities and high standards of customer service, we have succeeded in achieving a high level of customer satisfaction, thus becoming the preferred partner for these customers, as demonstrated by a reduced average customer churn rate of 0.73% for the financial year ended February 29, 2020, as compared to 1.55% for the year ended February 28, 2018. (For the for the nine months ended November 30, 2020, our average churn rate was 0.9% due to the economic impact of COVID-19 pandemic.) Many of our largest customers have entered multi-year contracts, with some wholesale data contracts extending out over a 15 to 20-year period, providing a degree of revenue visibility and stability, as well as strengthening relationships through which we can promote the growth of further service offerings.

We have been particularly successful in leveraging the breadth and resilience of our network, our operating experience, regional knowledge and commitment to Africa to become the go-to service provider on the continent for a number of global technology leaders. We have partnered with these and other players to provide regional network, cloud computing and fixed line infrastructure to help the world's largest technology players access vital and growing African markets for online services, distribute content and roll-out a range of new services. For example, our relationship with Microsoft, as a Gold Partner for cloud and cyber services, enables us to sell Office 365, Azure and ExpressRoute, services that allow us to deepen and broaden the relationship with our enterprise and retail customers, leading to a higher wallet share and lower churn.

The resilience of our customer base and the essential nature of the services we provide is underscored by the impacts of the recent COVID-19 pandemic on our business, which has remained largely stable despite the widespread economic impacts being felt both throughout Africa and globally. In all countries in which we operate, our staff have been able to work remotely where required, and, in most territories, our engineers and field staff have been afforded essential worker status, enabling them to continue operating through the crisis. Across all areas, we have continued to work with local officials to support our customers and provide help and resources to local communities.

We have a strong market position across our geographies and are best placed to benefit from compelling market trends.

As a pan-African operator, we have achieved significant geographic coverage facilitated by the expansion of our fiber network, including roll-out in Botswana, South Sudan and Nigeria between 2017 and 2020, and significant densification across our existing footprint. Our network roll-out success across Africa has resulted in us being active in more countries than competing fiber operators and has positioned us to benefit from market trends in key geographies. Such trends include the growing demand and requirement for fiber infrastructure as remote working models gain popularity following the emergence of the COVID-19 pandemic.

We are one of the largest fiber network operators (in terms of both revenues and length of fiber routes) in Zimbabwe, Zambia, Kenya, Rwanda and Uganda, and the second largest in South Africa. We also believe we are one of the largest wholesale data carriers and enterprise connectivity service providers (in terms of revenues) in all of our markets but South Africa, DRC (the largest in the south-east region of Katanga), Tanzania and Botswana (where operations launched in 2017). We believe that we are one of the largest FTTB and FTTH providers (in terms of buildings connected and premises passed) in Zimbabwe, Zambia, Rwanda, Uganda and Tanzania.

Substantial long-term growth is forecast in our target countries and industry and we see opportunities for development in eight additional countries. While the majority of countries in Africa are forecast to contract economically in 2021, some have even continued to grow during the COVID-19 pandemic. Other countries on the continent are expected to resume growth in 2021.

According to the OECD, Africa will continue to have the fastest urban growth in the world. The continent's population is projected to double between the 2020 and 2050, and two-thirds of this growth will be absorbed by urban areas. Young and urban populations tend to have stronger demand for high-speed broadband and are easier to serve due to higher density in urban areas. It is forecast that the total number of FTTH connections in Africa will reach almost 6 million by 2025, with a run rate of approximately 628,000 new connections per year. The number of African mobile broadband connections is expected to grow at a 10.5% CAGR from 434.1 million in 2020 to 586.2 million in 2023, resulting in a Sub-Saharan penetration rate of 72% of all mobile subscriptions by 2025. The increased uptake of smartphones and other "smart" devices and the roll-out of 4G and 5G technology is also expected to increase the demand for data in key geographies, with average data traffic per smartphone, measured in gigabytes per month, projected to be 7.1GB by 2025 in Sub-Saharan Africa. As demonstrated by the increased reliance on mobile data and internet connectivity during the COVID-19 pandemic, due in part to an increase in the proportion of people working remotely, such services have become essential to many households and businesses.

The scale of the Group allows us to derive significant operational and cost synergies, including the ability to profitably launch services that were not previously available in some of the countries in which we operate, and to negotiate more favorable pricing and other commercial terms with our key suppliers. Our unique market position on the African continent attracts interest from the owners of smaller competitors in an industry under pressure to provide greater access to capital to cope with rapid growth. We undergo a rigorous process when selecting organic and inorganic growth opportunities following governance procedures led by our financial, technical, planning and strategic process committees.

We have strategically designed our network footprint and product offerings to benefit from the growing market for telecommunication services in Africa. Africa still represents one of the least penetrated fixed and mobile data connectivity markets in the world, poising it for sustained long-term growth (see "*Industry Overview—Market size and growth prospects of data in Africa").*

We have a differentiated and comprehensive service offering, with an increasing shift towards cloud and value-add products.

We believe we are the only African fixed network operator with a complete telecommunication service portfolio across the enterprise, wholesale data, wholesale voice and retail segments across the ten Sub-Saharan countries where we operate. In recent years, we have focused on increasing our network diversification, including through the development of cloud computing infrastructure to support growth in our enterprise business, wireless infrastructure to support fixed wireless service rollout and satellite capacity and VSAT technology to provide remote internet connectivity and support our existing network services. Our access to an end-to-end network (on which we can provide the entire service, without relying on third party telecommunication infrastructure providers) allows us to differentiate ourselves by our ability to manage the standards of our service, ensuring higher quality and reliability levels. This platform ultimately allows us to provide more services to end users, such as LAN management, onsite and cloud-based PBX, and other IT services which create cross-selling and up-selling opportunities and revenue growth potential. We are able to capture a larger share of the total telecommunications and IT spend of our customers (including wholesale, enterprise and retail customers) by selling multiple products, which are all supported on our infrastructure (with limited variable increased operating costs).

More recently, our evolution has continued to encompass technology offerings alongside the more traditional telecommunications services. In this way we can offer our customers a broader, more holistic range of services that add efficiency and security to their business and generate value for ours. Our product set includes cloud-based applications, cyber security offerings, undersea capacity as well as land based backhaul and fiber capacity. Commencing with our reporting for the nine-month period ended November 30, 2020, we have begun categorizing our reported revenue into a new set of reporting segments to give greater visibility on our evolving product set and allow us to drive value creation. For further information on adoption of the new reporting segmentation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—Change in segment reporting*."

We have worked to further expand our network diversity and capability through strategic acquisitions and investments. In 2020, we acquired a metropolitan network in Lagos, Nigeria, interconnecting the major data centers and the cable landing stations of submarine cable networks. We have also acquired the rights to use a portion of a fiber pair on a submarine cable for the lifetime of the cable, commencing in 2022 and connecting South Africa and Nigeria with the European continent at Portugal.

We believe such initiatives enable us to provide a rich mix of products across the markets in which we operate and to become an integrated telecommunications services provider and technology company providing varied, complex and higher-value services to our customers.

Stable and predictable revenue and earnings profile, solid operating performance and less intensive capex requirements.

The contractual nature of earnings and the inherent "stickiness" of customers to our network, combined with our diversified product offering, provides significant revenue and earnings visibility and stability. We are focused on generating strong cash flows. We believe our market position and exposure to a rapidly growing region and our movement from wholesale voice services to higher margin data and enterprise connectivity solutions, will further support robust and sustained revenue, EBITDA and cash performance.

We have multiple blue-chip clients that provide revenue stability and U.S. dollar denominated revenues. This stability has been enhanced by an increased diversification of our customer base, reducing our dependence on any one customer or region. While we have some local currency exposure, 48.6% and 31.8% of our revenue in the year ended February 29, 2020 were in South African Rand and U.S. dollars, respectively. During the nine months ended November 30, 2020, the South African Rand accounted for approximately 41.6% of revenues, U.S. Dollar for 36.6%, with the remaining revenues in other local currencies, which offset local currency costs. A significant part of the U.S Dollar revenue is paid into the UK and Mauritius by blue chip clients. In addition, as our South African Rand denominated earnings have increased as a share of the Group's earnings, we intend to refinance the Existing Senior Secured Notes in part with South African Rand denominated debt under the New Senior Facilities Agreement, thus limiting the impact of volatility against the U.S. dollar. In addition, we make use of hedging instruments where we have known and material foreign currency flows, in order to mitigate the impact of exchange rate volatility whilst also pricing local currency revenues in U.S. dollar equivalents.

Having completed a large section of our network roll-out, we are now in a position to drive revenue growth from our investment and will focus capital expenditure going forward on entering into new geographies and specific projects. In addition, a significant portion of the initial cost of large infrastructure build (e.g. a new fiber route connecting cities) is sometimes shared with anchor customers, through IRUs (which include high initial connection costs), giving our customers long term certainty and faster payback for our business and the sale of dark fiber. We are building partnerships with other global providers and these are also contributing to new project build costs. Relative to the initial investment to build the network, the cost of upgrading the data transmission equipment installed on our fiber network to transport a substantially higher amount of data is marginal. Additionally, the cost of operating and maintaining the network is broadly fixed and relatively low, as efficiencies increase rapidly with the size of the fiber network routes. This fixed cost structure allows us to benefit from the fast growth in demand and potential additional revenues, resulting in higher margins. New capital projects are assessed against stringent criteria and reviewed by the Board as appropriate. These projects are typically discretionary in nature and are only undertaken where they enhance our existing offerings or open up new opportunities.

Historically, we have maintained prudent financial policies and are targeting a Net Debt to EBITDA ratio within a 2.0x-3.0x range. If leverage peaks above this level due to acquisitions or unexpected changes, management seeks to bring it back to normal levels within an appropriate period of time. We have a disciplined approach to the payment of dividends and have not made any cash pay-outs since fiscal year 2017. We do not expect to pay any dividends for the foreseeable future.

Our Strategy

Our mission is to build Africa's digital future by providing our customers with high-quality and technologically advanced ecosystem. Such an ecosystem includes reliable communication services and technology solutions at competitive prices across the African continent. Specific components of our strategy include the following:

Extend and improve our network reach and international connectivity and leverage our infrastructure to capture exponential growth in mobile traffic data.

We will continue to leverage our terrestrial networks to deliver services at low incremental costs and to harvest the largest cross-border, backbone, backhaul and last-mile fiber networks, to provide a cost-effective offering with better reliability, better quality of service and lower latency. We aim to expand our network reach through a combination of self-build projects, co-build projects with MNOs and technology companies and partnerships with established fiber operators in countries where we are not present. We will extend our last-mile network to connect to and provide advanced cloud services to more customers both at the enterprise level and at home. Our satellite VSAT offering will be expanded to provide a ubiquitous, value-priced service in rural and remote areas in Africa, as well as providing backup connectivity services for critical applications.

We will continue to invest in submarine cable systems, to complement our current internet and international connectivity offering. We will achieve this by bridging the gap with subsea providers through direct investments or reciprocal deals and swap deals on our fiber assets. We will take steps to ensure our ability to provide protected, reliable and low latency services between Africa and other continents and between African countries, thus improving our reach and capacity to keep pace with the rapid growth of international traffic. We will strengthen our access to landing stations through partnerships and offering our own landing stations to new cable systems, operating open access and low-cost points of presence in order to foster international connectivity and a rich local ICT ecosystem.

We will pursue an organic growth strategy driven by strong demand for our services and optimized investments. We will continue to expand our metro and FTTB networks in high-density business areas, by targeting multinational enterprise customers operating in connected buildings or within reasonable reach. We will leverage our infrastructure to capture exponential growth in mobile traffic data, including cloud services delivered on mobile, as well as create new routes connecting regions with high data creation and transmission needs. To continue developing our wholesale voice activities we will continue exploring new partnerships with continents and countries with a strong affinity and commercial relationships with our current countries of operations.

We also aim to expand and enhance revenue and profitability by leveraging the efficiencies of our corporate structure and network. We strategically target dense metro areas where large populations, increasing urbanization rates and growing business parks lend themselves to large bandwidth data requirements. The aggregation of additional fiber into conduits (ducts) that have already been amortized and/or paid for, provides significant value upside. Additionally, fiber networks are resilient assets, mostly buried underground, requiring relatively low maintenance capex.

We will also continue to pursue opportunities to consolidate the sector as well as grow our in-house expertise in new services and value propositions, through targeting under-valued assets or strategically complementary presence and teams.

Become Africa's leading cloud services provider.

We aim to become Africa's leading cloud provider, partnering with all global cloud service providers, thus enabling our customers to on-ramp with the cloud service of their choice through our network across Africa. We will continue to develop our best-in-class Infrastructure as a Service, Platform as a Service, and Software as a Service applications, increasing share of wallet and stickiness to our connectivity services. We will foster and develop our existing relationships with global cloud service providers, by extending our partnerships and becoming their leading point of contact with the largest businesses on the continent. We believe COVID-19 will accelerate the demand for cloud and related services and believe our response and resilience to the crisis to date has demonstrated our ability to deliver for our customers.

Position ourselves as a leading provider of cybersecurity solutions.

We will position ourselves as a leading provider of cybersecurity solutions, with an early move in many markets, leveraging our customer base of large enterprises and government agencies, particularly in the financial industry and other key verticals. We intend to set up a new cybersecurity operations center through partnerships with the leading global cybersecurity and cloud service providers, offering a one-stop shop for enterprises to protect their data, private networks and businesses and enabling them to safely use new cloud services and the web.

Develop further tools and approaches to meeting our customers' needs.

We will develop new tools and approaches to addressing the pressing requirements of African businesses and people through technology and by leveraging our network, product offering, know-how, spectrum, local presence, licenses and other assets. We will expand on our early successes in the Internet of Things ("**IOT**") with Sigfox, free space optics links, low-cost rural connectivity deployment and 4G/5G neutral wholesale mobile networks in South Africa including small cell deployments, as well as numerous initiatives in the education, gaming, community and entrepreneurship space. Our approach will focus on in-house research and development as well as partnerships with global technology and non-governmental organizations.

Optimize cash flow generation.

We intend to continue optimizing our operations in a manner that prioritizes cash flow generation. Cash flows from operating activities before working capital changes were US$189.3 million in the year ended February 28, 2018, US$182.8 million in the year ended February 28, 2019, and US$259.4 million in the year ended February 29, 2020. We seek to maintain a disciplined approach in relation to planned capital expenditures and working capital, and aim for our cash flows from operating activities to be sufficient to fund our anticipated capital expenditure, working capital requirements and debt service requirements as they become due.

HISTORY

We were initially founded as a satellite and voice operator, primarily to serve Econet Wireless Zimbabwe's backhaul and international connectivity needs. By leveraging the experience gained from acting as a satellite and voice operator, we expanded the breadth and reach of our service offering:

- In 2007, we began planning a new African fiber network to provide services in countries where fiber did not exist.

- In 2008, we began the construction of the fiber network and expanded our product and service offering to include payment solutions across seven countries.

- In 2009, we commercially launched our high-speed, cross-border fiber network first linking southern Africa to the undersea cables and the rest of the world and including the first cross-border fiber network between South Africa and Zimbabwe.

- In 2011, we expanded our operations into Zambia through a joint venture with Copperbelt Energy Corporation plc, a leading power transmission provider in Zambia, and commenced the build-out of a new fiber network connecting Zimbabwe and Zambia by fiber optic for the first time and linking the capital Lusaka to the main mining and industrial areas known as the Copperbelt in the north of the country.

- In 2012, we expanded our operations into DRC and built the first cross-border fiber network between Zambia and in the south-eastern Katanga region of DRC providing services to MNO's, mines and enterprises in this resource rich region. We also acquired a 100% equity stake in Zimbabwe Online (Pvt) Ltd (ZOL), one of the largest ISPs in Zimbabwe, through our 49% owned subsidiary Data Control and Systems (1996) (Private) Limited.

- In 2013, we expanded our operations into East Africa through our acquisition from Altech South Africa of Kenya Data Networks Limited (now Liquid Telecommunications Kenya Limited), Infocom Limited (Uganda) and African Digital Networks SASU (DRC). We also acquired Rwandatel, the fixed-line operator in Rwanda, and launched an FTTH service in Zimbabwe.

- In 2014, we launched a new satellite hub in South Africa, completed the first Tier 3 data center in East Africa and successfully converted the newly acquired entities in East Africa into profitable businesses.

- In 2015, we entered into multi-country agreements with Airtel to provide fiber services to their operations, and through our joint venture with Copperbelt Energy Corporation plc, completed the acquisition of Realtime Zambia (now Hai Telecommunications Limited (Zambia)), one of the largest retail ISPs in the country.

- In 2017, we expanded our operations into Tanzania (through the acquisition of a 70% equity stake in Raha (in January 2017), a leading ISP and fiber provider, and Zanlink Limited (Zanzibar) (in June 2017) and into Botswana (in April 2017) through a joint venture with Botswana Power Corporation, the national power transmission provider in Botswana.

- In February 2017, we acquired a 70% equity stake in Neotel, the second largest national fiber network operator in South Africa, thereby complementing our customer base, product offering, network footprint and spectrum asset inventory in South Africa, and benefiting from Neotel's extensive domestic fiber network, which covers all of the major metropolitan areas in the country and which has direct links to all international submarine cable systems landing in South Africa as well as data center facilities in Johannesburg and Cape Town.

- In 2017-18, we entered into a long-term partnership with Microsoft, becoming a Microsoft Tier 2 Cloud Service Provider, that enables us to distribute at the wholesale and retail level the Microsoft productivity services, such as Microsoft Office 365, Azure, Azure Stack, and cloud connectivity product ExpressRoute.

- In 2018, we launched Africa Data Centres as a distinct brand, that encompasses the data center infrastructure and colocation services in South Africa, Kenya, Zimbabwe and Rwanda.

- In December 2018, we completed an equity subscription with CDC Group plc ("**CDC**"), pursuant to which CDC agreed to subscribe for US$180 million in convertible preference shares of the Company.

- In 2019, we launched our open-access wholesale 4G roaming network in South Africa, utilizing our inventory of 1800MHz spectrum and quickly secured a significant anchor tenant. Subsequently we launched our open-access wholesale 5G roaming network in South Africa, utilizing our inventory of 3.5GHz spectrum, again securing a major brand anchor tenant.

- In 2020, we entered the South Sudan market, by linking South Sudan's capital Juba to Nimule, on the border with Uganda, with the first underground fiber link in South Sudan. We complemented this backbone with a metropolitan network in Juba, connecting many government sites and large enterprises.

- In 2020, we acquired a metropolitan network in Lagos, Nigeria, interconnecting the major data centers and the cable landing stations of submarine cable networks.

- In August 2020, we completed a shareholder reorganization pursuant to which the Company's shareholders agreed to undertake a series of steps intended to result in the Company being held in a new holding company structure with Liquid Telecommunications (Jersey) Limited as the new parent company of the Group, with certain of our shares being retained by Econet New Arx Limited. See "*Related Party Transactions—The Liquid Telecommunications (Jersey) Limited Reorganization.*"

- Prior to the date of closing of the Offering, we will enter into the ADC Sale and Purchase Agreements with ADC, pursuant to which we will agree to transfer the ADC Assets in exchange for an aggregate consideration of US$193.0 million, to be settled by (i) a cash consideration of US$60.0 million and (ii) US$133.0 million unsecured loan notes from ADC to Liquid Telecommunications South Africa Proprietary and LTK. These transactions are expected to complete before the Company enters into the New Senior Facilities Agreement and at or prior to the closing of the Offering. Following completion of the transactions contemplated by the ADC Sale and Purchase Agreements, and at the time of closing of the Offering, the ADC Assets will no longer be owned by the Group. In South Africa, certain of the ADC Assets consist of an undivided share in immovable property, and ADC is in the process of constructing further data centers on that immoveable property. The ADC Sale and Purchase Agreements contemplate that we will be required to transfer a portion of our undivided share in that immoveable property once ADC has completed the construction to compensate ADC for the relative increase in value of the aggregate property. The value of the undivided share which is held by us will be the same relative value as the value as of the date of this offering memorandum. The Security SPV and the Security Agent will, at the time contemplated in the ADC Sale and Purchase Agreement for such further transfer, sign any and all documentation which may be necessary to procure that the relevant portion of the undivided share that is transferred to ADC is unencumbered.

As of November 30, 2020, we provided services to more than 450 national and international MNOs, ISPs and global carriers operating in eastern, central and southern Africa, Europe, North America and Asia Pacific, as well as over 11,000 national and international enterprises, SMEs and over 131,000 retail customers in select areas across Sub-Saharan Africa.

AREAS OF OPERATIONS

We operate our own fiber optic and wireless networks across ten countries on the African continent, including Botswana, DRC, Kenya, Rwanda, South Africa, South Sudan, Tanzania, Uganda, Zambia, and Zimbabwe, with further commercial presence in five additional countries, Nigeria, Mauritius, Togo, United Arab Emirates and the United Kingdom. We also have points of presence in Mozambique, Djibouti, France and Lesotho. The scope of services offered by our operations varies from country to country.

	Wholesale Voice	Wholesale Data	Enterprise	Retail
United Kingdom	X			
South Africa	X	X	X	
Kenya		X	X	
Zimbabwe		X	X	X
Zambia		X	X	X
Botswana		X	X	
DRC		X	X	
Rwanda		X	X	X
Uganda		X	X	X
South Sudan		X	X	

Mauritius	X	X	X
Mozambique[(1)]		X	

[(1)] Point of presence only. Sales of our products and services are carried out through third parties.

Our most significant country by revenue is South Africa.

OUR BUSINESS LINES

We have historically categorized our services into four principal segments: enterprise, wholesale data, wholesale voice and retail. Commencing with our reporting for the nine-month period ended November 30, 2020, we have begun categorizing our reported revenue into a new set of reporting segments to give greater visibility on our evolving product set and allow us to drive value creation. For purposes of understanding our reporting segments across prior reporting periods, however, we refer to our historic segmentation below. For further information on adoption of the new reporting segmentation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—Change in segment reporting.*"

Enterprise

We provide enterprise services to large corporate clients (such as financial institutions, mines, and airlines), governments and non-profit organizations, as well as SME/SMBs. We deliver end-to-end telecommunications solutions to our enterprise customers by serving as the single point of contact for all the full array of their telecommunication needs. We seek to become a business partner to these customers by developing solutions tailored to their specific needs. We have a dedicated business solutions unit that works closely with enterprise customers across our operations to act as a communications consultant for our enterprise customers. Our enterprise services involve a combination of network, hardware, software and service solutions, together with support functions to achieve a customer's business objectives or provide a particular business solution. We provide a full suite of enterprise services, including corporate data solutions, satellite connectivity, infrastructure, networking, video-conferencing and system security, as well as cloud offerings and cybersecurity.

Connectivity Solutions. Our enterprise connectivity offering provides national and international corporates with fully integrated connectivity solutions. These range from dedicated secure access across their African operations to international and national MPLS, LAN, SDWAN, VSAT and other general data and voice connectivity solutions. This segment offers high speed business broadband, hosting, as well as point-to-point and point-to multipoint connectivity services for corporate, institutional and SME customers.

We provide VSAT enterprise solutions to mines, banks, and other blue-chip firms. In April 2017, we entered into a long-term contract to provide African gateway and terrestrial backhaul services for Intelsat's next generation Epic^{NG} IS-33e satellite which began operations earlier this year. This allows us to provide all of the ground segment services, hosting, Direct Internet Access and MPLS services for all Intelsat customers who procure services on this satellite. This contract leverages our multinational fiber presence while also giving us access to a high-throughput satellite platform with lower unit costs for delivering broadband.

Network Managed Services. Monitoring and network surveillance are offered 24 hours per day, 365 days per year. A number of enterprise customers rely on our telecommunications expertise to manage their internal telecommunication and IT systems, such as local access networks, internal and guest Wi-Fi networks, security solutions and cloud-based systems (e.g. backup, storage, virtual machines).

Payment solutions. We provide communication, transaction processing (payment), and terminal solutions to financial institutions and retailers by processing credit card payments and managing points of sale and mobile money terminals. Historically, as many as three quarters of POS terminals deployed in some African countries have been inactive because they functioned poorly upon deployment. We have specifically developed payment systems that are robust against some of the challenges encountered by African retailers. Such challenges include unreliable or low bandwidth local connectivity, and high latency (delay) in the signal reaching the payment provider's servers, which may be located on another continent.

The Group also operates a POS rental business under the brand name of PayBay in South Africa which leases out terminals to merchants. The products we provide are: electronic funds transfer ("**EFT**") switching systems (including sale, implementation and support, with Postilion being the flagship product); payment terminal and related services (including signing up merchants and deploying POS terminals); sales, supply, implementation, and support for POS terminals (with over 85,000 PAX terminals deployed as primary product in Botswana, Ethiopia, Ghana, Kenya, Mauritius, Rwanda, Seychelles, South Africa, Tanzania, Uganda, Zambia, Somalia, United Kingdom and Zimbabwe);

third-party processing (as a managed service acquiring and issuing of MasterCard, VISA and UPI); mobile financial services platform (with emphasis on agency banking, mobile banking, pre-pay wallets, mobile money, internet banking solutions on mobile); sale and maintenance of stratus FT server system, (preeminent fault tolerant server systems); and technical support and consultancy services (including project management, customized software development, EMV smartcard technical standard migration and certification, as well as certifications with major card associations like VISA, MasterCard and American Express).

The countries in which we operate (Botswana, Ethiopia, Ghana, Kenya, Mauritius, Rwanda, Seychelles, Somalia, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe) are primarily cash economies with most retail transactions being conducted in cash and with limited access to traditional banking services; South Africa and Zimbabwe have higher use of traditional banking, but currency shortages have recently spurred POS growth in the latter. While mobile money is taking a share of formerly cash transactions, there remains a significant place for card transactions—notably for high value transactions by tourists, but also as a general preference by those who have access to cards. We have 42 banking customers, who typically enter into multi-year contracts for the supply and operations of a network of POS terminals or our transaction software and systems.

We have expert Payments teams in Botswana, Kenya, Mauritius, South Africa, Zambia and Zimbabwe, as well as software development centers in Harare, Mauritius and London which lead the customization for each country.

We are compliant with the Payments Card Industry ("**PCI**") Data Security Standards ("**DSS**").

Wholesale

We offer a full range of wholesale products and services, including wholesale voice and wholesale data. We have a wide product portfolio of products and customers, serving national and international MNOs, ISPs and global carriers.

Wholesale Data

Our wholesale data segment provides international, cross border, national, metro and last-mile connectivity and IP transit to clients with significant data transit and colocation needs, most notably mobile ("**MNO**") and fixed-line operators, internet service providers, system integrators and global carriers, and increasingly to over-the-top ("**OTT**") providers. We provide leased dark fiber, fiber to core sites, cellular towers and small cell sites, dedicated wavelength connections, Ethernet (MEF2.0 certified), MPLS and IP connectivity, VSAT, and other high-bandwidth offerings linking directly to our pan-African network. We operate a pan-African IP transit network providing peering to all primary internet exchange points (IXP's) in the markets that our networks reach, including international transit to the main European exchanges. We operate an extensive high capacity fiber network with connectivity from 10Mbps to 100Gbps services. In almost all cases, we contractually guarantee availability over our fully resilient core transmission fiber network. For some products in certain countries, we achieve up to 99.99% availability, equating to less than one hour of downtime for each year. Availability is lower in other countries due to less reliable infrastructure. In such instances, with the full consent of our clients, we may provide our services on a "best efforts" basis.

We provide wholesale data connectivity either on a monthly lease arrangement or under IRUs (which include upfront capital investment, with annual maintenance operating charges). Under IRUs, we provide customers unrestricted rights or access to the use of a defined capacity or network assets for agreed time periods, usually 5 to 20 years. The average lease agreement contract terms span 6 to 60 months. Prices for dark fiber are typically linked to the distance of the connection. However, for some products, prices are set on a per-site or per-connection basis and for managed capacity, pricing is based on volume and contract term.

Our wholesale data segment provides services to a range of customers. Primary MNO clients include Orange, Vodacom, MTN, Airtel, Millicom and Cell C. Our global carrier clients include Verizon, Orange, AT&T, BT Global Services, Telecom Italia Sparkle, China Mobile International, China Telecom, CenturyLink/Level 3, Hutchison and PCCW.

We also deliver national and international connectivity solutions, wholesale roaming, hosting and digital services to mobile operators, carriers, and other internet service providers as well as other enterprises, media and content companies. Direct access to international submarine cable infrastructure, with equity stakes in SAT3/SAFE, EASSy, TEAMS and WACS cables, as well as significant investment in other cables complements and extends our pan-African fiber network to global destinations.

Our VSAT platform is used to reach areas outside our fiber and wireless footprint. Such areas include the countries where we lack fiber network infrastructure. As a result, we are able to provide wholesale broadband connectivity to operators such as Metacom (who connect PEP stores), MTN Business, and the South African Council for Scientific and Industrial Research ("**CSIR**"). The VSAT platform is fully integrated into our IP/MPLS network providing seamless connectivity across both the fixed fiber and satellite networks. We also use VSAT as a backup solution for our other services.

Wholesale Voice

Our wholesale voice segment provides voice interconnect services, primarily carrying traffic to and from African countries with the ambition of eventually providing our customers a single point of access into all the telephone networks in Africa. Apart from offering routes into the ten countries in our fiber network footprint, we also offer interconnection into Namibia, Ethiopia, Central African Republic and Nigeria.

Because we own our infrastructure in most of the countries in which we operate, we typically do not rely on third party services to carry traffic and are therefore able to control the quality of direct routes in and out of Africa.

Interconnection with operators outside our infrastructure footprint happens at global or regional hubs, notably London and Johannesburg where these operators choose to locate switches. In some instances we use leased or satellite capacity to provide alternate connections into some countries.

We are increasingly using our Johannesburg switch as a hub for traffic between countries in Southern Africa. In many cases, neighboring countries do not have direct interconnection because of the requirement to purchase dedicated capacity in each country and negotiate separate bilateral agreements, possibly with multiple operators in each country. As a result, operators find it easier to hand over traffic for all regional countries at an existing domestic handover point and allow us to manage all routing and contractual issues. Providing such an aggregation service allows us to maintain a higher margin than if we were simply brokering traffic transfer.

Prices are largely governed by market forces in the mature and high volume, wholesale voice market—although prices in some countries are set by regulators. Interconnection agreements, which deal with the non-price aspects of the business, may be complicated to establish—for example, agreeing on payment terms which may require some acceptance of credit risk—but once in place price negotiation and traffic exchange occur on an ongoing basis. There are few extended contractual commitments to sell or purchase and typically none are longer than one month. However, the price we pay to local operators for delivering the traffic is typically agreed in advance and remains relatively constant, and the difference between prices levied by local operators and the price we can charge in the market for delivering that traffic determines our margin.

Given the global decline in international switched voice traffic resulting from competition among OTT providers, we are actively working to ensure that our business model remains relevant. Part of this is ensuring we capture value from the quality we provide, as certain of our customers have price insensitive users who require our level of quality. We are also examining anti-fraud technology developed internally, such as a product to detect SIM boxes which are used to cheaply connect VoIP calls from abroad into the local network using banks of cheap local SIM cards.

Our wholesale voice segment provides services to a range of customers. Our wholesale voice customers include nearly all major global carriers, including Vodafone, Orange, AT&T, Verizon, and Airtel, as well as local operators in the markets in which we operate. Our team works across geographies, but we have a substantial presence in London which remains a significant global hub for the wholesale voice market.

Retail

Our retail segment encompasses services offered to both medium and small businesses that use broadband and other enterprise services, and home users of our broadband.

Small businesses typically purchase a FTTx or wireless connection which is contended (i.e. the capacity is shared with other users at some point in the network) as opposed to enterprise services which are generally uncontended. These products are standardized and generally sold either through incoming sales channels—telephone, website or email—or via resellers.

Our retail home offering gives consumers easy and fast connectivity to the internet either from their homes or mobile devices. Home broadband services are offered over fiber (referred to as FTTx or GPON, and offered in Zimbabwe and Zambia under the Fibroniks brand) and wireless, which may use point-to-multipoint microwave or LTE. We aim to offer true broadband speeds above 10Mbps at prices comparable to those paid in more developed countries—although the quality will generally be lower than that offered to medium and small businesses. On top of the broadband service we also offer video content, education, security, and backup services.

OUR NETWORK AND INFRASTRUCTURE PLATFORM

Our network and infrastructure platform consists of our fiber network, fixed-wireless access networks and our pan-African satellite capacity. The scalability of the infrastructure we believe could support increased revenue and margin of existing assets.

We provide our services over our largely self-owned and operated network, which currently spans ten countries and stretches more than 73,000 km across Sub-Saharan Africa. Our cross-border fiber network is designed with a redundant architecture, which ensures superior customer uptime and high levels of overall service across the network. Our aggressive fiber roll-out strategy covers:

- backbone extensions into new regions and redundancies between our Points of Presence ("**PoPs**"),
- metropolitan networks in key cities and major towns,
- fiber-to-the-business in high-density business areas, and
- fiber-to-the-home in high-affordability residential neighborhoods.

We own the vast majority of our fiber network, the remainder of which is secured via long-term IRU contracts with typical remaining contract terms of over ten to fifteen years. We have a proven track record of successfully negotiating the acquisition of licenses in new countries and authorizations to cross international borders across complex and diverse regulatory environments. This network rollout success across Africa has resulted in us being active in more countries than other fiber operators in Africa. Our fiber network also has the following key attributes:

- *Extensive Coverage.* As described above, our network is geographically large as well as increasingly dense in cities where most of our customers are located. This network coverage allows us to address our target customers' needs in a variety of geographies and for a variety of applications and services, giving us the potential to earn a large share of their spend on both basic connectivity as well as more advanced value-added services.
- *Scalable Network Architecture.* Our network is scalable, meaning we have spare fiber, conduit access rights and/or rights of way that allow us to continue to add capacity to our network as our customers' demand for our services increases. In addition, the majority of our core fiber network segments utilize DWDM systems which allow multiple data streams to be carried on each fiber. Of the fiber currently "lit" (in active use) across our network, none is carrying more than 20% of its possible maximum capacity.
- *Modern Technology.* Our entire fiber network is built with the most modern equipment and fiber, with few legacy systems (our South African operations still have an operational SDH network). Although our network rollout began in 2007, a renewal completed in 2013 means that the core network is built with 100Gbps DWDM systems; the capacity of the system can be easily quadrupled rapidly to the next generation (400Gbps) through an equipment upgrade.

The extensive fiber optic network and communication assets, complemented by submarine cables, fixed-wireless 4G LTE networks and pan-African satellite capacity are critical components of our overall network architecture in Africa, and include the following key components:

- Dense metro, regional and backbone single network spanning ten Eastern, Central and Southern African countries from Kenya to South Africa;
- FTTB networks connecting over 11,000 buildings;
- Extensive broadband (fixed and wireless) network now passing over 115,403 premises in Zimbabwe, Zambia, Rwanda, Tanzania, Uganda and Kenya, with an on-going roll-out in the DRC;
- Core network infrastructure and IT elements (including transmission network, IP core, bandwidth shaping and cashing, VSAT teleport, FTTx, and wireless core) able to serve multiple countries located in several

major hubs (including South Africa, Zimbabwe, Kenya, and Zambia), enabling a rich product portfolio in all our operators with reduced costs and increased product affordability;

- Voice switches in the UK, Mauritius, Kenya, and South Africa, enabling switching of traffic all around the world—main destinations are South Africa, Mozambique, Zimbabwe, Burundi, Central African Republic and Botswana;

- Leased capacity on C-Band, Ku-Band and Ka-Band satellites operated by Intelsat and Eutelsat, to provide high-speed, cost-effective connectivity anywhere (in remote areas and for redundancy) throughout Africa;

- State-of-the-art satellite hubs situated in South Africa and Kenya (in addition to one in London) in order to route African traffic within Africa rather than backhauling it via Europe, reducing latency and costs;

- Wireless access spectrum in the 800MHz, 1,800MHz, and 3.5GHz bands in South Africa, 2.3GHz and 3.5GHz bands in most other countries, which can support the roll-out of 4G/LTE fixed-line services, as well as similar LTE-compatible and/or 5G-suitable spectrum in most countries where we operate;

- A growing portfolio of wireless sites, currently numbering over 1,000 (mostly leased) sites, to support fixed wireless service rollout;

- Large inventory of leased international capacity on submarine cable SEACOM and EIG, and part ownership of the four of main cables landing in Sub-Saharan Africa, EASSy, TEAMS (both East Africa), SAT-3 and WACS (both West Africa); and

- Customer service and technical support centers in Pune, Harare, Nairobi, Johannesburg and London.

The following chart (Figure 1) depicts our existing and planned terrestrial backbone network as of November 30, 2020.

Figure 2.

The following chart (Figure 3) depicts the existing and active build (red), as well as our undersea cable connections to Africa.

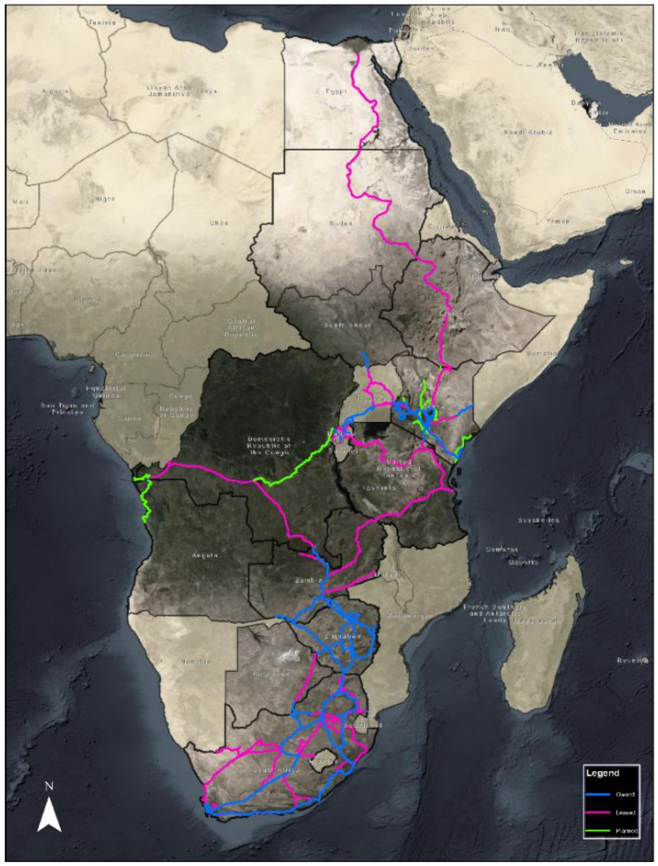


Figure 3.

The following chart (Figure 4) depicts one of our access networks (here Harare in Zimbabwe) as of November 30, 2020. The map is generated by our in-house Geographical Information Systems. Blue lines are the fiber network routes. Dense areas are typically the GPON FTTH deployments.

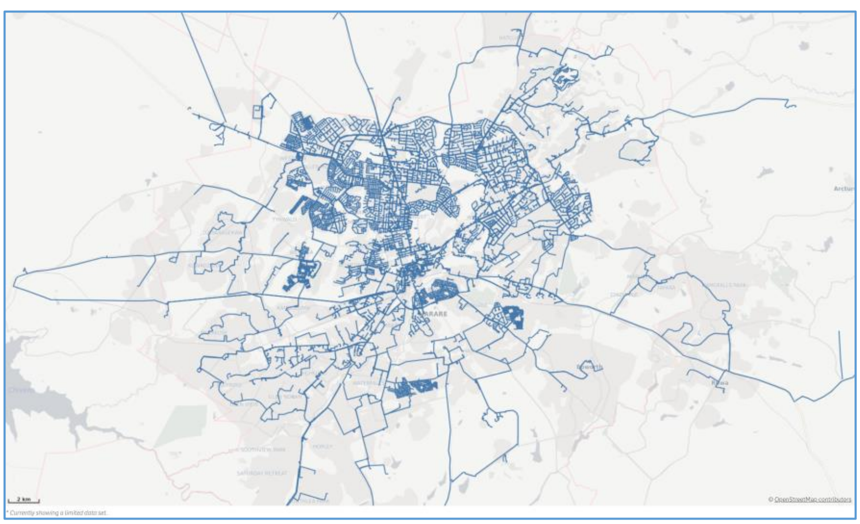


Figure 4.

The following chart (Figure 5) depicts one of our access networks (here Kinshasa in DRC) as of November 30, 2020. The map shows completed (shown in blue) versus planned (shown in red) FTTx and Metro network.

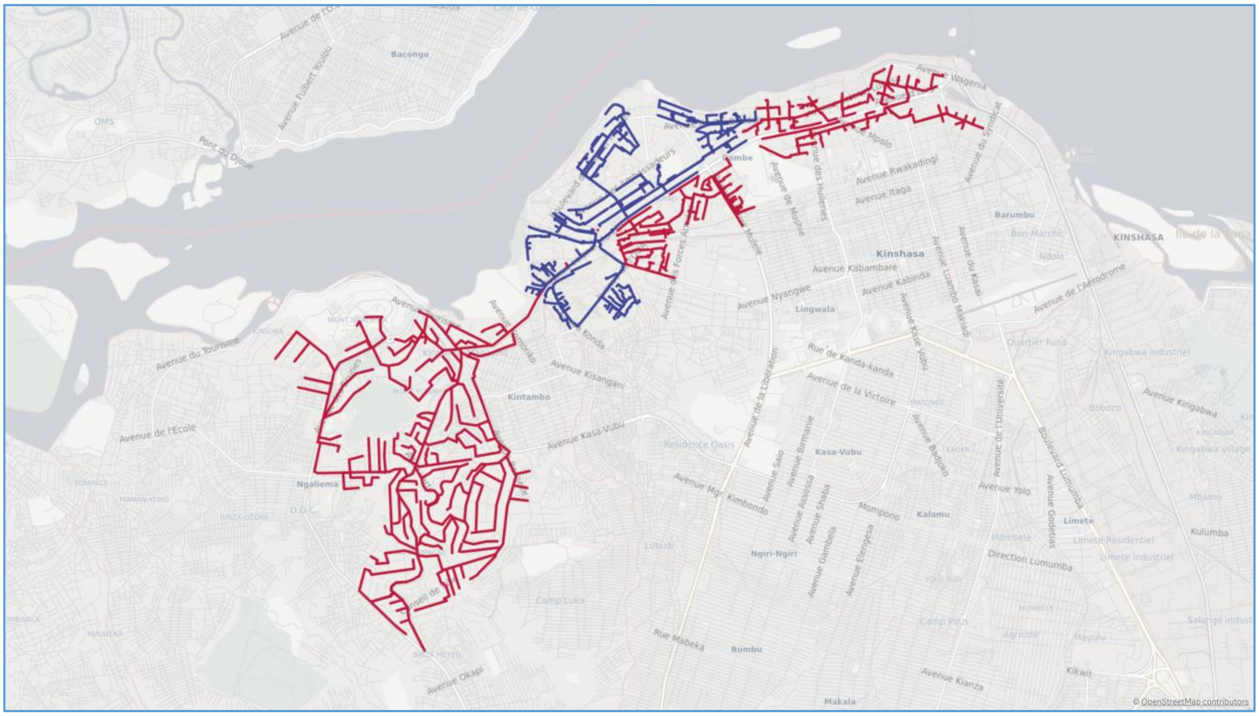


Figure 5.

Underlying Rights

We have the necessary rights of way agreements and other required rights, including governmental authorizations, to allow us to maintain and expand our fiber networks that are located on private property and public rights-of-way, including utility poles. When we expand our network, we obtain the necessary construction permits and license agreements to fully comply with local procedures and regulations.

Redundancy

Our network has been specifically designed to include redundant features to minimize the risk of network outages. It is designed in a ring topology to provide protection by moving traffic the opposite way on the ring if there is a local outage. Most critical links in the long-haul network are built with 3-way redundancy (a ring, plus direct link), with 2-way redundancy on most other long-haul links. Our metro networks also use a ring topology for protection. The final access connection into customer premises is not usually protected in this way but we do offer customers diverse access fiber or a fallback wireless link if required.

Network Planning

Our strong and proactive relationship with MNOs and other key customers enables us to position ourselves strategically when rolling out fiber and connectivity services, which in turn allows us to direct capex to non-speculative projects that generate revenue as soon as they are commissioned. Our expert project management and network planning teams conduct economic, marketing, regulatory and operational feasibility studies when targeting new routes, metro areas and residential FTTx areas, in conjunction with our quality assurance team. The network footprint is designed with industry leading inventory and planning IT systems and tools (such as ConnectMaster and Smallworld), which is used to design, plan, capture and maintain data on existing and new infrastructure.

The expansion of our network is driven by customer demand. We generally pre-finance expansions of our backbone network and fiber links to MNO towers pursuant to IRUs, by selling IRUs, which feature large up-front payments. Enterprise last-mile connectivity (FTTB) is driven by contracted revenue (which may also include a significant up-front payment). GPON FTTH and 4G LTE roll-outs in select neighborhoods are built on the back of a detailed business case and minimum return thresholds.

OPERATIONS

Management Structure

Our operating model combines a local sales and client focus with a centralized management structure that optimizes scale and expertise across our operating companies in the various jurisdictions. We successfully manage complex operations across ten countries and navigate the various regulatory hurdles that come with operating a large multinational network.

We benefit from a strong management team at the Group level which allows key planning to be undertaken from a top-down, holistic approach with considerations to strategic negotiations and day-to-day operations from its high-technology support centers in Pune, Harare, Johannesburg, Nairobi, and London.

In addition to a highly experienced management team, we also benefit from strong and skilled local Executive Committees and operational workforce across our footprint. This has enabled us to develop centers of excellence, allowing resources and expertise to be shared across the Group operations and between networks, and hence we can respond swiftly to market developments and work closely with our customers, in turn increasing our understanding of their business and technical requirements. Each of our operating companies, or in some instances group of operating companies within a specific country, are managed by an Executive Committee, which in turn reports to Board of Directors.

Group management and coordination is executed formally and informally, through regular meetings and workshops at every level of the organization. Monthly management meetings are held by Group senior executives with each local Executive Committee, supported by a standardized quantitative and qualitative reporting structure. Technical, commercial, marketing, sales (by segment) and finance departments coordinate resources and initiatives, and align their approach, at Group and local levels.

Network Management and Operations

Our primary network operating centers ("**NOC**") are located in Harare, Nairobi, and Johannesburg, and provide monitoring and network surveillance for their regions 24 hours per day, 365 days per year. As part of our business continuity plan, our primary NOCs are backed up by several regional operations centers located in London, Lusaka, Kigali, Kampala, and Dar Es Salaam, which are manned during working hours and have engineers on call outside of working hours. Our NOCs continually monitor for, and proactively respond to, any event that negatively impacts or interrupts the services we provide to our customers.

We have now successfully transitioned the whole Group to a single trouble ticketing system, ServiceNow, which allows for a unified response for issues that span multiple operating entities. Incidents that are entered onto the trouble ticketing system are ranked as low, medium, or high priority and customers are notified via telephone or email. Incidents are proactively logged and updated on the system until resolved. Management monitors customer satisfaction by tracking the number of tickets opened per client and is in the process of identifying KPIs to be monitored in the new system which can help with improving service quality and allowing issues to be proactively identified before they become critical.

Our long-haul fiber network is equipped with optical time-domain reflectometer systems which send test signals into the fiber every three minutes to identify and locate any fiber breaks, immediately notifying our NOCs if detected.

In addition, our customers have access to customer service support 24 hours a day, seven days a week through our customer service and technical support centers in Pune, Harare, Nairobi, and Johannesburg, which monitor, track and respond to customer queries. See "*—Customer Service and Retention.*"

Information Technology

Our policy is to maintain consistent information technology ("**IT**") systems across all our operating entities. Our IT systems comprise operational support systems (which support our telecommunications network and include processes such as service assurance, provisioning services, configuring network components and managing faults) and business support systems (which support processes related to our customers, such as taking orders, processing bills, collecting payments and customer relationship management).

Our main IT systems are:

- GE Smallworld – a Geographic Information System ("**GIS**") that contains the inventory and mapping of the physical network infrastructure and is used for network project planning, mapping, coverage analysis and to support Sales. Adopted 2011.

- Amdocs Cramer – an inventory and network planning system for the active inventory elements (the "logical" network) including circuits, configurations and the logical services that run on top of these resources. Adopted 2011.

- Netcracker BRM – billing and revenue management solution for the Enterprise space.

- Oracle Hyperion – a financial planning and consolidation system, adopted 2015.

- Enterprise Resource Planning (Sage Evolution)—separate instance for each Operating Company feeding into a central database, adopted 2011.

- Customer Relationship Management (Salesforce)—cloud system hosted by SalesForce.com, adopted 2015.

- Product Catalog and commercial order management (CloudSense) – cloud system running within (and complementing) the Saleforces platform, adopted 2019.

- Provisioning (Tibco Fulfillment Provisioning)—network element provisioning system, adopted 2015. Tibco Business Works system is used in Tanzania.

- Process Management (Tibco BPM)—Business Process Management engine, adopted 2015.

- Billing (Prism)—hosted centrally in London on rented data center space (with backup), adopted 2016.

- Ticketing and Service Assurance (ServiceNow)—cloud-based system hosted in London, adopted 2017.

- Odin – a customer and reseller portal systems that also does provisioning, rating and reseller management system for digital products such as Office 365 and Azure. Used to support Liquid's digital line-of-business and integrated into Liquid's other systems. Adopted 2019.

Our current IT platform is continually enhanced over time to integrate our acquired companies and increase functionality in every area. We have a policy of rolling out our standardized IT platform across the Liquid Group as part of our standardization and rationalization efforts. Systems are rolled out in phases to each operating entity individually as each one has products, teams, users, and local requirements that need to be catered for, and some of the systems above are still in the process of being deployed to some entities. In addition, our South Africa operations have several systems that have the potential to add value back to the wider Group. Examples include advanced Network Inventory and GIS; these are being wrapped as managed services to be provided back to the Liquid Group as whole.

There are further systems run by each operating entity that are not suitable for centralization; these also tend to be less critical to operations.

We have a fully implemented business continuity and disaster recovery plan that provides near real-time data access. The systems that we host run on multiple virtual fabrics in Johannesburg, Harare, and several locations in London for full physical diversity, with each available as a hot standby in case of failure of the live system.

While we believe that our existing IT systems are adequate for the purposes of our existing business, we have plans to upgrade our finance systems and customer portals, and over time to continue to rationalize and consolidate various systems across the Group. We plan to migrate from Oracle Hyperion onto Anaplan, a cloud-based business planning tool, in the course of 2021 and we are also evaluating a potential move to a new cloud-based ERP system as a successor to Sage Evolution.

DISTRIBUTION AND SALES

Our products and services are distributed through a variety of distribution channels, which vary by business line. We have a direct sales force of wholesale executives and global account directors across all our operating companies, who are able to use their knowledge of local market conditions to build our pipeline.

Wholesale

Since the number of potential customers is smaller in the wholesale segment than in enterprise or retail, we sell to wholesale customers directly via our team of wholesale executives and global account directors. They are supported by local in-country account managers who will typically take the lead in ongoing account management. The sales team is incentivized based on total customer value achieved, rather than short-term revenue, and are tasked both with winning new customers and increasing the share of the customer's spend that comes to Liquid Group.

The wholesale voice and data sales teams are distinct. Wholesale data account executives sell products from across our technology portfolio, including dark fiber, national and international leased connectivity over fiber, high-bandwidth wireless leased connectivity and satellite connectivity.

Wholesale accounts are managed by global account directors, due to the type of service and international aspect of the relationship we have with most of our wholesale accounts. Local teams handle sales to national players such as ISPs. Quoting and pre-sales design are done by specialist teams, using automated tools and price books.

Enterprise

Our enterprise business line relies mostly on direct sales via our own teams, based in country, supported by a team of global account directors. Our direct sales channel includes pre-sales engineers as well as sales administration staff. Quoting and pre-sales design are done by specialist teams, using automated tools and price books. The customer relationship management process is supported by the use of Salesforce.com systems across the Group.

South Africa has historically used indirect channels for small and medium sized business customers. This channel includes distributors (also channel partners) led by channel sales managers employed by us (who manage indirect sales through distributors), increasing our distribution footprint, accelerating order intake, and leveraging existing local relationships of resellers. In other countries, small and medium businesses are targeted via the retail direct channels described above.

Retail

Home broadband products and services are sold through direct sales agents and channels: our own website, inbound and outbound telesales, inbound email, or through a limited number of physical stores—for example our Zimbabwe ISP Zimbabwe Online (Pvt) Ltd has three in Harare, one each in Bulawayo and Mutare. We also run door-to-door sales campaigns and deploy mobile stores, particularly when launching consumer service in new areas. Our sales agents are paid commissions based on customers acquired.

CUSTOMERS, CUSTOMER CONTRACTS AND BILLING

At the Group level, our top five customers are Mobile Telephone Networks, Econet Group, Vodacom, Mobik and Cell C. Our top five customers accounted for 38% of our revenue in the year ended February 29, 2020. Our top five customers accounted for 47.2% of our revenue in the nine months ended November 30, 2020. Approximately 26% of our customers operate in the services industry, while 13% are in banking, 11% are in logistics 9% are wholesale or MNO customers and 41% are in other industries. See "*Principal Shareholders*", "*Related Party Transactions*." See also "*Risk Factors—Risks Relating to Our Business and Industry—A large percentage of our revenue comes from our top five customers.*"

Wholesale

Wholesale Voice. Our major customers in our wholesale voice business line are national and international MNOs. Our extensive network coverage via both fiber and satellite has allowed us to develop and maintain key relationships with some of the largest global and national MNOs, as well as the leading national and international carriers across our markets. Of the Group's revenue generated from wholesale voice customers the nine-month period ended November 30, 2020 the top five customers which make up 80.7% of total wholesale voice revenue are Mobik, Gateway Communications Africa, Globacom, Cell C and MY Country Mobile.

Our wholesale voice contracts are typically rolling in nature. The majority of our customers sign "Traffic Termination Agreements" that are for an unlimited period of time, pursuant to which we and our customers agree to connect our respective telecommunication systems at certain meet points with a view to allowing the mutual conveyance of traffic. Under the terms of these agreements, the price per minute for the conveyance of traffic, which varies according to the destination, is initially agreed upon entering into the agreement and generally updated on a weekly basis. Charges are calculated by multiplying the billable conversation time with the respective prices, and billing occurs at the end of each month.

Wholesale Data. Our major customers in our wholesale data business line are MNOs, PTOs, ISPs and global carriers. We have attracted some of the largest international and national MNOs in Africa. Of the Liquid Group's revenue generated from wholesale data customers in the nine-month period ended November 30, 2020, the top five customers make up 59.9% of total wholesale data revenue, respectively, are MTN South Africa, Vodacom, Airtel, Internet Solutions and Tata Communications.

Our wholesale data services are largely contracted through capacity lease agreements and IRUs (which include high initial connection costs, but lower annual maintenance costs). We provide wholesale data connectivity pursuant to lease agreements with terms that typically range between one and five years. To a lesser extent, we also sell IRUs, which provide customers unrestricted rights or access to the use of our network assets for agreed time periods. IRUs are usually long-term contracts running over a period from five to 20 years. Hosting services are also provided to our key wholesale customers with terms that typically ranged from three to ten years.

Our wholesale data customers also sign MSAs that contain standard terms and conditions including service level agreements, required response intervals, indemnification, default, force majeure, assignment and notification, limitation of liability, confidentiality and other key terms and conditions. Most MSAs also contain appendices that contain information that is specific to each of the services that we provide. The MSAs either have exhibits that contain service orders or, alternatively, terms for services ordered are set forth in a separate service order. Each service order sets forth the minimum contract duration, the monthly recurring charge, and the non-recurring charges.

Enterprise

Our major customers in our enterprise business line are large corporate clients (such as financial institutions, airlines and mining operators), governments and non-profit organizations. Of the Liquid Group's revenue generated from enterprise data customers in the year ended February 29, 2020, the top five customers making up 35.0% of total enterprise revenue are Transnet, SITA, ABSA, Investec and the United Nations.

We believe that our unique position as both owner and operator of our network, coupled with the density of our network footprint and its redundancy architecture, allows us to more competitively service and price our enterprise customers at the local, regional, national, and international level relative to our competitors. This competitive advantage has allowed us to develop and maintain key relationships with some of the largest global corporate clients, as well as governments and non-profit organizations.

Our enterprise contracts are tailored according to the specific needs of each customer, the size of the customer, the market in which it operates and the product. These contracts are generally for a period of two to five years, and provide for monthly, and quarterly billing. In addition to providing business services over our networks, we also provide hosting services, high quality enterprise voice services and transaction payment services to the banking industry.

The majority of our enterprise customers also sign MSAs that contain standard terms and conditions including service level agreements, required response intervals, indemnification, default, force majeure, assignment and notification, limitation of liability, confidentiality and other key terms and conditions. Most MSAs also contain appendices that contain information that is specific to each of the services that we provide.

Retail

Our major customer groups in our retail business line are residential consumers, SMEs and home offices.

Our retail contracts are generally for high speed broadband for a period of one month to 12 months, and generally provide for monthly in advance billing with prepayment required prior to the provision of service. In addition to providing broadband services, we also provide high quality voice over IP services, educational services and network security back up.

The majority of our retail customers also sign a local service order that contain standard terms and conditions including payment terms, level of service, provision of equipment and description of service.

CUSTOMER SERVICE AND RETENTION

We believe that the quality of our customer service is critical to attracting and retaining customers. While we focus on providing high-quality after sale services, we also pay particular attention to other key processes, such as monitoring the overall quality of the services provided to our customers and receiving and resolving customer queries and complaints. Our approach to customer service and retention varies by segment (wholesale, enterprise and retail), as the relationship and customer/account management are differentiated. Churn refers to the value of revenue lost through customers terminating their service in any particular period, and includes lost customers, negative price changes, and disconnects associated with upgrades or replacement services. The average churn across our operations was 0.73% and 0.9% in the year ended February 29, 2020 and the nine months ended November 30, 2020, respectively.

The customer service function for our wholesale data segment is carried out by our customer service and technical support centers in Harare, Nairobi, Johannesburg and London. We also provide our customers with access to technical support help desks which operate at all times as well as clear escalation procedures to senior technical staff, in the event incidents are not resolved within our service level agreements. Visits to customers' premises are performed by our technicians and engineers. We believe we have some of the most highly qualified and capable technicians and IP transmission engineers across Africa. Our customer service function for our wholesale customers is available 24 hours a day. Customer retention initiatives are carried out by our global and national account managers, with support by our senior management when required. We aim to proactively inform our wholesale data customers of any technical and commercial change, such as technology upgrade, minor incidents, regulatory and legal environment change. We believe that our customers value our commitment to communicating regularly and effectively with their own technical and commercial teams. Customer feedback, through quarterly and annual review meetings, is generally very positive and we score high in most or all areas, such as quality of updates, responsiveness, regularity, management of third party suppliers, reliability of delivery dates, quality of handover, and easiness to work with.

Wholesale voice customers have a direct access to our relatively small team of experts who manage the technical and commercial aspects of our wholesale voice business. Prices in this segment are updated on a regular basis (generally almost every week) and a level of automation has been introduced to manage the pricing and billing processes. Escalation of technical issues, commercial enquiries or other enquiries, are dealt with by our global wholesale voice team, based in the United Kingdom, South Africa and Mauritius. Other business development and customer retention initiatives include presence at global and regional conference and meet-me events, one-to-one meetings and other events.

For our enterprise customers, we have dedicated business service and technical centers. For example, in South Africa and in Kenya, we have customer service functions specifically adapted to the service quality requirements of our enterprise customers, including in respect of technical and administrative matters. Our contracts with enterprise customers generally include an undertaking (service level agreements) to re-establish service within a maximum of 4 to 8 hours. Our customer service function for our enterprise customers is available 24 hours a day. Improving customer retention in South Africa is a key focus for our senior management team and we aim to decrease churn in this segment dramatically. In particular, our plans include the rehabilitation and integration of the existing South African assets, as well as investment in the expertise and skills of our commercial and technical teams, to ensure that the levels of service that our enterprise customers have come to expect across our footprint can be replicated in a consistent manner in South Africa.

For our retail customers, we have dedicated call centers that can answer a range of commercial and first-level technical questions. Detailed technical questions are forwarded to a technical desk. Customer retention strategies are in place to reduce and limit churn which is higher in this segment than others, due to lower cost of migration to other providers, shorter commitment (sometimes prepaid services renewable on a month-by-month basis). Customer loyalty teams are tasked with offering alternative solutions to customers who wish to change or terminate services, as well as win back customers who have already terminated or suspended a service. We believe the level of churn we experience in this segment is on par or lower than our peers, due to the quality and reliability of the service, the expertise of our call center representatives and the initiatives to retain customers.

We have launched and implemented initiatives aimed at improving our customers' experience. These initiatives include targeted campaigns which allow us to identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers.

We actively monitor our customer satisfaction through independent monthly NPS assessments and seek customer feedback in connection with our service offerings and customer service efforts and routinely provide customers with questionnaires, annual and quarterly review meetings, or other requests for feedback through which they describe their level of satisfaction with our service offerings and quality of service, provide comments and requests or order additional services. We have relatively high customer satisfaction rates across most of our markets and business lines.

COMPETITION

Wholesale

We face direct competition in wholesale voice in Africa primarily from PCCW and BICS, although neither of these operators has assets in Africa which would allow them to offer comparable control over quality. Nevertheless, indirect competition from OTT players (WhatsApp, Skype) is causing ongoing reductions in revenue across the industry and is causing some of our customers to become more price-sensitive as they attempt to counter OTT voice services. Conversely, some of our customers have price insensitive users who require our level of quality which has helped avoid declines in revenue and profit. A number of destinations or routes, such as landlocked African countries or countries where international voice termination price is regulated at a certain level, still offer areas of lower competition and higher margins.

Given the requirement to own the underlying infrastructure assets (e.g., fiber networks and assets) in order to provide wholesale data services, the competitive environment tends to be less intensive for these products as the barriers to entry are high. Competition in the wholesale data market varies on a country by country basis, depending on the number of fixed-line players, redundancy of fiber infrastructures, sophistication of buyers and local regulation. We have recently experienced more aggressive pricing competition from our competitors in respect of wholesale voice and data services as they seek to win market share, particularly in South Africa and Kenya. In the coming years we expect to see some consolidation in the industry as a result of both economic and regulatory factors. We are seeing competition from submarine cable operators (SEACOM, WIOCC) who are entering deals which allow them to serve a limited number of terrestrial endpoints, from incumbent operators in each country who frequently have a large presence in the wholesale market, and from several disruptors who vary by country—for example DFA, Fiberco, and Broadband Infraco in South Africa, NOFBI in Kenya, and C-Squared in Uganda (a joint effort by Google, World Bank, and others). Certain customers, including some of the largest mobile operators in South Africa and Kenya, have invested in some of the national fiber routes (city to city) and metro networks, as leased dark fiber, within a consortium or as their own fiber infrastructure.

Enterprise

The enterprise segment is largely defined by the different needs of customers, which vary depending on the size of the company. Although large corporates are sophisticated and price-sensitive, speed, capacity, security, expertise and reliability are very important to them, and thus tend to have demanding requirements. They may have the market insight to be able to unbundle their service requirements and put them out to tender frequently to ensure competitive pricing. Smaller enterprises are more apt to bundle and place a premium on provider proximity and relationship.

In connectivity services, the degree of competition and actual competitive parties vary by market; of these CMC Networks and MTN Business have a presence most comparable to ours. Competition includes other national and international carriers, as well as ICT service companies.

In payment services, our main competition is from large global providers, primarily Verifone and Ingenico, who typically enter distributor agreements in each country or region. Few of these distributors or the providers behind them have adapted their terminals and systems to the demands of the African market and none share our same geographic footprint or have a comparable product range.

Retail

The infrastructure competition we face to our FTTx services for medium/small businesses and homes arises in Nairobi (from Wananchi and Safaricom), and Kampala (from C Squared).

In fixed wireless access services, we face competition from other, generally small, fixed wireless operators, in every country in which we operate. These include Afrimax, Smile, Internet Solutions, Wananchi Business Services, MTN Business and others, as well as the incumbent fixed operator in each country. Mobile operators typically do not offer broadband services comparable to our fixed service, but home users may consider their services as alternatives to our low-end offerings.

MARKETING

We believe that we enjoy strong recognition among customers in the majority of the markets in which we operate. We generally market our services under the “Liquid” brand, with variations depending on the type of service we offer.

We have a centralized marketing department responsible for strategic brand positioning and developing and monitoring our advertising campaigns. Working in conjunction with our sales and customer care divisions, our marketing divisions use a combination of individual and segmented promotions and general brand marketing to attract and retain customers. Our general marketing strategy aims to portray us as the leading independent fiber optic and wireless telecommunication network operator in Sub-Saharan Africa.

In all of the markets in which we operate, we use a variety of advertising and campaign channels to promote our services and brand names, and participate in a number of marketing events over the calendar year, such as Africacom, Capacity events and Submarine Networks World.

SUPPLIERS

We have relationships with several suppliers that provide us with international wholesale voice, hardware, software and various other products and services necessary to operate our businesses. We use a limited number of subcontractors such as Soliton and Plessey, particularly in Kenya and South Africa, to maintain our network, with the vast majority of installation and maintenance works performed by our own highly qualified employees and engineers. Our agreements with third party providers generally require that the subcontractors maintain certain quality levels and use trained personnel, and we monitor the efficiency and quality of service provided by our subcontractors on a regular basis.

- In our wholesale voice business line, our principal suppliers are certain MNOs, carriers and service providers such as Tata, Vodafone, MTN, Econet and Cell C which we have “Traffic Termination Agreements”.

- In our wholesale data business line, our principal suppliers are certain satellite providers who provide capacity such as Eutelsat; carriers and service providers such as Seacom, WIOCC and TTCL who provide international undersea capacity and national backbone capacity; carriers and service providers with whom we have reciprocal business arrangements, such as Orange and BT; and providers of IPT in Europe (Cogent, NTT, Orange, TATA, TI Sparkle and Lumen), fiber manufacturers such as Sterlite and M2FX and local subcontractors to install the capacity.

- In our enterprise business line, our principal suppliers are Cisco, Microsoft and Juniper, which provide us with data network parts and customer premises equipment, such as servers; national network carriers who provide local metro capacity such as Telkom, Vodacom, Airtel, Broadband Infraco, tower companies such as the MNOs that provide site colocation, and local subcontractors who will provide network installations.

- In our retail business line, our principal suppliers are fiber manufacturers such as Sterlite and M2FX, local subcontractors to install the network, and sales agents.

Most of our equipment is supplied directly by the manufacturers. In nearly all cases, we believe alternate providers are readily available and only in rare occasions would replacing such providers be a lengthy process.

INTELLECTUAL PROPERTY

The Group owns a relatively large number of trademarks. Our most important trademarks are registered as word mark trademarks, protecting words, including “Liquid Telecom” and logo trademarks, protecting our “Liquid Telecom” logos. The “Liquid Telecom” trade mark is registered in all of the territories in which they are used and it is also registered in additional territories for protective reasons in Africa where the Group does not have a presence so that no third party can use the Liquid Telecom brand. This is the same for the “Hai” trademark, which is presently either registered or it is a trademark application pending registration in the territories where it is used and in additional territories for protective purposes.

In addition to the main “Liquid Telecom” and “Hai” trademarks the Group has also registered various trademarks in specific territories where they are used, including, “PayBay”, “Fibroniks”, “IPIDI” and “Liquid Money”.

In all of the above cases, the protection offered by the registration of the trademarks lasts for seven years or ten years (depending on the relevant country) and can be extended for another ten years or fourteen years (depending on the relevant country) on the basis of a specific renewal request. During the course of our business, we regularly undergo the renewal of our trademarks and the registration of new trademarks (most of the later related to the protection of products).

We are generally not party to any license agreements in connection with any of the trademarks we own.

LICENSES

Our operating licenses specify the communications services we can offer. As of November 30, 2020, the Group companies held over 40 communications licenses across the countries we operate in. These licenses are subject to review, interpretation, modification or termination by the relevant authorities. Some, but not all, of the licenses are subject to local citizenship ownership requirements. The operating licenses are generally renewable upon expiry, and are operated under terms ranging from between 5 and 15 years. In certain of the jurisdictions in which we operate, however, our operating licenses have a considerably shorter term. For instance, in some jurisdictions the licenses are annual licenses. We aim to ensure that we have the required licenses to meet our strategic objectives over the long-term. In some jurisdictions, in addition to the operating licences, we are required to obtain ancillary authorizations from the telecoms regulator for specified equipment that we use in our business, such as type-approval of telecommunications approval in Zambia.

There is no assurance that our licenses will be renewed or that any renewal on new terms will be commercially acceptable. See "*Risk Factors—It may be difficult for us to obtain all licenses, permits or other authorizations required to operate our existing network or any other required licenses, permits or other authorizations, and once obtained they may be amended, suspended or revoked or may not be renewed.*"

The table below sets forth details of material licenses we held as of November 30, 2020.

Country	*Liquid entity holding the license*	*Type of license*	*Expiry date*	*License No*	*Period*	*Effective date*
Botswana	Transaction Payment Solutions Botswana (Proprietary) Ltd	Value Added Network Services	06-Aug-24	043-2008/09	15 years	06-Aug-09
	Liquid Telecommunications Botswana (Proprietary) Ltd	Network Facilities Provider license	05-June-33	NFP2018/036	15 years	05- Jun-18
	Liquid Telecommunications Botswana (Proprietary) Ltd	Services and Applications license	05-Jun-33	SAP 2018/62	15 years	05- Jun-18
South Africa	Liquid Telecommunications Operations South Africa (Pty) Limited	Individual Electronic Communications Service	15-Jan-29	0029/IECS/JAN/09	20 years	16-Jan-09
	Liquid Telecommunications Operations South Africa (Pty) Limited	Individual Electronic Communications Network Service	15-Jan-29	0029/IECNS/JAN/09	20 years	16-Jan-09
	Liquid Telecommunications Operations South Africa (Pty) Limited	Spectrum license: 2.4 MHz of Ku band spectrum	31 March each year	00-520-222-5	Congruent with the ECNS License	2014
	Liquid Telecommunications Operations South Africa (Pty) Limited	Individual Electronic Communications Service	15-Jan-29	004/IECS/JAN/09	20 years	16-Jan-09
	Liquid Telecommunications Operations South Africa (Pty) Limited	Individual Electronic Communications Network Service	15-Jan-29	004/IECNS/JAN/09	20 years	16-Jan-09
	Liquid Telecommunications Operations South Africa (Pty) Limited	Spectrum license	31 March each year (until 2029)		Congruent with ECNS license	
	Liquid Telecommunications Operations South Africa (Pty) Limited	Individual Electronic Communications Service	20-Dec-30	0471/IECNS/DEC/2010	20 years	21-Dec-10
	Liquid Telecommunications Operations South Africa (Pty) Limited	Individual Electronic Communications Network Service	20-Dec-30	0471/IECS/DEC/2010	20 years	21-Dec-10
Zambia	Transaction Payment Solutions Zambia Ltd	Class Network license: Wireless Internet	30-Mar-21	ZICTA/ICT/ECS/0070	5 years	31-Mar-16
	Transaction Payment Solutions Zambia Ltd	Service license: Internet	30-Mar-21	ZICTA/ICT/ECS/0070	5 years	31-Mar-16
	Liquid Telecommunications Zambia Ltd	Service license: Internet Service	22-May-21	ZICTA/ICT/ECS/0005	5 years	23-May-16
	Liquid Telecommunications Zambia Ltd	Network license (Carrier of Carriers)	26-Jun-25	ZICTA/ICT/ECN/0005	15 years	27-Jun-10
	Hai Telecommunications Ltd	Network license—Wireless Internet	27-Jun-20	ZICTA/ICT/ECS 0024	5 years	26-Jun-15
	Hai Telecommunications Ltd	Service License Internet	27-Jun-20	ZICTA/ICT/ECS/0024	5 years	26-Jun-15
	Hai Telecommunications Ltd	Spectrum License	30 June each year	ZICTA/LN1394	Annual	29-Jun-16
United Kingdom	Liquid Telecommunications Ltd	Satellite (Permanent Earth Station)	30 June each year	0307709/5	Terminated	01-Nov-16
Zimbabwe	Data Control & Systems (1996) (Private) Ltd	Internet Access Provider Class A (including VoIP) (IAP License)	04-Sep-29	IAPA201509022	14 years	05-Sep-15
	Data Control & Systems (1996) (Private) Ltd	Spectrum	04-Sep-29	IAPA201509022	14 years	05-Sep-15

Country	*Liquid entity holding the license*	*Type of license*	*Expiry date*	*License No*	*Period*	*Effective date*
	Data Control & Systems (1996) (Private) Limited	Spectrum LTE	04-Sep-29	IAPA201509022	12 years	15-March-17
Mauritius	Transaction Payment Solutions Indian Ocean Ltd	Computer / ICT related activities	Annual	ST00232260	Annual	01-Jul-19
	Transaction Payment Solutions Indian Ocean Ltd	Sell, expose or offer for sale or hire radio communication or telecommunication apparatus or devices	19-Feb-21	C/E42/2020	Annual	03-Feb-20
Kenya	Liquid Telecommunications Kenya Ltd	Content Service Provider license (CSP)	09-Dec-23	TL/CSP/00014	15 years	09-Dec-08
	Liquid Telecommunications Kenya Ltd	Network Facilities Provider (NFP)	22-Jan-28	TL/NFP/T2/00014/01	10 years	22-Jan-18
	Liquid Telecommunications Kenya Ltd	Applications Services Provider (ASP)	22-Jan-28	TL/ASP/00014/01	10 years	22-Jan-18
	Liquid Telecommunications Kenya Ltd	International Gateway license	22-Jan-28	TL/ULF/IGS/00014/01	10 years	22-Jan-18
	Liquid Telecommunications Kenya Ltd	VOD temporary authorization	Not specified	Not specified		Not specified
	Liquid Telecommunications Kenya Ltd	Fixed Wireless Access & Microwave Links - Spectrum Fees	Annual	Not specified	1 year	Annual
	Liquid Telecommunications Kenya Ltd	Sub-Domain registrar services	31-Aug-21	Not specified	1 year	31-Aug-20
Uganda	Liquid Telecommunications Uganda Ltd	Voice and Data Services	7-April-21	UCC/PVD/1024	10 yrs	15-Mar-12
	Liquid Telecommunications Uganda Ltd	Public Infrastructure Services	31-Jan-20	UCC/PIP/1024	15 years	01-Feb-05
	Liquid Telecommunications Uganda Ltd	Spectrum 2.3 GHz and 3.5GHz		As part of the PVD and PIP licenses		
DRC	African Digital Networks S.A.S.U.	Internet Service Provision (ISP)	22-Jan-39	002/ARPTC/PTT/SI/109	20 years	22-Jan-19
	African Digital Networks S.A.S.U.	Spectrum: 30 MHz in the 2.3 GHz band	Annual	002/ARPTC/PTT/109	Annual	29-Dec-09
	Africa Digital Networks S.A.S.U.	Exploitation of the VSAT (Very Small Aperture Terminal)	22-Jan-39	01/ARPTC/PTNTIC/VSAT/2019	20 years	23-Jan-19
	Liquid Telecom DRC SA	Establishment and operation of a public optical fiber network	04-Feb-28	01/PTNTIC/ARPTC/BBN-FTTx/2018	20 years	05-Feb-18
Rwanda	Liquid Telecommunications Rwanda Ltd	Fixed Telecommunications license	20-Jun-23		10 years	20-Jun-13
	Liquid Telecommunications Rwanda Ltd	Radio Frequency Spectrum & Operation of Radio Communications Services License	07-Jul-13	RURA/2013/0124	10 years	07-July-13
Tanzania	Zanlink Ltd	Spectrum: 30 MHz in the 3.5 GHz band			In line with operating license	28-Feb-14
	Zanlink Ltd	Regional Network Facilities	18-Dec-39	TCRA/NF/3/2014	25 years	19-Dec-14
	Zanlink Ltd	Regional Application Services	21-Mar-23	TCRA/AS/06/2013	5 years	22-May-18
	Raha Ltd	Spectrum: 30 MHz in the 1400 MHz band			In line with operating license	24-Mar-10
	Raha Ltd	International and National Application Services	23-Mar-20	TCRA/AS/3/2010	10 years (international) 5 years (national)	24-Mar-10
	Raha Ltd	National Application Services	Application submitted	TCRA/AS/05/2013	5 years	18-Apr-13
	Raha Ltd	Numbering resources	30-Jun-19	Various	Annual	23-Jul-18
	Raha Ltd	Sale, installation and maintenance of Electronic Communications Equipment	30-Jun-19		3 years	16-Feb-18
	Raha Ltd	Import Electronic Communications Equipment	15-Feb-21		3 years	16-Feb-18
	Raha Ltd	Regional Network Facilities	Application submitted			
	Raha Ltd	National Services license	Application submitted			
	Raha Ltd	Importation of Electronic Communications Equipment	15-Feb-21	TCRA/IML/004/2018	3 years	16-Feb-18
	Raha Ltd	Installation and Maintenance of Electronic Communications Equipment	15-Feb-21	TCRA/NI&ML/004/2018	3 years	16-Feb-18
	Raha Ltd	Sale of Electronic Communication Equipment	15-Feb-21	TCRA/NSL/002/2018	3 years	16-Feb-18

Country	Liquid entity holding the license	Type of license	Expiry date	License No	Period	Effective date
	Startel Tanzania Limited	Regional Network Facilities (Dar Es Salaam, Arusha, Kilimanjaro and Tanga)	19-Jan-41	TCRA/RNFL/001/2016	25 years	20-Jan-16

INSURANCE

While we had historically maintained insurance coverage locally at the various entities comprising our business, we have recently consolidated our insurance coverage as much as possible into master international insurance policies maintained at Group level. This consolidation effort has allowed us to negotiate more favorable pricing and other commercial terms with our current insurance providers. Our group and local insurance partners provide local advice and placement for these covers.

We currently maintain insurance policies for global property, business interruption, employer's liability, global public liability, professional indemnity, cybercrime, as well as Directors and Officers Liability. These policies cover a range of risks including those related to physical damage to, and loss of property as well as coverage for losses arising out of our negligence for bodily injury or property damage to third parties and employees. Travel and marine insurance is taken out on a case by case basis. We engage an insurance broker to advise on the necessary types and levels of coverage, and we review our coverage with our broker bi-annually and maintain a list of work in progress on outstanding matters. We renew our insurance policies annually and most of our insurance premiums are denominated in U.S. dollar.

We consider such insurance coverage to be adequate and in accordance with customary industry practice in the markets in which we operate. We do not insure against certain operational risks for which insurance is unavailable or which can only be insured at what we believe to be on unreasonable terms, such as political risk, war and terrorism.

PROPERTIES

We lease most of the principal properties upon which we operate. We also operate a 1,759 square meter leased warehouse in Zimbabwe and a 1,053 square meter leased warehouse in Dubai, which are used to store fiber infrastructure equipment and material.

The following table sets forth our key properties:

Opco Name	***Property Name***	***Address***	***Use of Property***
		Owned	
Liquid Telecommunications Rwanda Limited	Rusizi Site	Rusizi, Western Province	Commercial
Liquid Telecommunications Rwanda Limited	Musanze Site	Musanze, Northern Province	Commercial
Liquid Telecommunications South Africa (Pty) Ltd	Innovate Park	401 Old Pretoria Main Road Midrand	Offices, Data Center & Warehouse
Liquid Telecommunications Zambia Limited	Stand No. 80, Kasama	Stand No. 80, Kasama	Office Space
Data Control & Systems (1996) (Private) Ltd t/a Liquid Telecommunications Zimbabwe	Stand 19995 Borrowdale Township	Stand 19995 Borrowdale Township	Offices
		Leased	
Liquid Telecommunications Rwanda Limited	Gicumbi Site	Gicumbi, Northern Province	Commercial
Liquid Telecommunications Rwanda Limited	Rubavu Site	Rubavu, Western Province	Commercial
Liquid Telecommunications Rwanda Limited	Nyagatare Site	Nyagatare, Eastern Province	Commercial
Liquid Telecommunications Zimbabwe	Pockets hill data center	16 Hampstead Rd, Pockets Hill, Highlands	Data Center
Liquid Telecommunications Operations Limited, Liquid Telecommunicatons Holdings Limited	Ebene Mews	5th Floor, 57 Cybercity, Ebene, Mautitius, 72201	Offices
RAHA Limited	IT Plaza	8/9 Floor, Ohio Street, Garden Avenue, Dar Es Salaam	Offices
Liquid Telecommunications Zambia Limited	Elunda 2	Elunda 2, Addis Ababa Roundabout, Rhodes Park, Lusaka	Offices
Liquid Telecommunications Zambia Limited	KN 30 St, Kigali, Rwanda	AVENUE De l'Armee, KN 67 ST# 3, Kigali P.o Box 6098 Kigali	Offices
Liquid Telecommunications Uganda Limited	BMK House	Plot 4-5, nyabong Road, BMK House, Kampala	Offices
Liquid Telecommunications Zimbabwe	Willowale Industrial Park	Bay A3 Willowvale Industrial park, Gleneagles Road, Willowvale, Harare	Warehouse
Liquid Telecommunications Botswana (Pty) Limited	Grand Union Building	2nd Floor, Unit 6A, Grand Union Building. Plot 54374, New CBD, Gaborone Botswana	Offices
Liquid Telecommunications Sahara Holdings Ltd	UAP Equatorial Towers	Hai Neem, Malakia Rd, Juba, South Sudan	Offices
East Africa Data Centre Limited; Liquid Telecomunications Kenya Limited	Sameer Industrial Park	Block A, Mombasa Road, Nairobi, Kenya	Offices & Data Center
RAHA Limited	Raha NOC Center (Data Center)	Nyerere Road, Royal Furnishers Building, 1st Floor, Gate No 2, Pugu Road, Banda la Ngozi, Dar Es Salaam	Data Center
RAHA Limited	Raha Limited (Main Office)	IT Plaza 8/9 Floor, Ohio Street, Garden Avenue, Dar Es Salaam	Main Office
RAHA Limited	Raha Limited	Arusha Branch, Navrat Street, Akmea building, 4th Floor, Arusha	Office
RAHA Limited	Raha Limited	Mwanza	Office
RAHA Limited	Chang'ombe Warehouse	Plot No 73, Mbozi Road, Dar Es Salaam	Warehouse
Zanlink Ltd	Zanlink Ltd	Zanlink Ltd, Tiger House, Ground Floor, Vuga Street, Zanzibar	Offices
Zanlink Ltd	Zanlink Ltd	Zanlink Ltd, Abdul Hussein Store, Majestic Cinema, Vuga Street, Zanzibar	Third Party Storage
Zanlink Ltd	Zanlink Ltd	Zanlink Ltd, Hilal Store, Kiembe Samaki, Zanzibar	Third Party Storage
Liquid Telecommunications Limited	New Street Square	6 New Street Square, London, EC4A 3BF	Offices
Liquid Telecommunications Limited	Transmission Station	Transmission Station, Great North Road, Brookmans Park, Herts, AL9 6NE	Data Center
Liquid Telecommunications International FZE	JAFZA View	JAFZA View 19, Floor 08,Office 806, Dubai, UAE	Offices
African Digital Networks	Succession Samu	2ième Rue, Limete Industriel, Kinshasa-DRC	Kinshasa Warehouse
Liquid Telecommunications DRC	Simmokin	3642, Immeuble Future Tower, Boulevard du 30 Juinn	Guest house
African Digital Networks SASU	Lapiazza Carrefour	1st Floor Complexe la Piazza, Croisement Avenues Lumumba et Saio, Commune de Lubumbashi, Lubumbashi DRC.	Lubumbashi office
African Digital Networks SASU	BCDC	Immeuble BCDC, Boulevard du 30 JUIN	BTS Site Kinshasa
African Digital Networks SASU	Comexas Afrique Sarl	81 AV Partice Emery Lumumba-Ibanda	Warehouse Goma
African Digital Networks SASU	Nasser Hussein	Immeuble 1113, Croisement des Avenues des Aviateurs & Boulevard du 30 JUIN, Goma- Gombe	Office Kinshasa
African Digital Networks SASU	Ets Jeanpy Rusina	41, Des Orchidées, Volcans, Goma, Goma DRC	Office GOMA
Liquid Telecom DRC SA	Bollore	14ième Rue, Limete Industriel, Kinshasa-DRC	Kinshasa Warehouse
Liquid Telecom DRC SA	Bollore	93 avenue Sendwe – Lubumbashi – R.D. CONGO	Lubumbashi Warehouse
African Digital Networks SASU	HTDRC InfraCo	Various sites on 17 locations	BTS Sites
African Digital Networks SASU	L'immobiliere de l'agence de la Gombe	15,Boulevard du 30 Juin, dans la Commune de la Gombe-Kinshasa DRC	Kinshasa FTTH POP
Transaction Payment Solutions South Africa (Pty) Limited	SIS House	Eton Office Park, Cnr Sloane Street and, Harrison Ave, Bryanston, 2194	Offices

EMPLOYEES

As of November 30, 2020, we had a total of 1,971 employees. The following table details the numbers of our employees by function as of November 30, 2020:

Employees by function (full and part time)

Function	Headcount
Commercial & Sales	553
Network - Operations and Maintenance	531
Finance	259
Network - Build	232
Customer services	70
Data Center - Build and Operations	55
Information systems and IT	51
Administration	50
Supply Chain	49
Human Resources	38
Other	31
Marketing	26
Legal and Regulatory	26
Total Staff	**1,971**

We have not experienced any significant labor disputes or work stoppages. None of our employees are unionized. We have pension arrangements in most countries in which we operate and are defined contribution in nature.

Employee health and safety is of high importance to us. Our Chief of Human Resources is responsible for implementing our group health and safety policy by developing specific management systems and governance structures while making sure the local operations follow the general policy adapted for any local legislation as necessary.

ENVIRONMENTAL MATTERS

We do not believe that our activities generally have a significant environmental impact. However, we are subject to a large number of environmental laws and regulations, which vary by geography. These laws and regulations govern, among other things, the management and disposal of hazardous materials, air emissions and water discharge, the cleanup of contaminated sites and health and safety matters. We are also required to obtain environmental permits, licenses and/or authorizations or provide prior notification to the appropriate authorities when building parts of our network or installing types of communications equipment. Some of our sites also store small amounts of diesel fuel for back-up power generator use and/or have a history of previous commercial operations. As a result of these activities or operations at our sites, we could incur costs, including fines, penalties and other sanctions, cleanup costs and third-party claims for property damage or personal injuries, as a result of violations of or liabilities under environmental laws and regulations.

We have not been subject to any material fines or legal or regulatory action involving non-compliance with applicable environmental regulations. We are unaware of any material non-compliance with or liability from relevant environmental protection regulations.

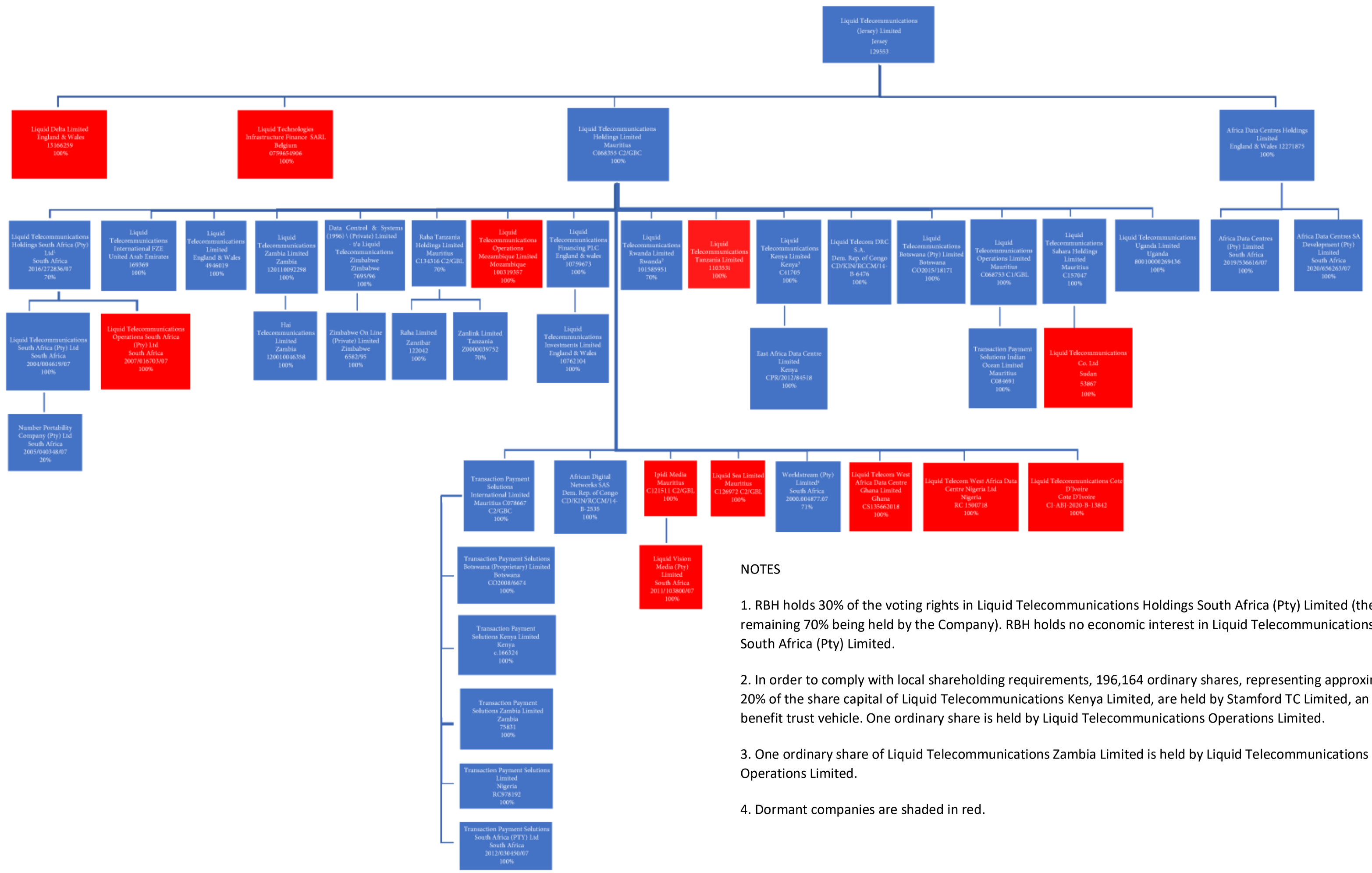
LITIGATION AND LEGAL PROCEEDINGS

Our operations are subject to regulation and control by various independent regulators and government authorities that exercise considerable discretion. Should cases arise relating to the interpretation and application of legal provisions in the various regulations we may institute proceedings against such regulators or government authorities or where such regulators or government authorities consider us to be in breach of any regulations we may be liable to pay a penalty. Further, we encounter disputes with our partners and/or competitors in the ordinary course of business that can ultimately lead to litigation. Due to the nature of the aforementioned proceedings, their results are uncertain. Most of these proceedings are in the ordinary course of business and, save as described below, no member of the Group is or, in the 12 months preceding the date of this offering memorandum, has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened, of which we are aware) which may have or have had a significant effect on the Group's financial position and/or profitability.

CORPORATE STRUCTURE

We have subsidiaries in each of the jurisdictions in which we perform our operations. Details of the subsidiaries that are not wholly owned are set out in the Liquid Group structure chart below. Typically, operations in a particular jurisdiction are undertaken under one corporate group.

The chart below (see following page) depicts a summary of our corporate structure, showing our subsidiaries as of the date of this document:



NOTES

1. RBH holds 30% of the voting rights in Liquid Telecommunications Holdings South Africa (Pty) Limited (the remaining 70% being held by the Company). RBH holds no economic interest in Liquid Telecommunications Holdings South Africa (Pty) Limited.

2. In order to comply with local shareholding requirements, 196,164 ordinary shares, representing approximately 20% of the share capital of Liquid Telecommunications Kenya Limited, are held by Stamford TC Limited, an employee benefit trust vehicle. One ordinary share is held by Liquid Telecommunications Operations Limited.

3. One ordinary share of Liquid Telecommunications Zambia Limited is held by Liquid Telecommunications Operations Limited.

4. Dormant companies are shaded in red.

MATERIAL CONTRACTS

ADC Sale and Purchase Agreements

Prior to the date of closing of the Offering, we will enter into the ADC Sale and Purchase Agreements with ADC, pursuant to which we will agree to transfer the ADC Assets in exchange for an aggregate consideration of US$193.0 million, to be settled by (i) a cash consideration of US$60.0 million and (ii) US$133.0 million unsecured loan notes from ADC to Liquid Telecommunications South Africa Proprietary and LTK. These transactions are expected to complete before the Company enters into the New Senior Facilities Agreement and at or prior to the closing of the Offering. Following completion of the transactions contemplated by the ADC Sale and Purchase Agreements, and at the time of closing of the Offering, the ADC Assets will no longer be owned by the Group. In South Africa, certain of the ADC Assets consist of an undivided share in immovable property, and ADC is in the process of constructing further data centers on that immoveable property. The ADC Sale and Purchase Agreements contemplate that we will be required to transfer a portion of our undivided share in that immoveable property once ADC has completed the construction to compensate ADC for the relative increase in value of the aggregate property. The value of the undivided share which is held by us will be the same relative value as the value as of the date of this offering memorandum. The Security SPV and the Security Agent will, at the time contemplated in the ADC Sale and Purchase Agreement for such further transfer, sign any and all documentation which may be necessary to procure that the relevant portion of the undivided share that is transferred to ADC is unencumbered.

West Indian Ocean Cable Company Limited (WIOCC) IRU to Purchase Capacity

Liquid Telecommunications Operations Limited entered into an IRU agreement for 15 years (pursuant to service orders dated November 29, 2019) for the purchase of (i) capacity across Botswana from the Ramatlana/Lobetse border to Plumtree border with drop-offs (subject to commercially feasible terms from local parties) at Francistown and Gaborone, (ii) capacity from Djibouti to Marseilles via EIG cable system, and (iii) Lambda rings in Lagos, Nigeria with drop offs to data centers at Rack Center Medallion, and One Data center.

Multinational Telecommunications Company IRU Agreement in the DRC

Liquid Telecom DRC SA entered into an agreement with a multinational telecommunications company dated July 28, 2020 for the sale of dedicated waves/channel capacity (initially two waves, upgradeable to six) on the SNEL OPGW cable for the lifetime of the underlying SNEL IRU Dark Fiber purchase (15 years from September 26, 2019), together with 50% of dark fibers constructed on routes from SNEL cable drop-offs to the customer’s PoPs, on a co-build basis, with ownership to the fibers transferred for the commercial lifetime of the fibers.

Liquid Telecom’s Terrestrial network

An international technology company has agreed to acquire substantial managed fiber capacity across 2000km of dedicated routes on Liquid Telecom’s terrestrial backbone network in South Africa. The master service agreement is for a term of 20 years and has been signed with Liquid Telecommunications South Africa (Pty) Limited.

Interconnection agreements

We have entered into various interconnection agreements (also known as International Telecommunications Services Agreements, Reciprocal Telecommunications Services Agreements, and International Carrier Agreements) with fixed and mobile telecommunications operators for international termination of each party’s telecommunications traffic on a reciprocal basis. Our interconnection agreements generally have indefinite terms and may be terminated in the event of a material breach (predominantly, subject to a cure period), the commencement of liquidation or insolvency proceedings, force majeure lasting for a period of more than ninety days, or one month’s notice. Billing is generally done on a monthly basis with invoices issued within 15 days of the end of the billing period and payment due within 15 days of invoicing. Payments may also be netted between the Company and its counterparty to the interconnection agreement. The Company may impose credit limits or work on a deposit or prepayment basis to reduce credit risk for customers that do not have a high credit rating.

The East African Marine Systems Limited IRU Agreement

On July 14, 2009, our Kenyan subsidiary, Kenya Data Networks Limited (now Liquid Telecommunications Kenya Limited) entered into an IRU (Indefeasible Right of Use) capacity purchase agreement with The East African Marine Systems Limited (TEAMS), pursuant to which Liquid Telecommunications Kenya Limited is entitled to 10.82% of TEAMS capacity and operations and maintenance service provide under the construction and maintenance agreement between TEAMS and Emirates Telecommunications Corporation (Etisalat). This agreement has a term of 25 years from the date when the IRU capacity became available (July 2009).

In exchange for the services performed by TEAMS under this agreement, Liquid Telecommunications Kenya Limited pays a quarterly maintenance fee to TEAMS for the services provided under the construction and maintenance agreement between TEAMS and Etisalat.

Master services agreement with West Indian Ocean Cable Company Limited (WIOCC)

Our Mauritian subsidiary, Liquid Telecommunications Operations Limited, is a party to a Master Services Agreement with West Indian Ocean Cable Company Limited (WIOCC), for the purchase of IRU (Indefeasible Right of Use) capacity on the WIOCC submarine cable and various subsequent service orders under the agreement. Individual service orders become effective on the date agreed by the two parties and, upon the expiration of the original service order, the applicable services will continue on a monthly basis unless either party provides 30 days' notice. In exchange for the services performed by WIOCC under this agreement, Liquid Telecommunications Operations Limited pays annual fees, as well as a payment for third-party charges passed on by WIOCC after the expiry of a given service that are not covered by the annual fees.

Seacom Ltd and Sea Submarine Communications Limited

Multiple IRUs for submarine capacity on the Seacom submarine cable system have been entered between Liquid Telecommunications Operations Limited, Liquid Telecommunications Kenya Limited and Liquid Telecommunications South Africa (Pty) Limited with Seacom Ltd and Sea Submarine Communications Limited (Seacom) for 20-year terms from various activation dates between August 2009 and December 2013. In exchange for the services performed by Seacom under these agreements, we pay operation and maintenance charges on a quarterly basis.

SNEL- Dark Fiber IRU

Liquid Telecom DRC SA entered into a contract dated 30 March 2017 with La Societe Nationale d'Electricite SA ("SNEL") of Democratic Republic of Congo (DRC) for the grant of an IRU in one pair of dark fibers on the optical ground wire ("OPGW") of the SNEL high voltage electricity transmission network between Inga (in western province of Bas Congo) and Kasumbalesa (in southeastern province of Katanga), over a distance of 2,300 km. It enables connection between the main cities of DRC, including Matadi, Kinshasa, Kikwit, Kananga, Kamina, Kolwezi, Likasi, Lubumbashi and Kasumbalesa. The IRU term is 15 years and the maintenance costs of the dark fiber are to be shared with the other bidders.

Service Agreement with Eutelsat S.A.

On March 2, 2016 Liquid Telecommunications Operations Limited entered into a service agreement with Eutelsat S.A. for the procurement of capacity on the EUTELSAT 7 B satellite and Eutelsat Ground Services provided in connection with Eutelsat's Ground Facilities. The services are to be provided from March 1 2016 to April 30 2021. Utilization charges for the service are per MHz per month. Payment is made monthly in arrears.

Master Tower Agreement (MTA) with IHS Zambia Limited.

On 14th April 2014, Liquid Telecommunications Zambia Limited entered into a Master Site service agreement with IHS Zambia Limited in which Liquid Telecommunications Zambia Limited is permitted to access the passive infrastructure located at telecommunications sites owned by IHS (including the land tower, shelter, diesel generator sets, air conditioners and electrical and civil works). The agreement has a term of 2 years which are subject to renewal periods. In exchange for the use of the passive infrastructure, Liquid Telecommunications Zambia Limited pays monthly recurring charges.

Master Tower Space Use Agreement (MTA) with American Towers

On October 1, 2018, Liquid Telecommunications Kenya Limited entered into a Master Tower Agreement with ATC Kenya Operations Limited in which Liquid Telecommunications Kenya Limited is permitted to access the passive infrastructure located at telecommunications sites owned by American Towers (including the land tower, shelter, diesel generator sets, air conditioners and electrical and civil works) and related operations/maintenance services which the Communications Authority of Kenya has granted ATC a license for use.

Joint Provisioning Agreement between an international telecommunications company (the "Carrier") and Liquid Telecommunications Kenya Limited

On February 12, 2010, the Carrier entered into a Joint Provisioning Agreement with Kenya Data Networks Limited (now Liquid Telecommunications Kenya Limited) pursuant to which either party contracts with an end user for the services detailed in a jurisdiction where the other is licensed, the other will provide those services it is licensed for and will receive in return a share of the revenue for providing that service. The party who receives the services shall be invoiced monthly by the other within five business days of the start of the month for services provided to the end user under contracts made by the other. Fees are based on a pricing schedule (exclusive of tax and VAT) depending on capacity. There is a term discount applicable to both parties ranging from 5%–15% based on the term.

In exchange for the services provided under this agreement, the party who contracts with the end user (not the party providing the service in their relevant jurisdiction) shall be responsible for the end user and the parties agree that the contracting party shall have the primary relationship with the end user. The initial term for this agreement is a period of 3 years and continues for successive periods of 12 months until notice of termination is given.

Joint Provisioning Agreement between an international telecommunications company (the "Carrier") and Liquid Telecommunications Limited

On November 12, 2012, Liquid Telecommunications Limited entered into a Joint Provisioning Agreement with the Carrier for the purchase by the Carrier of IPVPN and related services in Zimbabwe and Zambia to be provided via Liquid Telecommunications Limited's local affiliated entities. The agreement is effective from November 12, 2012 with an initial term of three years and thereafter renewing for successive terms of 12 months. In exchange for the services ordered, the Carrier pays connection fees and monthly service fees for services ordered.

On August 4, 2016 the parties entered into an amendment adding direct internet access to the services, adding further countries to the Territory and clarifying the nature and operation of the one-stop shopping arrangements.

Dark Fiber Lease with the Kenya Power & Lighting Company Limited

On June 8, 2016, Liquid Telecommunications Kenya Limited, entered into an agreement for lease of dark fiber with The Kenya Power & Lighting Company Limited (KPLC). KPLC operates optical fiber networks with spare capacity that it leases to telecommunications operators. The lease allows for collocation facilities to be put in place for either a one-off payment or recurrent annual payments for a 19" Cabinet or for the construction of a space for a small container or small housing. The lease also provides for an interconnectivity charges per Core per year or a one-off Access Charge. Additionally, an Operation & Maintenance Charge shall be payable at a rate of 5% of the quarterly lease price, every quarter.

Dark Fiber Lease with the Kenya Electricity Transmission Company Limited (KETRACO)

On October 18, 2017, Liquid Telecommunications Kenya Limited, entered into an agreement for lease of dark fiber with The Kenya Electricity Transmission Company Limited (KETRACO). KETRACO operates optical fiber networks with spare capacity that it leases to telecommunications operators. The lease provides for a revenue share with a minimum lease charge per core per year, differentiated between prime routes, non-prime routes and redundancy routes. The initial term of the lease is for a period of 15 years.

Contract for Fiber Optic Cable Commercialization with the Kenya Electricity Transmission Company Limited (KETRACO)

On February 14, 2018, Liquid Telecommunications Kenya Limited, entered into an agreement for fiber optic cable commercialization with The Kenya Electricity Transmission Company Limited (KETRACO). KETRACO gives rights to LTK to access, light, operate, manage, monitor and maintain the KETTRACO optical fiber network and to offer telecommunication services to customers. The agreement provides for a revenue share. The term of the lease is for a period of fifteen years. By an addendum dated May 4, 2020, the agreement was amended to remove exclusivity rights of LTK and for lease of additional capacity by KETRACO to LTK.

Mater Services Agreement with the State Information Technology Agency relating to the Western Cape Government, South Africa

Liquid Telecommunications South Africa (Pty) Limited provides Broadband Network Services to Western Cape Government pursuant to a MSA concluded with SITA (The State Information Technology Agency) on 20 June 2014 for a fixed term of 10 years. SITA, together with Liquid Telecom, is rolling out a ten-year broadband program on behalf of the WCG. The Project was initiated in June 2014, for a period of ten years. The scope of the program includes WCG corporate sites, schools, healthcare institutions, libraries, Cape Access Centers as well as satellite administrative offices and depots of the WCG. The telecommunications network is designed and built to carry data, voice and video communications and is capable of providing public Internet access together with private corporate government network access (for multiple government clients), on the same infrastructure.

Mater Services Agreement with the State Information Technology Agency relating to the Eastern Cape, South Africa

Liquid Telecommunications South Africa (Pty) Ltd provides Broadband Network Services to the Eastern Cape Provincial Government ("ECPG") pursuant to a MSA concluded with SITA (The State information technology Agency) effective from 1 June 2019 for a fixed term of 10 years. Pursuant to the agreement, Liquid Telecom shall deliver broadband services to hospitals, schools, clinics and provincial offices. The high-speed broadband services will enable the ECPG to deliver services to its citizens, using technology to enhance their overall service delivery capabilities. The Project will entail connecting 2700 Sites across the Eastern Cape Province. The sites will be connected over a roll out period of 3 years, with a subsequent bandwidth upgrade from initial 100 Mbps Capacity to 1 Gbps Capacity.

4G Roaming Agreement

Liquid Telecommunications South Africa (Pty) Ltd concluded a National Roaming Agreement with a significant MNO provider in December 2018. The National Roaming Agreement will allow the MNO's customers to make use of Liquid' Telecom's 1800 MHz LTE network capacity in areas where Liquid Telecom has coverage, using a 3GPP standard Multi-Operate Core Network (MOCN) architecture.

The roaming service is enabled through a managed network service that the MNO will provide to Liquid. This managed network service will enable Liquid Telecom to deliver its own LTE network utilizing the MNO's infrastructure, site management services and transmission services.

5G Roaming Agreement

Liquid Telecommunications South Africa (Pty) Limited concluded a National Roaming Agreement with a second significant MNO in December 2019 and commenced in 2020. The National Roaming Agreement will allow the MNO's customers to make use of Liquid's 3500 MHz 5G network capacity in areas where Liquid has coverage, using a 3GPP standard Multi-Operate Core Network (MOCN) architecture.

The roaming service is enabled through a managed network service that the MNO will provide to Liquid. This managed network service will enable Liquid to deliver its 5G network utilizing the MNO's infrastructure, site management services and transmission services.

As the network will be deployed in non-standalone (NSA) mode, the MNO also provides Liquid with 1800 MHz roaming for the purposes of NSA authentication.

INDUSTRY REGULATION

This section sets out the material regulations and regulatory concerns in certain of the countries in which the Group has operations.

South Africa

The Electronic Communications Act and the Independent Communications Authority of South Africa Act

The governing legislation for the telecommunications (electronic communications) industry in South Africa is the Electronic Communications Act, No 36 of 2005 ("**ECA**"), which came into effect on July 19, 2006, as amended and the ICASA Act which established the industry regulator, the Independent Communications Authority of South Africa ("**ICASA**") in July 2000.

ICASA regulates the electronic communications sector pursuant to national policy, the custodians of which is the Department of Communications and Digital Technologies.

Licensing

ICASA is the regulatory authority responsible for, amongst other things, licensing the providers of telecommunications and broadcasting services and monitoring compliance by licensees with their licences and various regulations, including those which set out applicable minimum standards for end-users and subscribers, numbering, general license fees, universal service fees, codes of conduct, interconnection and facilities leasing, mobile number portability, call termination, approvals for equipment and compliance procedures.

Unless exempted, a radio frequency spectrum licence is required to operate radio apparatus. Apparatus that have low power applications are generally exempt. ICASA has published a radio frequency band plan that takes into account the International Telecommunication Union (ITU) spectrum allotments for radio frequency spectrum use. ICASA has issued 900MHz, 1800MHz and 3G radio frequency spectrum licences to the mobile operators and has finally announced its plans to award licences in the valuable 800 MHz, 2.5MHz and 3.5MHz ranges, after significant delay.

All licensees must be either citizens or entities registered in South Africa with their principal place of business in South Africa. However, there are no restrictions on the ownership of the shares of the licensed entities.

Applicants for individual service licenses and radio frequency spectrum licenses are generally required to have a minimum of 30% of their equity held by historically disadvantaged groups and individuals ("HDI / HDG"), meaning people of colour, women and people with disabilities. Changes in shareholding require ICASA's prior written approval if the change amounts to a change of control in the licensee.

ICASA is currently running a public notice and comment procedure in regard to reviewing the equity ownership by historically disadvantaged groups and the application of the ICT sector's amended broad-based black economic empowerment (B-BBEE) code of good practice.

As part of compliance requirements, licensees are required to lodge their tariffs with ICASA and tariffs must be made known to the public. There is no retail price regulation in South Africa and no requirement for approvals of tariffs prior to commencement of service.

Annual licence fees are prescribed by regulation and are payable by all licensees and are calculated based on a percentage of revenue derived from licensed activities, on a sliding scale. Licensees are also required to contribute a percentage of turnover to the Universal Service and Access Fund (USAF).

Consumer Protection Act

In addition to the ECA, the Consumer Protection Act, No 68 of 2008 ("**CPA**") is another key piece of legislation that regulates certain aspects of the electronic communications sector. The CPA came into effect on March 31, 2011 and the CPA regulations came into effect on April 1, 2011. This legislation has significantly changed how business is conducted in South Africa. The CPA provides for fundamental consumer rights, fair and reasonable marketing, fair and honest dealing, fair, just and reasonable terms and conditions, and fair value, good quality and safety.

The CPA applies to all transactions for goods and services between a supplier and a consumer in South Africa, and applies to all industries involved in the supply of goods and services. Sanctions for non-compliance include fines and imprisonment. The National Consumer Commission was established to oversee the CPA and address consumer complaints and in the ICT sector, to date have launched investigations in respect of subscriber agreements, international roaming, handset subsidies and consumer complaints. A National Consumer Tribunal has also been established in terms of the National Credit Act 34 of 2005 and derives mandate from various regulations under the CPA in respect of consumer credit.

Competition law considerations

In addition to the ECA, the Competition Act, No 89 of 1998 ("**CA**") regulates certain aspects of conduct within the ICT sector as part of its remit to regulate competition matters across all industries, including the electronic communications industry. ICASA and the Competition Authorities—charged with the implementation of the CA, share jurisdiction in respect of competition issues and regularize those domains through a Memorandum of Agreement between the respective regulators, which defines their respective areas of jurisdiction and regulates interaction between them. The CA also establishes the Competition Tribunal with adjudicative powers, and the Competition Appeal Court.

Exchange Controls

An entity's ability to transfer funds (or provide guarantees) out of South Africa and to enter into agreements which require or potentially require the transfer of funds out of South Africa (for example, any debt financing agreement involving repayment to a foreign lender) is subject to South African exchange control regulations. The SARB, and in particular its Financial Surveillance Department, has been delegated the authority to administer the South African exchange control system. The Financial Surveillance Department has wide discretion that is exercised in accordance with the exchange control regulations and in particular its exchange control manuals in line with the policy guidelines laid down by the South African Minister of Finance. Any cash flows out of South Africa or financial obligations incurred to non-residents are regulated by exchange control regulations.

Broadband policy

Broadband has been a policy focus for the government since 2010. Various documents have outlined government's strategic intent to facilitate the provision of affordable, accessible and universal access to broadband infrastructure for citizens, businesses, communities and the three spheres of government. In 2013, the then Department of Communications published the National Broadband Policy 2013, termed "SA Connect". The national project is geared towards galvanizing the capability, resources and energy of public and private entities towards realizing a bold vision of a connected society. The policy further seeks to encapsulate the value of broadband services to promote economic development and growth, and act as an enabler for further social benefits and endeavors to clarify the roles of government, state-owned enterprises and the private sector in developing world-class broadband infrastructure in South Africa.

National Integrated Information and Communication Technology (ICT) Policy White Paper

The White Paper was published in September 2016 and outlines the overarching policy framework for South Africa's transformation into an inclusive and innovative digital and knowledge society. It focuses on the convergence of modern and traditional modes of communication, and the use of data in formulating policies and monitoring progress. Furthermore, the policy acknowledges data gaps and, in particular, gender gaps in the use of and access to Information and Communication Technologies ("**ICTs**") and the need to address this. The White Paper was published following significant research and public consultation. However, there are areas of the White Paper that were surprising, significantly a change in spectrum policy that was not included in previous drafts.

The spectrum policy in the White Paper has caused significant debate and is largely the reason why there has been delay in the implementation of the White Paper. Laws such as the ECA, the ICASA Act and the Electronic Communications and Transactions Act, no 25 of 2002 will, where necessary, be amended in line with the White Paper. An initial attempt was made to amend the ECA in 2018, which did not progress through the parliamentary process and has not been reintroduced.

A policy direction was issued on July 26, 2019 instructing ICASA to proceed with the much-delayed process of licensing high-demand spectrum that has not progressed in over 15 years. The process finally commenced in October 2020, with the release of the Invitation to Apply for high-demand spectrum, with applications due by 28 December 2020 and an auction process that is expected to commence early in 2021.

Although the ideals of this policy are consistent with those of the Constitution and reflect the general aspirations of Government (which are also expressed in many policies over the years) the institutional capacity to deliver these objectives is questionable.

Kenya

Kenya Information and Communications Act

The telecommunications sector in Kenya is primarily governed by the Kenya Information and Communications Act, No. 2 of 1998 (as amended) ("**KICA**"), and the various regulations promulgated under it. ICT sector policies are set by the Ministry of Information Communications and Technology.

Under KICA, the Communications Authority of Kenya ("**CAK**") is established to licence and regulate postal, information and communication services. Section 24(1) of KICA provides that no person shall operate a telecommunication system or provide any telecommunication services except in accordance with a valid licence granted under KICA. Liquid Telecommunications Kenya Limited is a regulated company under KICA on account of its core business being in the information communications technology sector.

The CAK has listed the minimum requirements that have to be satisfied by all applicants (for all licenses). This includes a requirement for the applicant to undertake to issue at least 30% of their shares to Kenyan persons on or before the end of three years after getting their licence. The Cabinet Secretary in the Ministry of Information Communications and Technology has the right to waive this requirement. The licence holder is required to formally write to the Cabinet Secretary setting out the reasons why they should be exempted from the requirement to cede the shareholding.

National Information, Communications and Technology (ICT) Policy Guidelines

The National ICT Policy Guidelines were promulgated in August 2020 and were formulated after public consultations in a number of iterations. It is intended to capture Kenya's ICT ambitions and create a framework for their realization.

The policy is based on a wireless first strategy and includes a focus on infrastructure sharing, Internet Exchange Points, data centers, way leaves, wireless data infrastructure to support this wireless first strategy, broadcast signal distribution, IPv6, complementary infrastructure and the domiciliation of manufacture. The policy contemplates a number of tools to provide the environment through which people can access technology, including a Digital Identity, use of Public Key Infrastructure, a legal framework and technical support for blockchain, regulatory and legal support for digital payments, a delivery services framework for the delivery of physical goods and services, the recognition and enforcement of digital contracts, and cyber and computer crime and critical infrastructure legislation.

The policy contemplates an increase in the local shareholding requirement to at least 30% within three years.

Transfer of shares

The transfer of shares in an entity licensed under KICA is regulated under the Licensing and Quality of Service Regulations, 2010 (the Licensing Regulations) and by the licensing conditions included in each license that is granted.

It is a requirement that where there is a proposed change in control in a licensed entity, such change should be notified to the CAK at least thirty days before the change is effected. However, it should be noted that any change in shareholding exceeding 15% of the issued share capital or the acquisition by an existing shareholder of at least 5% of additional shares, requires the prior written consent of the CAK. The CAK can vary these percentages in the conditions set out in each licence. The CAK is required to notify the applicant of its acceptance or refusal stating the reasons for the refusal in the case of a refusal, within thirty (30) days of receipt of the application for the consent.

The licensing conditions included in each license with respect to the restrictions on the transfer of shares differ depending on the type of telecommunication license granted. Liquid Telecommunications Kenya Limited has the following licences from the CAK which have share transfer restrictions:

- An Applications Service Provider Licence ("**ASP Licence**");
- A Content Service Provider Licence ("**CSP Licence**");
- An International Gateway Services Licence ("**IGS Licence**"); and

- A Network Facilities Provider Tier 2 Licence ("**NFPT2 Licence**").

Conditions 20 of the ASP Licence, 13 of the CSP Licence, 17 of the IGS Licence and 18 of the NFPT2 Licence all regulate the transfer of shares as discussed above with respect to Liquid Telecommunications Kenya Limited. In this regard, since Liquid Telecommunications Kenya Limited is a licensed entity under KICA, a transfer of shares may need to be notified to CAK and/or approval sought for such transfer.

From the foregoing, in the event of a default by the Issuer resulting in the Collateral (the existing memorandum of deposit of shares in Liquid Telecommunications Kenya Limited) being enforced by way of sale of the shares in Liquid Telecommunications Kenya Limited, the approval of CAK for the share transfer will be required where the statutory thresholds are met.

In addition, it will be necessary to ensure compliance with the 30% local equity participation requirement or obtain a waiver of the same from the Cabinet Secretary in the Ministry of Information Communications and Technology.

Consumer Protection Act

The Consumer Protection Act (Number 46 of 2012) (the "**CPA**") is the substantive law that deals with consumers' rights and obligations vis-a-vis product and service liability. The CPA makes provisions for the promotion and enforcement of consumer rights as well as empowering consumers to seek redress for infringement of their rights as consumers and also provide for compensation. The CPA entrenches consumers constitutional rights envisaged under Article 46 of the Constitution of Kenya. The CPA gives a consumer the right to commence legal action on behalf of a class of persons in relation to any contract for the supply of goods or services to the consumer. This right cannot be ousted by any agreement between the parties. The CPA contains provisions that have significant implications on various transactions with consumers. It governs consumer relations both by individual economic sectors and, generally across all sectors in the market place. Two notable sector specific consumer rights are the right to pre-contractual disclosure of the terms of the consumer agreement and cancellation rights of the consumer agreement. It should be noted that the CPA defines "consumer" broadly to include not only the person who buys the goods or services but also a person who uses the goods or services irrespective of whether they were party to the transaction or not, and can extends to all persons including business entities and, arguably, government entities.

Liquid Telecommunications Kenya Limited is in the business of providing ICT related services to consumers and therefore its interactions with Kenyan consumers is governed by the CPA.

Competition law considerations

The Competition Act (No. 12 of 2010) (the "**CA**") is the principal law governing competition in Kenya. The CA essentially governs the promotion and safeguarding of competition in the national economy and protects consumers from unfair and misleading market conduct. The CA also establishes the Competition Authority of Kenya (the "**Authority**") as a supervisory body in the Kenyan competition law regime. Under the CA an entity has the obligation to notify the Authority of any proposed merger. A merger is defined as "an acquisition of shares, business or other assets, whether inside or outside Kenya, resulting in the change of control of a business or part of a business in Kenya in any manner and includes a takeover." Further, under the CA, a person controls an entity if, among others, that person beneficially owns more than one half of the issued share capital or business or assets of the entity or has the ability to materially influence the policy of the undertaking in a manner comparable to a person who in ordinary commercial practice can exercise an element of control. For a transaction to be notifiable to the Authority it must meet the test of a 'merger' and the financial threshold provided under the Competition (General) Rules, 2019 (the "**Kenyan Competition Rules**").

The CA, the Kenyan Competition Rules and Merger Guidelines published by the Authority provide guidance on what constitutes a notifiable merger.

If the Collateral is enforced by way of sale of the shares in Liquid Telecommunications Kenya Limited, it will be necessary for the parties to assess, prior to enforcement of the Collateral, whether a notification to the Authority will be required.

COMESA Competition Regulations

Mergers and acquisitions which have a regional dimension (where at least one merging party i.e. the target or the acquiring firm, operates in two (2) or more COMESA Member states) and meet the financial threshold test may be subject to the COMESA Competition Regulations and Competition Rules. The Democratic Republic of the Congo, Kenya, Mauritius, Rwanda, Uganda, Zambia and Zimbabwe are member states of COMESA.

The COMESA Regulations define a merger as the direct or indirect acquisition or establishment of a controlling interest by one or more persons in the whole or part of the business of a competitor, supplier, customer or other person, whether that controlling interest is achieved as a result of:

- the purchase or lease of the shares or assets;
- the amalgamation or combination with a competitor, supplier, customer or other person; or
- any means other than those specified above.

The COMESA Regulations define controlling interest in relation to any entity, as any interest which enables the holder thereof to exercise, directly or indirectly, any control whatsoever over the activities or assets of the entity.

Mergers that meet the prescribed financial thresholds are required to make a notification to the COMESA Competition Commission ("**CCC"**). Pursuant to Article 24 of the COMESA Regulations, a notifiable merger must be notified to the CCC no later than thirty (30) days of the parties' decision to merge, which the CCC interprets as the date a legally binding agreement has been entered into or on the announcement of a public bid in the case of publicly traded securities.

Each country has determined its own rules regarding the concurrent jurisdiction between the local competition authority and the CCC. The CCC is a regional merger control body and national competition regulators of the COMESA member states generally accept that where a transaction is notifiable to the CCC, it is not notifiable to the national competition regulator. Therefore, if the enforcement of the Collateral needs to be notified to the CCC, it will be necessary to consider each of the rules regarding concurrent jurisdiction between the Authority within 14 days of the merger submission to the CCC. In Kenya specifically, if the enforcement of the Collateral needs to be notified to the CCC, it will be necessary to inform the local competition authorities that a merger has been filed with the CCC.

Exchange Controls

Kenya no longer has foreign exchange control laws since it repealed the Exchange Control Act in December, 1995. Investors are free to convert and repatriate profits without any exchange restrictions subject to the Central Bank of Kenya (Cap 491 Laws of Kenya) Act and The Proceed of Crime and Anti-Money Laundering Act (Act No 9 of 2009). Further, Kenya's Foreign Investment Protection Act (FIPA) guarantees capital repatriation and remittance of dividends and interest to foreign investors without exchange restrictions. The foreign investors need to apply for a foreign investor certificate from the Cabinet Secretary of finance to enable the investors enjoy the benefits of FIPA.

The Central Bank of Kenya (CBK) Act (the CBK Act), however, requires every payment made:

-in Kenya, to or for the credit of a person outside Kenya;

-outside Kenya, to or for the credit of a person in Kenya; or

-in Kenya (other than a payment for a current transaction) between a resident and non-resident, to be effected through a bank licensed by the CBK.

The CBK Act also requires banks to report to the CBK regularly for purposes of supervision and surveillance on transactions including foreign exchange transactions.

Further, Kenyan law requires the declaration to customs of remittance of amounts above Kenya Shillings one million (KES. 1,000,000) (approximately United States Dollars five thousand (USD 10,000) to or out of Kenya as a formal check against money laundering.

Section 33I of the CBK Act provides that the CBK may, in consultation with the Cabinet Secretary for Finance, impose restrictions on remittances from Kenya for the purposes of enabling the Government of Kenya meet its obligations under any international treaty. This is a general power vested in favour of the CBK to restrict the repatriation of monies from Kenya in the extreme circumstances envisaged in section 33I of the CBK Act. So far as we are aware, this "blanket" right has not been exercised by the CBK to-date.

Zambia

The Information Communications and Technology Act No. 15 of 2009

The governing legislation for the telecommunications (electronic communications) sector in Zambia is the Information Communications and Technology Act No. 15 of 2009 (the "**ICT Act**"). The Zambian Guarantor is therefore licenced and regulated under the ICT Act.

ICT Act regulates the electronic communications sector pursuant to a regulatory body created under the ICT Act known as the Zambia Information Communications and Technology Authority ("**ZICTA**").

Licensing

The ICT Act provides that a person shall not operate "an electronic communications network" or provide "an electronic communications service" without a licence issued under the ICT Act.

The ICT Act further provides that ZICTA shall issue the following licenses for purposes of the ICT Act:

- a "network licence" which allows the holder to construct, own or make available an "electronic communications network" (defined below), or to provide a network service; and

- a "service licence" which allows the holder to provide one or more "electronic communications services" (defined in below).

The ICT Act defines an "electronic communications network" to mean "transmission systems and, where applicable, switching or routing equipment and other resources which permit the conveyance of signals by wire, radio, optical or other electro-magnetic means, including satellite networks, fixed circuit and packet switch, internet, mobile terrestrial networks, electricity cable systems, to the extent that they are used for the purpose of transmitting signals, networks used for radio and television broadcasting and cable television networks, irrespective of the type of information conveyed".

The ICT Act in turn defines an "electronic communications service" to mean "a service provided by means of one or more electronic communications networks".

Change of control of the Zambian Guarantor

The ICT Act provides that a licensee shall obtain ZICTA's prior written consent for: (i) any transfer of shares which would result in the direct or indirect ownership of more than twenty-five percent of the issued voting share capital of the licensee; or (ii) any change in the ownership of the licensee's issued voting share capital that results in a change in the composition of one quarter of the licensee's board of directors.

From the foregoing, in the event of a default by the Issuer resulting in the Collateral (such as enforcement of the charge over shares in the Zambian Guarantor) being enforced by way of sale of the shares in the Zambian Guarantor, the approval of ZICTA for the share transfer will be required.

Competition and Consumer Protection

In Zambia, competition law is governed by the Competition and Consumer Protection Act No 24 of 2010 (the "**Zambian Competition Act**") and the Competition and Consumer Protection (General) Regulations Statutory Instrument No 97 of 2011. The Zambian Competition Act applies to all economic activity within or having an effect within Zambia. The Zambian Competition Act prohibits any form of agreement which prevents or lessens competition in Zambia. The regulator of competition and consumer protection law in Zambia is known as the Competition and Consumer Protection Commission (the "**CCPC**").

The Zambian Competition Act also regulates mergers and acquisition in Zambia or mergers/acquisitions that have a Zambian dimension. Accordingly, a notifiable merger taking place in Zambia or taking place offshore but has a Zambian dimension is subject to approval by the CCPC. For instance, it is possible that on enforcement of the Zambian share charge which forms part of the Collateral, the transaction resulting in the change of control resulting from the enforcement of the share charge, will require the approval of the CCPC.

The Competition Act also regulates consumer protection in Zambia. The Zambian Competition Act makes provisions for the promotion and enforcement of consumer rights as well as empowering consumers to seek redress for infringement of their rights as consumers. Prohibited conduct against consumers includes unfair trading practises and false or misleading representation. Potential penalties for breach of consumer protection provisions include financial penalties of up to 10% of the turnover of an enterprise. As a service provider, the Zambian Guarantor is required to comply with the consumer protections under the Competition Act.

Ownership of land

When it comes to foreign ownership of land, the Lands Act places a number of restrictions to the allocation of land to foreigners (including foreign-owned companies) by the President.

The Lands Act states that land may only be allocated to a non-Zambian in the following circumstances:

- where the non-Zambian is a permanent resident in the Republic of Zambia;
- where the non-Zambian is an investor within the meaning of the Zambia Development Agency Act (the "**ZDA Act**");
- where the non-Zambian has obtained the President's consent in writing under his hand;
- where the non-Zambian is a company registered under the Companies Act, and less than 25 percent of the issued shares are owned by non-Zambians;
- where the non-Zambian is a statutory corporation created by an Act of Parliament;
- where the non-Zambian is a co-operative society and less than 25 percent of the members are non-Zambians;
- where the non-Zambian is a body registered under the Land (Perpetual Succession) Act, chapter 186 of the laws of Zambia and is a non-profit making, charitable, religious, educational or philanthropic organisation or institution;
- where the interest or right in question arises out of a lease, sub-lease, or under-lease, for a period not exceeding five years, or a tenancy agreement;
- where the interest or right in land is being inherited upon death or is being transferred under a right of survivorship or by operation of law;
- where the non-Zambian is a commercial bank registered under the Companies Act No. 10 of 2017 and the Banking and Financial Services Act No. 7 of 2017; and
- where the non-Zambian is granted a concession or right under the Zambia Wildlife Act No. 14 of 2015.

The Zambian Guarantor is a foreign owned company, therefore its title to any land in Zambia must fall within one of the exemptions set out above for the Zambian Guarantor to hold land legally in Zambia.

Zimbabwe

Postal and Telecommunications Act

The Postal and Telecommunications Act (the "**Postal Act**") is the main Statute governing the telecommunications industry in Zimbabwe. The Postal Act establishes the regulator for the industry, known as the Postal and Telecommunications Regulatory Authority ("**POTRAZ**"), which is a body corporate capable of suing and being sued in its corporate name and, subject to the Postal Act, of performing all acts that bodies corporate may by law perform. In addition, the Postal Act sets minimum requirements for a person or entity to be eligible for licensing as a Telecommunications Operator and the framework for the operations of the telecommunications Industry in Zimbabwe. The function of POTRAZ is to ensure the provision of sufficient domestic and international telecommunication and postal services throughout Zimbabwe.

Licensing

The Postal Act provides that no person shall provide a telecommunication service or operate a telecommunication system except in accordance with a telecommunication licence. All applications for telecommunications licenses are to be lodged with POTRAZ.

Section 37 of the Postal Act prohibits POTRAZ from issuing a telecommunication licence to any person other than a body corporate in which a controlling interest is held, directly or indirectly, whether through any individual, company or association or otherwise, by one or more individuals who are citizens of Zimbabwe and ordinarily resident in Zimbabwe (subject to certain exemptions).

Competition Act

Some of the Competition Act's objectives are to encourage and promote competition in all sectors of the economy, reduce barriers to entry into any sector of the economy or to any form of economic activity and to investigate, discourage and prevent restrictive practices. It further seeks to provide information to interested persons on current policy with regard to restrictive practices, acquisitions and monopoly situations, to serve as guidelines for the benefit of those persons.

The Competition Act establishes a Competition Commission, which undertakes investigations and makes reports to the minister relating to tariff charges, unfair trade practices and the provision of assistance or protection to local industry.

Exchange Control Act

Exchange control in Zimbabwe is regulated. Repatriation of profits by foreign investors from Zimbabwe is to be expressly approved the Reserve Bank of Zimbabwe in line with any regulations it may set from time to time.

Zimbabwe Investment Authority Act

Any person who wishes to obtain the approval of the Zimbabwe Investment Authority ZIA (the "**Authority**") to invest in Zimbabwe or his or her business activity to be approved by the Authority as a foreign investment shall submit an application to the Authority in the prescribed form for an investment licence. The application shall be accompanied by the prescribed fee, if any, and such documents as the Authority may require.

In considering an application for an investment licence the Authority shall have regard to a number of considerations including skills and technology transfer, employment creation opportunities, use of local raw material beneficiation and the value of the convertible foreign currency transferred to Zimbabwe in connection with the project.

No projected or proposed investment in a prescribed sector of the economy available for investment by domestic or foreign investors for which an investment licence is required in terms of the Zimbabwe Investment Authority Act shall be approved unless a controlling interest in the investment is reserved for indigenous Zimbabweans.

MANAGEMENT

The following is a summary of certain information concerning our management. This summary is qualified in its entirety by reference to our articles of association and/or applicable law, as the case may be, and it does not purport to be complete.

THE ISSUER

Overview of Management Structure of the Issuer

The issuer is a public company limited by shares incorporated on May 8, 2017 under the laws of England and Wales.

The Issuer is managed by its board of directors in accordance with applicable law, constitutional documents and special resolutions of members. The Issuer's board is currently comprised of four directors. Decisions of the board are validly taken if passed with the affirmative votes of at least a majority of the participating non-conflicted directors. In the event the number of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote, provided he or she are non-conflicted.

The Issuer is legally and beneficially owned and controlled directly by the Company. The rights of the Company as a member in the Issuer are contained in the Issuer's articles of association and the Issuer will be managed in accordance with those articles and with the provisions of the laws of England and Wales. Among other rights, the Company may, by special member resolution, direct the directors to take or refrain from taking any specified action, provided that no such resolution would invalidate any lawful actions previously taken by the directors.

The business address of the directors of the Issuer is at the Issuer's registered office and principal place of business (at 9th Floor, 6 New Street Square, London EC4A 3BF).

Board of Directors

The following table sets forth the name, age as of the date of this offering memorandum and position of each member of the board of directors of the Issuer:

Name	Age	Position
Strive Masiyiwa	60	Director
Hardwork Njodzi (Hardy) Pemhiwa	52	Director
Nicholas Rudnick	50	Director
Kate Hennessy	47	Director

For a description of the business and management experience of Mr. Masiyiwa, Mr. Pemhiwa and Mr. Rudnick, see "*—The Company—Board of Directors*". For a description of Ms. Hennessy's business and management experience, see "*—The Company—Board of Directors of the Parent*."

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Issuer of the directors listed above, and their private interests and other duties.

THE COMPANY

Overview of Management Structure of the Company

The Company is a private company limited by shares incorporated on January 26, 2007 under the laws of Mauritius.

The Company is managed directly by the board of directors. The appointment, duties and authority of the members of the board of directors are regulated by its articles of association.

The Company's majority shareholder is Liquid Telecommunications (Jersey) Limited (the "**Parent**"). All members of Company's board of directors are appointed by the Parent and, subject to the Company's articles of association and applicable law, the Company's directors each act as directed by the Parent, such that the Parent's board of directors indirectly manages the operations of the Company.

Board of Directors of the Parent

The Parent's directors and their respective ages as of the date of this offering memorandum and positions are as follows:

Name	Age	Position
Strive Masiyiwa	60	Chairman
Nicholas Rudnick	50	Chief Executive Officer
Kate Hennessy	47	Chief Financial Officer
Vassi Naidoo	65	Senior Independent Director
Hardwork Njodzi (Hardy) Pemhiwa	52	Non-Independent Non-Executive Director
Anil Dua	68	Non-Independent Non-Executive Director
Udo Lucht	43	Non-Independent Non-Executive Director
Richard Wilson	55	Non-Independent Non-Executive Director
Eric Venpin	54	Independent Non-Executive Director
Donald Gips	60	Independent Non-Executive Director
Omobola Johnson	57	Independent Non-Executive Director
Donald Kaberuka	69	Independent Non-Executive Director
Mark Nisbet	40	Independent Non-Executive Director
Lesley Goldwasser	59	Independent Non-Executive Director

Board of Directors of the Company

The Company's directors and their respective ages as of the date of this offering memorandum and positions are as follows:

Name	Age	Position
Strive Masiyiwa	60	Chairman
Nicholas Rudnick	50	Chief Executive Officer
Kate Hennessy	47	Chief Financial Officer
Vassi Naidoo	65	Senior Independent Director
Hardwork Njodzi (Hardy) Pemhiwa	52	Non-Independent Non-Executive Director
Anil Dua	68	Non-Independent Non-Executive Director
Udo Lucht	43	Non-Independent Non-Executive Director
Richard Wilson	55	Non-Independent Non-Executive Director
Eric Venpin	54	Independent Non-Executive Director
Donald Gips	60	Independent Non-Executive Director
Omobola Johnson	57	Independent Non-Executive Director
Donald Kaberuka	69	Independent Non-Executive Director
Gaetan Lan Hun Kuen	67	Independent Non-Executive Director

Strive Masiyiwa is the founder of the Group and Chairman. Mr. Masiyiwa founded the Econet Group, a diversified global telecommunications group with operations and investments in over fifteen countries, in 1997. Mr. Masiyiwa's business interests also include renewable energy, financial services, media and hospitality. Mr. Masiyiwa serves on a number of international boards, including Unilever, Rockefeller Foundation, the Council on Foreign Relations' Global Advisory Board, the Africa Progress Panel, the UN Secretary General's Advisory Board for Sustainable Energy, Morehouse College, Hilton Foundation's Humanitarian Prize Jury and the Kenjin Tatsujin International Advisory Council. Mr. Masiyiwa also serves as Chairman of the Alliance for a Green Revolution in Africa (AGRA). In addition, Mr. Masiyiwa is one of the founders, with Sir Richard Branson, of the global think tank, the Carbon War Room, and a founding member of the Global Business Coalition on Education. In 2017, Fortune Magazine named Mr. Masiyiwa number 33 in the World's Greatest Leaders for 2017.

Nicholas Rudnick is the Chief Executive Officer of the Group and an executive Director. Mr. Rudnick became the Group's CEO in 2004, when the Group was rebranded from Econet Carrier Services to Liquid Telecom. Mr. Rudnick is also a director of Econet Global Limited. Mr. Rudnick, who has more than 20 years of experience in the telecommunications industry, has been listed in Global Telecom Business Magazine's 100 most influential people in the telecommunications industry for five years and is a very well recognized entrepreneur and legal expert within the industry, helping develop the sector significantly in Africa. Mr. Rudnick is an England and Wales qualified attorney and holds a Master of Laws (Telecommunication) from the University of Strathclyde and BA and LLB degrees from the University of Cape Town.

Kate Hennessy was appointed as Chief Financial Officer of the Group and as executive Director on October 4, 2019. Prior to that she was Chief M&A Officer of the Group from September 2018 until her appointment as CFO. She previously served as the Chief Financial Officer of the Company from 2008 to 2018. Ms. Hennessy has also worked for Cable and Wireless (London) and qualified as a chartered accountant with KPMG in Johannesburg. She has over 20 years of experience in the telecommunications industry in the United Kingdom and South Africa. She is a chartered accountant in South Africa and holds a Bachelor of Business Science with Honours from the University of Cape Town.

Vassi Naidoo is the Senior Independent Director. Mr. Naidoo is currently the chairman of Nedbank Group Limited and Nedbank Limited. Previously a non-executive director at Old Mutual plc and Old Mutual Group Holdings (SA) (Pty) Ltd. Mr. Naidoo has also held several leadership roles with Deloitte, including vice chairman of Deloitte UK for five years, deputy managing partner of Deloitte Europe Middle East Africa region for three years, and chief executive officer of Deloitte Southern Africa for eight years. He is a member of the South African Institute of Chartered Accountants (SAICA), with an honorary life membership for his contribution to the development of the profession in South Africa, and a member of the Institute of Chartered Accountants in England and Wales. Mr. Naidoo has a deep experience in the financial services industry.

Hardwork Njodzi (Hardy) Pemhiwa is a Non-Independent Non-Executive Director. He is Group Chief Executive and Managing Director of Econet, the parent company of Liquid Telecom. In addition, Mr. Pemhiwa is a director of several of Econet's key subsidiaries. He previously spent over 15 years working in development and investment banking focused on project and structured trade finance in Sub Saharan Africa. He received a Bachelor's degree in Computer Engineering from Queen Mary College, University of London and holds a Master of Business Administration certificate in Finance from Edinburgh Business School.

Anil Dua is a Non-Independent Non-Executive Director on the Group's Board of Directors. He is currently a Partner of Gateway Partners, a private equity firm focused on Africa, Middle East, South Asia and Southeast Asia. Prior to Gateway, he was the chief executive officer of Standard Chartered Bank, West Africa, after having served in a number of senior positions with Standard Chartered Bank, including head of origination and client coverage for Africa and global head of project export and structured trade finance. Mr Dua has been a non-executive director at Forte Oil plc since 2015, and a non-executive director at African Export-Import Bank since 2010. He holds a Master's degree in Economics from Delhi School of Economics.

Udo Lucht is a Non-Independent Non-Executive Director of the Group's Board of Directors. He is currently Chief Investment Officer at Royal Bafokeng Holdings (Pty) Ltd. He is also on the board of Royal Bafokeng Platinum Limited and YeboYethu (RF) Limited and is an alternate director on the boards of RMH Holdings Limited and Rand Merchant Investment Holdings Limited. Previously he worked for Rand Merchant Bank in various roles and Deloitte & Touche. He is a Chartered Financial Analyst and a Chartered Accountant (South Africa) and holds a Bachelor of Commerce (Honours) degree from the University of Natal.

Richard Wilson is a Non-Independent Non-Executive Director on the Group's Board of Directors. Mr. Wilson is a private investor in growth stage companies as well as a co-investor with private equity firms. He was previously a Senior Executive at Apax; a leading private equity firm. Joining as an Associate, Mr Wilson became an Equity Partner, leading the global tech and telecoms sector team and serving as a member of the investment, exit and portfolio review committees. He has extensive experience in growth capital and buyout investing, ranging from software companies to mobile, fixed line and satellite operators. He is a past Chairman of the European Venture Capital and Private Equity Association (EVCA) and the Public Affairs Executive (PAE), as well as a past council member of the British Venture Capital Association. Mr. Wilson holds a degree in Engineering from the University of Cambridge and an MBA from INSEAD.

Eric Venpin is an Independent Non-Executive Director and a member of the Liquid Telecommunications Holdings Board. Mr. Venpin is a fellow member of the Institute of Chartered Accountants in England and Wales and is currently the Managing Director of The Lins Consulting Ltd and sits on the board of several companies. He started his career in London, UK, where he was involved in international tax planning and restructuring. He then became a partner at Deloitte, Mauritius in charge of fiscal services and information technology. He was also one of the founder members of DTOS Ltd, one of the main service providers in the global business industry. In 2005, he was appointed as managing director of Mauritian Eagle Insurance Co Ltd, a listed insurance company in Mauritius and a year later became the chief operating officer of the financial services sector of IBL, one of the largest listed conglomerates in Mauritius and was in charge of insurance, leasing and global business clusters.

Donald Gips is an Independent Non-Executive Director on the Group's Board of Directors. He is also currently CEO of the Skoll Foundation. Previously he was a Principal of Albright Stonebridge Group, a global strategic advisory and commercial diplomacy firm, also serving as Chair of the U.S.-South Africa Business Council, Senior Advisor at Blackstone, and outside director on the boards of Zayo, Black Rhino, Nextnav and Omnispace. Over the course of his career, Mr Gips served as the U.S. Ambassador to South Africa, ran the Office of Presidential Personnel for the Obama Administration, served in the White House during the Clinton administration, and served as Chief of the International Bureau at the Federal Communications Commission. In addition, from 1998 to 2008, Mr. Gips was Group Vice President of Global Corporate Development at Level 3 Communications. He received an MBA from the Yale School of Management, where he was honored as a Donaldson Fellow, and an undergraduate degree from Harvard University where he was presented with the Ames Award and the Paul Revere Frothingham Prize.

Omobola Johnson is an Independent Non-Executive Director on the Group's Board of Directors A former Minister of Communication Technology, for the Federal Republic of Nigeria, where she served in this capacity between July 2011 and May 2015, under the Presidency of H.E. Goodluck Jonathan. Prior to serving in a public sector role, Dr. Johnson worked as a consultant with Accenture and Arthur Andersen for 25 years before taking early retirement from Accenture in March 2010 to complete a Doctorate in Business Administration, whose main research focus was looking into the improvement of business leadership development in companies in Nigeria. Since Sept 2015, Dr. Johnson is a Senior Partner at TLCom Capital LLP, a technology-focused venture capital firm, with specific responsibilities for fund raising, deal flow generation, and investments in technology companies in West Africa. Dr. Johnson has previously served as an Independent Non-Executive Director of Diamond Bank, currently Chairs the boards of Custodian and Allied Insurance plc, and Phoenix Africa Development Company, and sits on the Nigeria boards of FBNQuest Merchant Bank and Guinness Nigeria plc. Since 2001, she is a Founding Chairperson and member of the Board of Trustees of Women in Management and Business, an NGO whose mission is to elevate the profile and influence of women in management, business and public service through annual conferences and mentoring programs. She holds a BSc. in Electrical and Electronic Engineering from the University of Manchester, an MSc. in Digital Electronics from Kings College London, and a Doctorate in Business Administration from Cranfield University**.**

Donald Kaberuka is an Independent Non-Executive Director on the Group's Board of Directors. He is Chairman, Managing Partner and Co-Founder of SouthBridge, a pan-African financial and investment advisory firm. He also serves as the chair of the board of the Global Fund to Fight AIDS, TB and Malaria and as a Special Envoy of the African Union on the Peace Fund and Sustainable Financing of the Union. He was the seventh President of the African Development Bank Group and served as Chairman of the African Development Bank's board of directors for two successive five year terms between 2005 and 2015. Prior to joining the African Development Bank, Dr. Kaberuka was Finance Minister of Rwanda between 1997 and 2005. He currently serves on the boards of several corporates, global philanthropic foundations and think tanks, including as a board member of the Center for Global Development, the Brookings Institution, Centum Investment Company, and was formerly a Senior Adviser to the global private equity firm, TPG-Satya, and the Boston Consulting Group (BCG). Dr. Kaberuka is an alumnus of the University of Glasgow**.**

Mark Nisbet is an Independent Non-Executive Director on the Group's Board of Directors. Mr. Nisbet qualified as an English solicitor in 2007 and an Advocate of the Royal Court of Jersey in 2009 and has previously worked in the corporate and banking groups for top tier Jersey law firms, Carey Olsen and Bedell Cristin. He has over 15 years' experience of Jersey company law, security law and regulatory matters and has acted for leading UK law firms and financial institutions. He has a broad range of expertise with Jersey structures including companies, trusts, limited partnerships, funds and debt listings on The International Stock Exchange**.**

Lesley Goldwasser is an Independent Non-Executive Director on the Group's Board of Directors. She is currently a Managing Partner of GreensLedge. Prior to joining GreensLedge, Lesley headed up the Global Hedge Fund Strategic Services unit at Credit Suisse Group AG. Prior to Credit Suisse, Lesley spent twelve years at Bear Stearns where she was co-head of Global Debt and Equity Capital Markets and had global responsibility for Structured Products. Prior to her tenure at Bear Stearns, Lesley spent 12 years at Credit Suisse in a variety of management positions including responsibility for both the Asset Backed and Non-Agency Mortgage Trading Desks. Lesley was born and raised in Bulawayo, Zimbabwe and is a graduate of the University of Cape Town, South Africa. Series 7, 24, 63 and 79 licensed.

Gaetan Lan Hun Kuen is an Independent Non-Executive Director on the Liquid Telecommunications Holdings Limited board. He was Chief Executive Officer of Mauritian Eagle Insurance Company Limited before holding the position of Chief Finance Officer within IBL Group from 2005 to 2014. Mr. Lan was also Chairman of The Stock Exchange of Mauritius and member of the Financial Services Consultative Council. Mr. Lan became a member of the Institute of Chartered Accountants in England and Wales in 1977 and was made Fellow of the same Institute in 1982. He also completed an Advanced Management Program at INSEAD, Fontainebleau, France and a Management Information System Program in Boston, Massachusetts.

Management Team

The current senior management team of the Company and certain other members of the Group, in addition to the executive directors listed above, is as follows:

Name	Age	Position
Nicholas Rudnick	50	Chief Executive Officer
Kate Hennessy	47	Chief Financial Officer
Ahmad Mokhles	46	Chief Operating Officer
David Eurin	46	Chief Strategy Officer
Shahzad Manzoor	43	Chief Technical Officer
Willem Marais	47	Chief Business Development Officer
Raoul du Plessis	49	Chief Information Officer
Ben Roberts	49	Chief Technology and Innovation Officer
Enitan Denloye	43	Chief Marketing Officer
Sam Nkusi	63	Chief Executive Officer, One Africa Network
Wellington Makamure	61	Regional Chief Executive Officer, Southern Africa
Deon Geyser	42	Chief Executive Officer, South Africa
Adil El Youssefi	42	Regional Chief Executive Officer, East Africa
Mohamed Bassit	44	Regional Chief Executive Officer, Middle East and West Africa

Ahmad Mokhles joined the Group as the first Group Chief Operating Officer in June 2018 to help drive operational excellence across the Group's countries of operation. Mr Mokhles brings over 20 years of ICT experience to the role, having worked for some of the Middle East and Africa's largest telecoms groups, including Orascom, Etisalat, Ooredoo and Airtel Africa. Prior to joining Liquid Telecom, he served as COO for Airtel Nigeria for three years. Before that, he served as Executive Vice President of Consumer and Digital Business for du, overseeing the company's Smart City business, and has also served as CCO for Asiacell Iraq, part of Ooredoo Group.

David Eurin joined the Group in 2013. He is responsible for leading the formulation of the commercial strategy in his role as Group Chief Strategy Officer. Prior to Liquid Mr Eurin was a partner and Head of Africa at Analysys Mason, a management consultancy specializing in TMT. Bringing extensive experience in the fixed and mobile telecommunications industry, gained in Europe, North Africa, the Middle East and sub-Saharan Africa where he advised senior management teams on strategic, regulatory, financial and commercial issues. He has an MBA from the Collège des Ingénieurs (France), an MSc from the University of British Columbia (Canada), as well as an engineering degree from ParisTech (France).

Shahzad Manzoor has served as Group Technical Officer (CTO) since November 2019. He is an experienced technologist with a track record of designing, managing and implementing innovative technical solutions. Joining the Group as a Senior Engineer in February 2006, Mr Manzoor was promoted to Group Chief Network Architect in 2009, when he was given responsibility for the design and implementation of our transmission, wireless and IP networks. In July 2018, he became interim CTO at Liquid South Africa, where he oversaw a project to upgrade the local network and improve service assurance. In his latest role as Group CTO, Mr Manzoor is developing and implementing a new operating model to help make Liquid Telecom the number one choice for enterprise customers across Africa. Prior to joining Liquid Telecom, he worked for Cisco, Telephony.com and BT as a VOIP engineer and has a Master's degree in Computer Sciences.

Willem Marais joined the Group in May 2015 as CEO for South Africa, while also leading the Group's wholesale data business. In mid-2017, Mr Marais was appointed Chief Business Development Officer to oversee the Group's business development and expansion into new markets. In addition to his previous responsibilities, his latest role includes focusing on new market growth, strategic partnerships, large infrastructure projects and acquisitive growth. Prior to joining Liquid Telecom, Mr Marais served as Chief Commercial Officer at SEACOM, where he was responsible for group revenue across all lines of business and led the sales, product, marketing and commercial teams, which were responsible for customer engagement and strategic channel development, globally. He has also held numerous senior management positions in the Information and Communications Technology (ICT), media and telecoms industries, including the Siemens Group of companies.

Raoul du Plessis. As the Group CIO, Mr du Plessis is responsible for Liquid Telecom's critical IT functions, including systems, infrastructure and new implementations, supporting the Group as it expands its product offerings and enters new geographies. With a career in IT that spans over 25 years and he brings diverse experience from his time in academia, at an independent software vendor, as well as working in the banking and telecommunications industries. His previous roles include university lecturer in information systems, software development manager, IT development manager, head of information security and head of architecture.

Ben Roberts is Chief Technology and Innovation Officer of the Group. Mr Roberts joined Liquid Telecom Kenya as CEO in 2013 and was the Chief Technical Officer for the Group from 2006 to 2019. With over 20 years' experience across a range of technologies in design, support, integration and operational management roles, he has led the Group's networking and product strategy, expanding its technology base and fiber network across Africa. Before joining Liquid Telecom, Mr Roberts was responsible for electronics design and satellite systems at Ericsson UK Limited. He also worked with Lotus Cars, the British sports car manufacturer, as an engineer. Mr Roberts holds a BSc Hons Physics from the University of Bristol in the UK.

Enitan Denloye joined the Group in July 2019 as Group Chief Marketing Officer and is responsible for developing and executing our marketing strategy across all countries of operation. He has over 20 years of experience working across a diverse range of industries, including telecoms, consumer packaged goods and consulting. Prior to joining Liquid telecom, Mr Denloye served as Vice President of Brands and Advertising at Airtel Nigeria. He has also previously served as Director of Brands and Customer Experience at Etisalat. Earlier in his career, Mr Denloye worked for Procter & Gamble and The Coca-Cola Company in Nigeria, British American Tobacco in South Africa and McKinsey & Company in the U.S. He has a degree in Economics from University of Ibadan and an MBA from The Kellogg School of Management.

Sam Nkusi is a former Cabinet Minister for the Republic of Rwanda and was in charge of energy and ICT, playing a pivotal role in formulating ICT, regulatory and energy national policies. He was involved in several African and global infrastructure initiatives, including dealing with stakeholders, development partners and related funding entities. He holds a Master's Degree in Engineering from Canada and is a Professional Engineer with over 30 years of progressive executive management in the utilities and the telecoms industry in Africa and North America. He is the Chairman for the Group in East Africa, and previously served on Rwandatel, MTN and Altech East Africa and local power utilities' boards. Mr Nkusi has been the Group Chief Managing Executive for Business Development and Government Relations and currently serves as Chief Executive Officer for One Africa Broadband Connectivity (1-ABC). Part of the Liquid Telecom Group, 1-ABC focuses on new business markets delivering national and cross border fiber networks linking the Africa continent.

Wellington Makamure joined the Group in February 2009. He oversees and sits on several boards of the Group Companies in Southern Africa. He is directly responsible for the leadership, strategic and operations management of Liquid Telecom Zimbabwe. He has served on several Boards and currently sits on the board of directors of Liquid Zambia and Liquid Botswana. He has been heavily involved in the planning, set up and build of the Liquid Telecom network and business in Zimbabwe. Mr Makamure, who holds a B.Sc. degree and an MBA, has worked in telecommunications, consumer electronics and industrial electronics industries in both the UK and Africa since early 1980s. He has worked in these respective industries at both technical and senior executive levels. He has also worked in senior executive positions in both public and private sectors.

Deon Geyser is CEO of Liquid Telecommunications South Africa (Pty) Limited. He is directly responsible for the leadership, strategic and operational management of the South African business and for overseeing the strategic repositioning of the company and the execution of the new strategic direction of providing an integrated technology capability that enables customers to transform their business through new intelligent technologies. Prior to joining Liquid South Africa, and in his 18-year career, Mr. Geyser has held senior management positions at Siemens and Millicom International Cellular (Tigo), with his most recent position being that of Head of Southern Africa and Vodafone Africa for Nokia since 2014. Mr. Geyser holds a Master's degree in Engineering Management as well as Bachelor's degrees in Electronic Engineering and IT from the University of Johannesburg.

Adil El Youssefi joined the Group in April 2017 as CEO for Kenya. In October 2018, he became Regional CEO of East Africa and is directly responsible for the leadership, strategic and operational management of Liquid Telecom's wholesale, enterprise and retail businesses throughout Kenya, Rwanda, Uganda, Tanzania and Ethiopia. Prior to joining Liquid Telecom, Mr El Youssefi served as Managing Director of Airtel Kenya for three years. He has over 15 years' experience in senior management across Africa, Asia and Europe, with expertise in developing markets, leadership, strategy, telecommunications, sales & marketing, and digital TV. Prior to joining Airtel, Mr El Youssefi had risen through the management ranks of global telecoms and media company Millicom, initially as a Senior Advisor to the Chief Officer Asia in Sri Lanka, before moving to Chad to take up the Chief Executive position and then becoming Chief Executive of Millicom Ghana.

Mohamed Bassit is the Regional CEO for Middle East and West Africa (MEWA) at Liquid Telecom. Joining the Group in January 2019, Mr Bassit is responsible for overseeing the Group's expansion further into the Middle East and West Africa while exploring new market opportunities in some of the fastest growing economies in Africa. He has more than 20 years of experience in the ICT industry spanning sales, business operations, product marketing, outsourcing and establishing partnerships and joined the Group from Orange Group, where he served as Regional Director for voice, data, messaging and mobile services in the Middle East. During this time, he was responsible for leading the sales teams to uphold Orange's wholesale strategy. He previously served as VP of operations for Gulf Bridge International (GBI) and was instrumental in leading his team to further accelerate sales channels and partnerships for the wholesale business, along with his sourcing and service delivery responsibilities. Prior to that, Mr Bassit spent 10 years as Managing Director for Middle East and North Africa at Belgacom International Carrier Services (BICS), where he helped establish the company as a leading regional voice and mobility services carrier and driving continued growth year over year. He holds a Master's Degree in Marketing.

Conflicts of Interest

There are no conflicts of interest between any duties owed by the Directors or senior management to the Company and their private interests or other duties.

Compensation for Directors and Managers

The Company's compensation policy for its executive board members and key management consists of a fixed salary with a performance-based bonus structure. The aggregate amount of gross salary paid by the Company to its directors, management and key personnel as a group for services provided to the Company in all capacities during the year ended February 29, 2020, was approximately US$2.5 million.

Corporate Governance

The Company complies with the corporate governance requirements applicable in Mauritius.

Additional Information Relating to Directors and Managers

None of the Company's directors or executive officers for at least the previous five years:

- has any convictions in relation to any criminal proceedings or fraudulent offences;
- has held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation;
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body), or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws or a finding of any violation of U.S. federal or state securities laws.

PRINCIPAL SHAREHOLDERS

The table below reflects the ownership of the Company's share capital as of February 19, 2021, after giving effect to the pending registration of share transfers made pursuant to the corporate reorganization implementation deed dated August 25, 2020 among the shareholders of the Company as of such date (the "**Reorganization**")(1):

Name of shareholder	Number of ordinary shares	Number of convertible preference shares
Liquid Telecommunications (Jersey) Limited(2)	87,494,970	16,492,914
Econet New Arx Limited(3)(4)	37,362,944	-
Total	**124,857,914**	**16,492,914**

(1) The register of members of the Company currently reflects the pre-Reorganization holdings of the Company's share capital, pending receipt of final documentation regarding the release of an existing pledge over 33,459,353 shares of the Company held by Econet Net Arx Limited which are to be transferred to the Parent pursuant to the Reorganization. The table below sets forth the pre-Reorganization shareholding of the Company:

Shareholder	Number of Ordinary Shares	Number of Convertible Preference Shares
Econet Global Limited	849,393	0
GW Fibre Limited	12,194,951	0
Nicholas Trevor Rudnick	9,267,607	0
DTOS Trustees Ltd as trustee of New ARX Trust	8,509,149	0
Econet New Arx Limited	71,046,065	0
Lisinfo 213 Property (RF) Proprietary Limited	11,429,158	0
Econet Wireless Zimbabwe Limited	11,024,116	0
CDC Group plc	537,475	16,492,914

(2) Liquid Telecommunications (Jersey) Limited is the Parent of the Company. Its shareholders are Econet Global Limited, GW Fibre Limited, Nicholas Trevor Rudnick, DTOS Trustees Ltd as trustee of New ARX Trust, Econet New Arx Limited, Lisinfo 213 Property (RF) Proprietary Limited, Econet Wireless Zimbabwe Limited and CDC Group plc. The Rudnick family is the beneficiary of New ARX Trust, a discretionary trust where the trustee has broad discretion over the trust corpus. Econet Global Limited is a privately-held, diversified, telecommunications conglomerate operating through six main subsidiaries: Liquid Telecom Group, Econet Enterprises, Econet Global, Econet Wireless Africa, Econet Wireless Global and Econet Media. The Masiyiwa family is the beneficiary of two discretionary trusts (where the trustees have broad discretion over the respective trust corpuses) that directly or indirectly own the entire share capital of Econet Global Limited. The Company understand that 869,653 shares held by Econet New Arx Limited are to be pledged in favour of Africa Export-Import Bank to secure the debt of certain subsidiaries of Econet New Arx Limited. GW Fibre Limited is a wholly owned subsidiary of Gateway Fund I, LP, which is in turn indirectly owned and controlled by Mr. Rahul Goswamy, Mr. Vishwanathan Shankar, Mr. Anand Kumar and Mr. Anil Dua (who is also a member of the board of directors of the Parent and the Company).

(3) Econet New Arx Limited's shareholders are Econet Global Limited, Consolidated Technology Holdings Limited and DTOS Trustees as trustee of the New Arx Trust. Consolidated Technology Holdings Limited is owned 100% by DTOS Trustees as trustee of the New Arx Trust. The Rudnick family is the beneficiary of New ARX Trust and the Masiyiwa family is the beneficiary of two discretionary trusts that directly or indirectly own the entire share capital of Econet Global Limited.

(4) Pursuant to the Reorganization, Econet New Arx Limited may transfer 37,362,944 shares of the Company currently held by it (the "**Econet Residual Shares**") to the Parent in exchange for ordinary shares of the Parent. The Econet Residual Shares are pledged to the Government Employees Pension Fund (acting through its authorized representative the Public Investment Corporation (SOC) Limited) ("**PIC**"). The Company has received a notice, dated February 2, 2021, that, under the terms of such pledge, PIC is currently entitled to claim the pledged shares and have such shares transferred into its name in the Company's register of members. Econet New Arx Limited disputes this assertion. The Company is seeking Mauritian legal advice regarding the proposed transfer.

The Issuer's issued share capital as of the date of this offering memorandum is £100,000, divided into 100,000 fully paid-up ordinary registered shares. The Issuer is a public company limited by shares incorporated under the laws of England and Wales, and is legally and beneficially owned and controlled directly by the Company. The registered office and principal place of business of the Issuer is at 9th Floor, 6 New Street Square, London EC4A 3BF.

RELATED PARTY TRANSACTIONS

The following is a summary of the major transactions involving related parties for the financial periods discussed in this offering memorandum. For further details of these transactions, see the notes to our Financial Statements.

We may enter into transactions with related parties in the ordinary course of business or otherwise. Pursuant to the Group's corporate governance arrangements, all related party transactions (as defined therein), as well as any amendments, cancellations and/or waivers of rights under such related party transactions (collectively, a "**Related Party Transaction**"), have to be entered into and take place on an arm's length, after being disclosed in writing to the board and, if applicable, approved according to the following:

i. if a Director objects to the entering into of a Related Party Transaction in the belief that such Related Party Transaction is not in the normal course of business, then the Related Party Transaction must be approved by the shareholders; or

ii. if a Director objects to the entering into of a Related Party Transaction on the basis of concerns about the scope and parameters of such Related Party Transaction (while believing that such transaction is in the normal course of business), then such Related Party Transaction may not be effected without the prior written consent of a simple majority of a special committee comprising five members: (a) a director appointed by GW Fiber Limited; (b) a director appointed by Econet or Global Limited; (c) a CDC Group plc committee member; (d) a director appointed by Lisinfo 213 Property (RF) Proprietary Limited and (e) a fifth director appointed to the committee by a majority vote of the first four committee members.

Described below are our most significant transactions with related parties.

Transactions with the Econet group

There are numerous related party contracts between the Group and Econet Global Limited and its affiliates (the "**Econet Group**"). Trading transactions carried out under these contracts are in the ordinary course of business and are concluded on an arm's length basis. Sales to and purchases from Econet comprise voice minutes and IP backhaul. Sales to the Econet Group were US$58.6 million for the year ended February 29, 2020, US$102.5 million for the year ended February 28, 2019, US$107.9 million for the year ended February 28, 2018 and US$45.2 million for the nine months ended November 30, 2020. Purchases from the Econet Group were US$27.2 million for the year ended February 29, 2020, US$29.4 million for the year ended February 28, 2019, US$30.0 million for the year ended February 28, 2018 and US$26.7 million for the nine months ended November 30, 2020.

The Liquid Telecommunications (Jersey) Limited Reorganization

On August 25, 2020, the Company and its shareholders entered into a reorganization implementation deed and related documentation to effect the Reorganization, including a shareholders' agreement in respect of the shares of the Parent. See "*Principal Shareholders*."

Acquisition of Worldstream (Pty) Limited

On June 10, 2020, the Company entered into an agreement with Econet Global Limited to purchase 71% of the shares in Worldstream (Pty) Limited for a non-cash consideration of US$9.0 million.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of principal additional indebtedness of the Group in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries and not otherwise defined in this offering memorandum have the meanings ascribed to them in their respective agreements.

NEW SENIOR FACILITIES AGREEMENT

The Issuer, the Company and the Guarantors expect to enter into the New Senior Facilities Agreement on or about the Issue Date with the various parties thereto, including the lenders. The New Senior Facilities Agreement consists of a revolving credit facility (the "**Revolving Credit Facility")** with total commitments equal to 10% of the Notes to be issued on the Issue Date up to a maximum amount of US$60,000,000 and ZAR equivalent term loan facilities up to a maximum of US$220,000,000 (the "**Term Loan Facilities**" and together with the Revolving Credit Facility, the "**Facilities**"). The Term Loan Facilities will, subject to applicable flex provisions, be split equally between an amortizing term loan A facility (the "**Term Loan A Facility**") and a term loan B facility subject to a bullet repayment (the "**Term Loan B Facility**").

The Revolving Credit Facility will be available to the Company and the Term Loan Facilities will be available to Liquid Telecommunications South Africa Proprietary Limited.

The purpose of the Revolving Credit Facility is to finance or refinance the general corporate and working capital needs of the Group (including, without limitation, for payment of interest on the Term Loan Facilities or the Notes, any stamp, registration and other taxes arising or incurred in connection with the Transactions, and/or payment of any fees, costs and expenses arising or incurred in connection with the negotiation, preparation, execution, notarisation, syndication and registration of the Transaction Documents, but not towards acquisitions of companies, businesses or undertakings, the Transactions or prepayment/redemption of principal in respect of the Notes or the Term Loan Facilities), together with fees and expenses associated with the Facilities. The proceeds of the Term Loan Facilities shall be applied to (i) satisfy and discharge the indenture governing Existing Senior Secured Notes and (ii) repay all amounts outstanding under the Existing Senior Facilities Agreement (the "**Refinancing**"). See "Use of Proceeds".

The Revolving Credit Facility is available from (and excluding) the date of completion of the Refinancing until one month prior to the date falling 60 months after the date of the New Senior Facilities Agreement (provided that the maturity of the new Senior Facilities Agreement shall be at least 6 months to the maturity of the Senior Secured Notes). The Term Loan Facilities are available for 1 month from the date of the New Senior Facilities Agreement.

No utilization may be made under the New Senior Facilities Agreement unless the Notes have been issued for a sum of at least US$600,000,000 and the Group have satisfied other customary conditions precedent in form and substance satisfactory to the facility agent under the New Senior Facilities Agreement. In addition, the ability to draw under the Facilities will be conditional upon, among other things, delivery of required notices, accuracy of the relevant representations and warranties contained in the New Senior Facilities Agreement and the absence of any default or event of default under the Facilities.

Maturity and Repayment Requirements

The Revolving Credit Facility may be utilized in multiple utilizations and each loan shall be repaid on the last day of its interest period (being 1, 3 or 6 months, or any other period agreed between the Company, the facility agent and all the lenders), and in any event no later than the maturity date for the Revolving Credit Facility. During the availability period of the Revolving Credit Facility, amounts repaid may be re-borrowed.

The Revolving Credit Facility is to remain undrawn for a minimum of 10 successive business days in each 12 month period after the date of the New Senior Facilities Agreement. The clean down may be deferred for a single 12 month period, but the applicable margin on the Revolving Credit Facility will increase by 50 basis points until it is cleaned down.

Subject to certain exceptions, if the Notes are redeemed, defeased or retired or a member of the Group acquires any Notes (the "**Notes Repurchase**") and as a result of such Notes Repurchase when taken together with any other Notes Repurchase previously effected or which will be effected on the same day as such Notes Repurchase, the aggregate principal amount of the Notes outstanding immediately following such Notes Repurchase is less than 75% of the original aggregate principal amount of the Notes, the Revolving Credit Facility shall be prepaid and corresponding commitments cancelled, so that the commitments in respect of the Revolving Credit Facility are reduced by the same proportion as that by which the outstanding Notes are reduced by such Notes Repurchase.

The aggregate loans outstanding under the Term Loan A Facility shall be repaid in semi-annual instalments commencing 18 months after the date of the New Senior Facilities Agreement and ending on the maturity date of the Term Loan Facilities. The aggregate loans outstanding under the Term Loan B Facility shall be repaid in full on the maturity date of the Term Loan Facilities. The maturity date for the Facilities shall be 60 months after the date of the New Senior Facilities Agreement if the Notes have a maturity of not less than 66 months after the date of the New Senior Facilities Agreement.

Interest Rate and Fees

Each of the Revolving Credit Facility and the Term Loan Facilities under the New Senior Facilities Agreement bears interest at the aggregate of the applicable: (a) the margin; and (b) JIBAR (in respect of the Term Loan Facilities) / LIBOR (in respect of the Revolving Credit Facility), each to include a floor, such that in each case if the rate is less than zero it shall be deemed to be zero. The margin for (i) the Revolving Credit Facility is 4.25% per annum; (ii) the Term Loan A Facility is 4.50% per annum and (iii) the Term Loan B Facility is 5.00% per annum. The applicable margins with respect to the Facilities will be subject to one step-up and two step-downs based on net leverage ratios to be agreed.

The borrowers under the Revolving Credit Facility and/or the Term Loan Facilities will pay interest at 2% above the applicable interest rate (with respect to overdue amounts only) in the event of default.

The borrowers under the New Senior Facilities Agreement will pay (a) an arrangement fee for an amount to be agreed in a fee letter; (b) an agency and security agent fee for an amount to be agreed with the facility agent under the New Senior Facilities Agreement and the Security Agent; (c) a commitment fee computed at the rate of 35% of the applicable margin, which will accrue on unutilized amounts of the Revolving Credit Facility and (after 10 business days grace) the Term Loan Facilities during the applicable availability period and shall be payable quarterly in arrears, on the last day of the applicable availability period and on the cancelled amount of the Revolving Credit Facility and Term Loan Facilities on the date that the respective facility may be cancelled; (d) a utilization fee while the Revolving Credit Facility remains drawn: (i) 0 to 33.3% of the total commitments under the Revolving Credit Facility: 0.05% per annum of the daily amount utilized; (ii) greater than 33.3% to 66.6% of the total commitments under the Revolving Credit Facility: 0.10% per annum of the daily amount utilized; and (iii) greater than 66.6% of the total commitments under the Revolving Credit Facility: 0.15% per annum of the daily amount utilized and (e) certain other customary fees and expenses.

Security

Subject to agreed security principles, (a) the Issuer, (b) each member of the Group that has EBITDA or has gross assets (excluding intra-Group items) representing 5% or more of the EBITDA or gross assets of the Group, (c) any wholly-owned member of the Group that holds shares in any Guarantor and (d) to the extent necessary, any other member of the Group, shall each guarantee the borrowers' obligations under the New Senior Facilities Agreement to ensure that: (i) the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of the Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) represents not less than 70% of EBITDA of the Group; and (ii) the aggregate gross assets of the Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) represents not less than 60% of consolidated gross assets of the Group, for this purpose disregarding from the numerator the EBITDA of any member of the Group that generates negative EBITDA, and will grant security interests in the Collateral to secure our obligations under the New Senior Facilities Agreement, provided that, notwithstanding anything to the contrary, Liquid Telecommunications (Zimbabwe) shall not be required to be a Guarantor. Compliance with these obligations shall be determined on the Closing Date and by reference to the latest quarterly reports and shall also be deemed to be tested on the occurrence of a material change in the corporate structure of the Group, a permitted disposal and/or acquisition. Notwithstanding anything to the contrary, Liquid Telecommunications (Zimbabwe) shall not be required to become a guarantor.

Representations and Warranties

The New Senior Facilities Agreement contains certain undertakings, representations and warranties, which are subject to agreed customary materiality thresholds, qualifications and other exceptions, including, but not limited to: (i) status, power and authority; (ii) pari passu ranking and validity of security; (iii) no conflicts with constitutional documents, laws or other obligations; (iv) authorizations; (v) solvency; (vi) title to assets; and (vii) no breach of laws.

Financial Undertakings

The New Senior Facilities Agreement contains certain financial undertakings, as to which compliance must be certified on a regular basis, subject to cure provisions. The Company shall ensure:

(i) the Net Leverage Ratio (being (a) the aggregate of all external indebtedness of the Group (subject to any agreed exceptions) less Cash as of the end of the relevant period divided by (b) EBITDA for the relevant period) does not exceed:

(a) for the relevant period from and including the date of signing the New Senior Facilities Agreement to and including 28 February 2022, 4.50:1;

(b) for the relevant period from but excluding 28 February 2022 to and including 28 February 2023, 4.00:1;

(c) for the relevant period from but excluding 28 February 2023 to and including 28 February 2024, 3.50:1; and

(d) from but excluding 28 February 2024 and thereafter, 3.00:1;

(ii) the Interest Cover Ratio (being (a) EBITDA for the most recently ended relevant period divided by (b) Total Debt Service for the most recently ended relevant period on all indebtedness, including the Notes, any outstandings as of the covenant measurement date under the Senior Revolving Credit Facility and Term Loan Facilities and any other external indebtedness (subject to any agreed exceptions)) to be greater than:

(a) for the relevant period from and including the date of signing the New Senior Facilities Agreement to and including 28 February 2023, 2.25:1; and

(b) for the relevant period from but excluding 28 February 2023, 2.50:1; and

(iii) the Cumulative Debt Service Cover Ratio (being (a) Free Cash Flow of the Group for the relevant period plus any Cash as of the beginning of the relevant period less dividends paid during the relevant period, divided by (b) Debt Service, for each relevant period) shall not be less than 1.30:1.

The relevant period will be each period of 12 months ending on the applicable quarter-end date.

"*Free Cash Flow*" means in respect of any relevant period, EBITDA after adding/deducting as applicable changes in working capital, cash receipts/payments in respect of exceptional items, taxes/tax rebates and capital expenditure (including acquisition consideration) except to the extent the said capital expenditure was specifically funded from drawings of a facility provided for the sole purpose of funding that capital expenditure and disregarding the amount received in connection with any borrowing on the Issue Date or Supplemental Issue Date or any borrowing incurred in connection with any permitted refinancing indebtedness.

"*Debt Service*" for the relevant period means the aggregate of finance charges for that relevant period, all scheduled and mandatory repayments of borrowings falling due, voluntary prepayments made during the relevant period and the capital element of any payment in respect of finance leases, but excluding principal amounts due under any overdraft or revolving credit facility which are available for simultaneous redrawing, mandatory prepayments pursuant to insurance proceeds or disposal proceeds, intra-Group obligations, and prepayment of existing borrowings refinanced with the proceeds of the Notes (or Additional Notes) and the Term Loan Facilities or other permitted refinancing indebtedness.

"*Cash*" means, at any time, cash in hand or held with an acceptable bank and (in the latter case) credited to an account in the name of any member of the Group and to which such member of the Group is alone (or together with members of the Group) beneficially entitled and for so long as:

(a) that cash is repayable within 60 days after the relevant date of calculation;

(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;

(c) there is no security over that cash except for Transaction Security or any security permitted by the New Senior Facilities Agreement constituted by a netting or set-off arrangement entered into by members of the Group in the ordinary course of their banking arrangements; and

(d) the cash is freely and immediately transferable to a Borrower and available to be applied in repayment or prepayment of the New Senior Facilities Agreement,

provided that not less than 70% of the aggregate amount of all "Cash" held in hand or held in a bank account with an acceptable bank in the name of an obligor under the New Senior Facilities Agreement in accordance with the preceding paragraphs of this definition must be denominated in USD, EUR, ZAR or GBP (or such other currency as may be agreed from time to time by with the facility agent) at any time, otherwise (in addition to the "Cash" held by other members of the Group) the aggregate value of "Cash" held by obligors for the purposes of the financial covenant ratios shall be deemed to be the aggregate amount of all "Cash" denominated in USD, EUR, ZAR or GBP (or such other currency as may be agreed from time to time with the facility agent) and held in hand or in a bank account with an acceptable bank in the name of an obligor and to which such obligor is alone (or together with other obligors) beneficially entitled in accordance with the preceding paragraphs of this definition.

If the Company is not in compliance with the financial undertakings for any relevant period, the Company shall be entitled within 20 business days of the date on which the relevant compliance certificate was due to be delivered to (a) procure the provision of a cure amount or (b) apply the cash proceeds of the cure amount in prepaying the facilities (in each case, treated as a prepayment at the commencement of the relevant period reducing the debt service for the relevant period for the purposes of the Interest Cover Ratio and Cumulative Debt Service Coverage Ratio or by reducing indebtedness at the measurement date for the purposes of the Net Leverage Ratio, as applicable). A maximum of four cure amounts may be applied over the life of the New Senior Facilities Agreement, provided that no more than two cure amounts may be used in any financial year and no cure amount may be used if a cure amount was used in the preceding relevant period.

If the Company is not in compliance with the financial undertakings, no utilization may be made under the Revolving Credit Facility (other than rollover loans to the extent such breach does not constitute an event of default) or the Term Loan Facilities until a breach of the financial undertakings has been cured to the satisfaction of or waived by the facility agent (acting on the instructions of the majority lenders).

Prepayment

The New Senior Facilities Agreement allows for voluntary prepayments and cancellations on three business days' prior notice.

The New Senior Facilities Agreement permits the lenders to require the mandatory prepayment only under circumstances customary for facilities of this type including (a) lender illegality, (b) change of control, (c) the sale of all or substantially all the assets of the Group, (d) certain insurance proceeds, (e) certain disposal proceeds and (f) sanctions. Mandatory prepayment rights with respect to illegality and sanctions are triggered on an individual lender basis.

Events of Default

The New Senior Facilities Agreement contains events of default that are customary for facilities of this type, which are subject to agreed customary materiality thresholds, qualifications, carve-outs, baskets, grace periods and other exceptions, including but not limited to: (a) failure to pay; (b) breach of covenant; (c) cross-default and cross-acceleration; (d) insolvency and (e) material adverse effect.

An event of default under the Notes shall constitute a cross-default under the New Senior Facilities Agreement.

Governing Law

The New Senior Facilities Agreement is governed by English law and the courts of England.

INTERCREDITOR AGREEMENT

To establish the relative rights of certain creditors under the financing arrangements of, among others, the Issuer and members of our Group, each of the Guarantors and certain other subsidiaries of the Issuer (together, along with any other subsidiaries of the Issuer that accede to the Intercreditor Agreement, the "**Debtors**") will on or prior to the Issue Date enter into an intercreditor agreement (the "**Intercreditor Agreement**") with, among others:

(a) the Security Agent;

(b) the Security SPV;

(c) the Lenders under (and as defined in) the New Senior Facilities Agreement, under the Stanbic Zambia Facilities, under any IFC Facility, under any facility agreement or other document or instrument evidencing the terms of an ordinary course guarantee or letter of credit facility which entitled to be treated *pari passu* with the Notes and is designated as such by the Issuer and indebtedness and under future credit facilities (if the New Senior Facilities Agreement has been repaid in full) entitled to be treated pari passu with the Notes in respect of the Collateral and under the terms of the Intercreditor Agreement (such indebtedness, together with the New Senior Facilities Agreement has been repaid in full) entitled to be treated pari passu with the Notes in respect of the Collateral and under the terms of the Intercreditor Agreement (such indebtedness, together with the New Senior Facilities Agreement, the "**Senior Lender Liabilities**", and the holders of such indebtedness (including arrangers) the "**Senior Lenders**", and each finance document relating thereto, a "**Senior Finance Document**" and each such financing a "**Senior Facilities**";

(d) the agent under the New Senior Facilities Agreement (the "**Senior Agent**");

(e) the mandated lead arrangers under the New Senior Facilities Agreement (the "**Senior Arrangers**");

(f) the Trustee of the Notes issued under the Indenture; and

(g) the hedging counterparties under secured hedging provided to the Issuer and the Guarantors, if any (the "**Hedge Counterparties**").

Owing to difficulties under the laws of South Africa around security being granted to a security agent for the benefit of multiple creditors and therefore in order to obtain security for the ultimate benefit of the Secured Creditors in respect of the Secured Obligations (each term as defined in the Intercreditor Agreement) under the laws of South Africa in respect of the security to be provided in connection with the Transactions (the "**Transaction Security**") which is governed by the laws of South Africa the following arrangements have been put in place:

(a) the Security SPV (a special purposes shelf company whose constitutional documents restrict its main objects and business to concluding the relevant transaction documents to which it is a party and performing its obligations and exercising its rights thereunder) issues a first ranking debt guarantee in favour of the Secured Creditors in respect of the Secured Obligations (the "**Security SPV Guarantee**");

(b) those Debtors providing Transaction Security under the laws of South Africa enter into a counter indemnity agreement with the Security SPV where they agree to indemnify the Security SPV against claims made against it under the Security SPV Guarantee (the "**Counter-Indemnity Agreement**");

(c) as security for their obligations under the Counter-Indemnity Agreement the relevant Debtors grant the Transaction Security governed by the laws of South Africa in favour of the Security SPV.

In relation to this structure involving the Security SPV, the Intercreditor Agreement provides, amongst others for:

(a) the Security SPV to act on the instructions of the Security Agent in enforcing its rights under the Counter-Indemnity Agreement and the Transaction Security granted to it;

(b) the Security SPV is required to make payment of the proceeds of enforcement of the Transaction Security to the Security Agent as the agent of the Secured Creditors in respect of their claims under the Security SPV Guarantee.

The Senior Lenders, the Senior Agent, the Senior Arrangers, the Trustee, the Hedge Counterparties, the holders of the Notes, the Intra-Group Lenders (as defined in the Intercreditor Agreement), the Senior Secured Proceeds Loan Creditor (as defined in the Intercreditor Agreement), the Subordinated Creditors (as defined in the Intercreditor Agreement), the Security SPV and the Security Agent are together the "**Creditors**".

The Intercreditor Agreement sets forth, among other things:

(a) the relative ranking of certain indebtedness and security of the Debtors;

(b) when payments can be made in respect of certain indebtedness of the Debtors;

(c) when enforcement actions can be taken in respect of that indebtedness and the Collateral;

(d) the terms pursuant to which that indebtedness will be subordinated;

(e) turnover provisions;

(f) when security and guarantees will be released to permit a sale of any assets subject to transaction security; and

(g) the order for applying proceeds from enforcement action and other amounts received by the Security Agent.

The Intercreditor Agreement contains provisions relating to other and future indebtedness that may be incurred that is permitted by the New Senior Facilities Agreement and not prohibited by the Notes, including:

(a) obligations to the Hedge Counterparties in respect of interest rate and foreign exchange liabilities in relation to the Senior Facilities (as defined below) and the Senior Secured Notes (as defined below) (such obligations, the "**Hedging Liabilities**", and each finance document relating thereto, a "**Hedging Agreement**");

(b) indebtedness under the Senior Facilities; and

(c) indebtedness under additional Senior Secured Notes entitled to be treated *pari passu* with the Senior Facilities and Notes in respect of the Collateral and under the terms of the Intercreditor Agreement (such indebtedness, together with the Notes, the "**Senior Secured Notes Liabilities**" (and the Senior Secured Notes Liabilities together with the Hedging Liabilities and the Senior Lender Liabilities, the "**Senior Secured Liabilities**"), the holders of such indebtedness, the "**Senior Secured Noteholders**", (and together with any trustee (a "**Senior Secured Notes Trustee**") under a Senior Secured Noted Indenture, "**Senior Secured Note Creditors**"), the indenture governing the Senior Secured Notes Liabilities, the "**Senior Secured Notes Indenture**", each finance document relating thereto, a "**Senior Secured Notes Documents**", and each such financing the "**Senior Secured Notes**").

The following description is a summary of certain provisions contained in the Intercreditor Agreement.

Ranking and Priority

The Intercreditor Agreement provides that the liabilities will rank in right and priority of payment in the following order and are postponed and subordinated to any prior-ranking liabilities as follows:

(a) *first*, the Senior Lender Liabilities, the Senior Secured Notes Liabilities, the Hedging Liabilities, the liabilities owed to the Senior Agent and the Trustee and the liabilities owed to the Security Agent and amounts payable to the Trustee or any other trustee for Senior Secured Notes in connection with their duties under the Senior

Secured Notes Documents (collectively "**Senior Secured Notes Trustee Amounts**") *pari passu* and without any preference between them;

(b) *second*, any present and future liabilities and obligations including any loan or other financial liabilities owed by the holder or borrower of any loan, bond or other debt instrument whereby any proceeds of the issue of Senior Secured Notes or any borrowing under the Senior Facilities are lent by the Issuer or Borrower to a Guarantor (the "**Senior Secured Proceeds Loan Liabilities**") *pari passu* and without any preference between them; and

(c) *third*, any present and future liabilities and obligations including any loan or other financial liabilities owed by any member of the Group to any other member of the Group (excluding any Senior Secured Proceeds Loan Liabilities) (the "**Intra-Group Liabilities**") and any subordinated liabilities owed to a direct or indirect shareholder of the Company (the "**Subordinated Liabilities**").

Ranking and Priority of Security

The Intercreditor Agreement provides that the Transaction Security shall rank and secure the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Hedging Liabilities (only to the extent that such Transaction Security is expressed to secure those liabilities) *pari passu* and without any preference between them.

Claims under the Security SPV Guarantee in respect of the Agent Liabilities, Liabilities owed to the Security Agent, the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Hedging Liabilities rank pari passu and without any preference between them.

Restrictions on Senior Lender Liabilities and Senior Secured Notes Liabilities

The Debtors may make payment in respect of the Senior Lender Liabilities and the Senior Secured Notes Liabilities at any time in accordance with the provisions of the applicable Senior Finance Documents and the Senior Secured Notes Documents, **provided that** following acceleration events (which have not subsequently been cancelled and/or irrevocably revoked in writing) under the Senior Finance Documents or the Senior Secured Notes Document or following certain insolvency events, payments may only be made by the Debtors and received by creditors in accordance with the provisions described under "*Application of Proceeds*", other than any distribution or dividend out of any Debtor's unsecured assets (pro rata to each unsecured creditor's claim) made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or any of its assets.

The Intercreditor Agreement provides that the terms of the Senior Finance Documents may not be amended or waived if such amendment or waiver would conflict with the provisions of the Intercreditor Agreement or create a default or event of default with respect to any action that is permitted under the Intercreditor Agreement. The Senior Lenders may increase the principal amount of the Senior Facilities in an amount which is not prohibited by the Senior Secured Notes Documents or is otherwise approved by the Trustee. The Intercreditor Agreement provides that the terms of the Senior Secured Notes Documents may not be amended or waived without the consent of the Majority Senior Lenders (under as defined in the Intercreditor Agreement) if such amendment or waiver would result in the Senior Secured Notes Documents ceasing to comply with the "Senior Secured Notes Major Terms". The Senior Secured Notes Major Terms stipulate requirements for Senior Secured Notes including the identity of the issuer, minimum maturity, ability to refinance liabilities under the Senior Facilities Document, being subject to the Intercreditor Agreement and a requirement for market terms.

Security and Guarantees

The Senior Lenders and the Senior Secured Note Creditors may take, accept or receive the benefit of:

(a) any security from members of the Group in respect of their liabilities if, at the same time it is offered to secure the other Senior Secured Liabilities to the extent required or legally possible under the applicable Senior Finance Documents, Senior Secured Notes Documents and Hedging Agreements (together, the "**Senior Secured Documents"**); and

(b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Senior Lender Liabilities or the Senior Secured Notes Liabilities in addition to those in the original form of the Senior Facilities Agreement or the Senior Secured Notes Indenture, the Intercreditor Agreement or any common assurance, if at the same time it is offered in respect the other Senior Secured Liabilities to the extent required or legally possible under the applicable Senior Secured Documents.

Enforcement of Collateral, Enforcement Instructions and Consultation

The Security Agent may refrain from enforcing the Collateral unless instructed otherwise by the Senior Secured Note Creditors, Senior Lenders and Hedge Counterparties whose senior secured credit participations at that time aggregate more than 50% of the total senior secured credit participations at that time (the "**Instructing Group**"). The Security Agent and the Security SPV are both entitled to rely on and comply with instructions given, or deemed to be given. No Secured Party (as that term is defined in the Intercreditor Agreement) shall have any independent power to enforce, or to have recourse to, any Transaction Security or to exercise any rights or powers arising under the Transaction Security Documents except through the Security Agent, provided that in respect of the South African Collateral, the Security SPV will, acting on the instructions of the Security Agent, take such actions.

Release of the Guarantees and the Security—Non-distressed disposal

In circumstances in which a disposal to a person is permitted or not prohibited under the relevant financing documents and is *not* being effected:

(a) at the request of the Instructing Group in circumstances in which the security has become enforceable in accordance with relevant debt documents,

(b) by the enforcement of security in accordance with relevant debt documents, or

(c) after an acceleration event in respect of the Senior Secured Liabilities has occurred ((b) and (c), a "**Distress Event**" and a disposal in the circumstances of (a), (b) or (c), a "**Distressed Disposal**"),

the Intercreditor Agreement will provide that the Security Agent is authorized to release the security interests over that asset and, if the relevant asset consists of shares in the capital of a Debtor, to release the security interests and any other claim relating to the Senior Secured Liabilities over the assets of that Debtor and the shares in and assets of any of its subsidiaries and, to execute and deliver or enter into any release of the security or any claim in respect of the foregoing and issue any certificates or like required letter or any consent in dealing with such release, provided that, in each case, the release of security interests will only be effective upon the making of the disposal.

Release of the Guarantees and the Security—Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent (and the Security SPV, acting on the instructions of the Security Agent) is authorized:

(a) to release the security interests, or any other claim over the relevant asset and execute and deliver or enter into any release of that asset or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing;

(b) if the asset that is disposed of consists of shares in the capital of a Debtor, to release that Debtor and any subsidiary of that Debtor from all or any part of the liabilities under the Senior Secured Documents and certain other liabilities, security granted by that Debtor (or any subsidiary of that Debtor) or any Intra-Group Liabilities, Senior Secured Proceeds Loan Liabilities or Subordinated Liabilities;

(c) if the asset that is disposed of consists of shares in the capital of a holding company of a Debtor, to release that holding company and any subsidiary of that holding company from all or any part of the liabilities under the Senior Secured Documents and certain other liabilities, security granted by that holding company (or any subsidiary of that holding company) or any Intra-Group Liabilities, Senior Secured Proceeds Loan Liabilities or Subordinated Liabilities;

(d) if the asset that is disposed of consists of shares in the capital of a Debtor (or a holding company of a Debtor) and the disposal is on the basis that the transferee will not be treated as a Senior Lender, Hedge Counterparty, Senior Secured Noteholder or Senior Secured Notes Trustee (each a "**Senior Secured Creditor**") or secured party under the Intercreditor Agreement, to dispose of all or any part of the liabilities of such Debtor (or holding company or any subsidiary of such Debtor or holding company) under the Senior Secured Documents and certain other liabilities owed by such Debtor (or holding company or any subsidiary of such Debtor); and

(e) if the asset that is disposed of consists of shares in the capital of a Debtor (or a holding company of a Debtor) and the disposal is on the basis that the transferee will be treated as a Senior Secured Creditor and secured party under the Intercreditor Agreement, to dispose of all or part of the liabilities of such Debtor (or holding company of a Debtor or subsidiary of such Debtor) under the Senior Secured Debt Documents and certain other liabilities owed by that Debtor or holding company or any subsidiary of that holding company.

The net proceeds from each Distressed Disposal (and any disposal of liabilities pursuant to (d) above) shall be paid to the Security Agent for application in accordance with the provisions described under "—*Application of Proceeds*" as if those proceeds were an enforcement of the security. If a Distressed Disposal is being effected such that borrowing liabilities, guarantee liabilities or security will be released, it is a further condition to such release that the Security Agent (or the Security SPV as the case may be) shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of Liability in order to achieve a higher price and shall in any event not be liable to any party for the actual price obtained).

Release of Unrestricted Subsidiaries

If a member of the Group is designated as an Unrestricted Subsidiary in accordance with the terms of (and as defined in) each of the Senior Secured Documents, the Security Agent is authorized and obliged to release the security interests, or any other claim over the relevant asset and execute and deliver or enter into any release of that asset or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing (to the extent also permitted to do so under the Senior Finance Documents).

Turnover

The Intercreditor Agreement will provide that if any Creditor receives or recovers any payments or proceeds which are not permitted under the terms thereof or not permitted in respect of liabilities owed to such Creditor after a Distress Event, as a result of litigation or proceedings against a member of the Group or by way of set-off or the proceeds of the enforcement of any security, in each case, except in accordance with the order described under "—*Application of Proceeds*" it shall:

(a) in relation to receipts or recoveries not received or recovered by way of set-off (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such Creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement will provide that amounts received from the realization or enforcement of all or any part of the security or other amounts paid to the Security Agent or the Security SPV (which shall promptly pay such amounts to the Security Agent) for application as described below will be applied in the following order of priority:

(a) *first,* in discharging any sums owing to the Senior Agent (in respect of the liabilities owed to the Senior Agent), Security Agent, any receiver or any delegate and any Senior Secured Notes Trustee Amounts on a *pari passu* basis;

(b) *second,* in payment of all costs and expenses incurred by any Senior Agent, any Senior Secured Notes Trustee, the Security Agent or Senior Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) *third*, in payment or distribution to the Senior Agent on its own behalf and on behalf of the Senior Arrangers and the Senior Lenders, each Senior Secured Notes Trustee on its own behalf and on behalf of the other Senior Secured Note Creditors and the Hedge Counterparties for application towards the discharge of (i) the liabilities owed to any Senior Arranger and the Senior Lender Liabilities, (ii) the Senior Secured Notes Liabilities and (iii) the Hedging Liabilities, on a *pro rata* basis ranking *pari passu* between items (i) through (iii) above; and

(d) *fourth*, in payment of the balance (if any) to the relevant Debtor.

Option to Purchase

After a Distress Event, by giving not less than ten days' notice to the Security Agent, all the Senior Secured Note Creditors (acting as a whole) will have the right (subject to certain conditions) to require the transfer to them (or a nominee), all, but not part of the rights, benefits and obligations in respect of the Senior Lender Liabilities.

Any such purchase will be on terms that will include, without limitation, (i) the Senior Agent, on behalf of the Senior Lenders, is paid an amount equal to (A) the aggregate of all of the Senior Lender Liabilities at that time (whether or not due) including all amounts that would have been payable under the New Senior Facilities Agreement if the Senior Facilities were being prepaid by the relevant Debtors on the date of that payment and (B) all costs and expenses (including legal fees) incurred by the Senior Agent and/or the Senior Lenders and/or the Security Agent as a consequence of giving effect to that transfer (ii) the Senior Lenders have no further actual or contingent liability to a Debtor under the relevant documents; (iii) an indemnity is provided from each Senior Secured Note Creditor (other than the Trustee) or from another acceptable third party and (iv) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders. The Senior Secured Note Creditors may only require a transfer of Senior Lender Liabilities if at the same time they require a transfer of Hedging Liabilities in accordance with the terms of the Intercreditor Agreement and such transfer can be effected.

Consents, Amendments and Override

In addition to customary minor, technical or administrative matter amendments by the Issuer, the Security Agent, the Security SPV, the Senior Agent and the Trustee, the Intercreditor Agreement will provide that it may be amended only with the consent of the Senior Agent, the requisite number of Senior Lenders under the Senior Facilities, the relevant Senior Secured Notes Trustee(s), the Company and the Security Agent (save for amendments expressly permitted to be made under the relevant Senior Secured Documents without such consent and subject to customary exceptions, disenfranchisement and snooze/lose provisions) unless it is an amendment, waiver or consent that has the effect of changing or that relates to: (i) any amendment to the order of priority or subordination set forth in the Intercreditor Agreement; or (ii) any amendment to the application of proceeds, redistribution, amendment provisions or certain provisions relating to the instructions of the Security Agent and the Security SPV set forth in the Intercreditor Agreement, which shall not be made without the consent of:

(a) the Security Agent;

(b) the Security SPV;

(c) the Senior Agent (acting for itself and on behalf of all of the Senior Lenders);

(d) each Senior Secured Notes Trustee (acting for itself and on behalf of the relevant series of the Senior Secured Noteholders);

(e) each Hedge Counterparty (to the extent such amendment or waiver would adversely affect the rights of such Hedge Counterparty); and

(f) the Company.

Subject to the paragraphs above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of that party.

Additional and/or Refinancing Debt

In the event that any Debtor incurs any additional indebtedness, or refinances existing indebtedness, that is permitted to be designated as a Senior Secured Liability under the terms of the Senior Secured Documents and is entitled to be secured by the Collateral, the liabilities in respect of such additional Senior Secured Liabilities, as the case may be, will share in the proceeds of any enforcement of Collateral on a pro rata basis with the applicable group of Creditors, provided that such Creditor accedes to the Intercreditor Agreement (if not already a party thereto).

Governing Law

The Intercreditor Agreement is governed by English law.

THE EXISTING SENIOR SECURED NOTES

See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Resources—Financial Obligations*."

THE EXISTING REVOLVING CREDIT FACILITY

See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Resources—Financial Obligations*."

STANBIC ZAMBIA FACILITIES

See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Resources—Financial Obligations*."

DESCRIPTION OF THE NOTES

In a private transaction that is not subject to the registration requirements of the US Securities Act of 1933, as amended (the "*US Securities Act*"), Liquid Telecommunications Financing plc, a public company limited by shares incorporated under the laws of England and Wales, having its registered office at 9th Floor, 6 New Street Square, London EC4A 3BF, United Kingdom (the "*Issuer*"), will issue US$620.0 million in aggregate principal amount of 5 ½% Senior Secured Notes due 2026 (the "*Notes*") under an indenture (the "*Indenture*") between, among others, the Issuer, Liquid Telecommunications Holdings Limited, a private company limited by shares incorporated under the laws of the Republic of Mauritius, with company registration number C068355 C2/GBL (the "*Company*", and, together with its consolidated Subsidiaries, the "*Group*"), certain subsidiaries of the Company that guarantee the Notes, (the "*Subsidiary Guarantors*" and, together with the Company, the "*Guarantors*"), BNY Mellon Corporate Trustee Services Limited, as trustee (the "*Trustee*"), and The Standard Bank of South Africa Limited, as security agent (the "*Security Agent*"). Unless the context requires otherwise, references in this Description of Notes to the Notes include the Notes and any additional Notes (the "*Additional Notes*") having identical terms and conditions to the Notes that are issued under the Indenture on the Issue Date. The terms of the Notes include those set forth in the Indenture. The Indenture is not required to be, nor will it be, qualified under the US Trust Indenture Act of 1939, as amended.

The net proceeds of the offering of the Notes (the "*Offering*") sold on the Issue Date will be used to redeem in full the Issuer's 8½% Senior Secured Notes due 2022 currently outstanding in an aggregate principal amount of US$730,000,000 and to refinance certain other existing indebtedness of the Company and its Subsidiaries as set forth in this Offering Memorandum under the caption "*Use of Proceeds*" and for general corporate purposes. Prior to the Issue Date, the Company and Liquid Telecommunications South Africa Proprietary Limited will enter into a senior facilities agreement (the "*Senior Facilities Agreement*") with, among others, J.P. Morgan Securities plc, The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) and Standard Chartered Bank as mandated lead arrangers, and The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) as agent and the Security Agent providing for (a) a senior secured revolving credit facility providing for borrowings of up to US$60,000,000 (the "*Senior Revolving Credit Facility*") and (b) senior term loan facilities comprising an amortizing term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000 and a bullet repayment term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000 (the "*Senior Term Loan Facilities*" and, together with the Senior Revolving Credit Facility, the "*Senior Facilities*").

The following description is a summary of the material provisions of the Indenture, the Notes, the Note Guarantees and the Security Documents and refers to the Intercreditor Agreement. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the forms of Notes, the Note Guarantees, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Notes, the Security Documents and the Intercreditor Agreement will be available as set forth below under "—*Additional Information*".

Certain defined terms used in this description but not defined below under "—*Certain Definitions*" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—*Certain Definitions*". In this description, the term "*Issuer*" refers only to Liquid Telecommunications Financing plc and its successors and not to any of its Subsidiaries and the term "*Company*" refers only to Liquid Telecommunications Holding Limited and its successors and not to any of its Subsidiaries. References to "first-priority" security interests include security interests that were created second in time and thus in ranking but are contractually *pari passu* first-priority and entitled to equal treatment with other first-priority secured creditors by virtue of the Intercreditor Agreement.

The Notes will be issued in registered form. The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes, the Note Guarantees and the SPV Guarantee

The Notes

The Notes:

- will be general senior obligations of the Issuer;
- will be secured on a first-priority basis directly by the Global Collateral (as defined below) and indirectly by the South African Collateral (as defined below) (in each case, subject to certain perfection requirements, any Permitted Collateral Liens and limitations under applicable law), equally and ratably with the Issuer's obligations under the Senior Facilities, as described under "*—Security*";
- will rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- will rank senior in right of payment to all future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes, if any;
- will be effectively senior to all existing and any future unsecured Indebtedness of the Issuer to the extent of the value of the Collateral (as defined below);
- will be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- will be structurally subordinated to all obligations of the Issuer's Subsidiaries that are not Guarantors, including the obligations under the Stanbic Zambia Facilities;
- will be unconditionally guaranteed by the Company and the Subsidiary Guarantors (subject to limitations under applicable law and certain contractual limitations as described below under "*—Note Guarantees and SPV Guarantee*"); and
- will be initially guaranteed on a limited recourse basis by Main Street 1805 Proprietary Limited (registration number 2020/614575/07) (the "*Security SPV*"), which guarantee will, in turn, be initially supported by the Counter-Indemnity Agreement (as defined below) secured (subject to certain perfection requirements, any Permitted Collateral Liens and limitations under applicable law) by Liens over the South African Collateral, as described below under "*—Security—Security SPV*."

The Note Guarantees and the SPV Guarantee

The Notes will be guaranteed by the Guarantors. The Note Guarantee of the Company and each Subsidiary Guarantor:

- will be a general senior obligation of the Company and each Subsidiary Guarantor, as applicable;
- will be secured, directly or indirectly, on a first-priority basis by the Collateral (subject to certain perfection requirements, Permitted Collateral Liens and limitations under applicable law), equally and ratably with the Guarantors' obligations under the Senior Facilities, as described under "*—Security*";
- will rank *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to that Note Guarantee, including such Guarantor's obligations under the Senior Facilities;
- will rank senior in right of payment to all future Indebtedness of such Guarantor that is expressly subordinated in right of payment to that Note Guarantee, if any;
- will be effectively senior to all existing and any future unsecured Indebtedness of such Guarantor to the extent of the value of the Collateral securing such Note Guarantee either directly or indirectly;

- will be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and

- will be structurally subordinated to all obligations of such Guarantor's Subsidiaries that are not Guarantors.

In order to provide the indirect security interests in the South African Collateral, the Security SPV will enter into a first-priority limited recourse South African law guarantee for the benefit of the holders of the Notes and in favor of the lenders under the Senior Facilities (the "*SPV Guarantee*"). The SPV Guarantee will guarantee the obligations of the Issuer and the Guarantors under the Notes and the borrowers and guarantors under the Senior Facilities, as well as any other secured obligations under the Intercreditor Agreement. Subject to the enforcement provisions in the Indenture, neither the Trustee nor the Security Agent will be entitled to take any direct enforcement action with respect to the South African Collateral other than pursuant to the provisions of the SPV Guarantee and Counter-Indemnity Agreement. The SPV Guarantee will be an unsecured obligation of the Security SPV supported by the Counter-Indemnity Agreement (as defined below). The obligations of the Company and the South African Subsidiary Guarantors under the Counter-Indemnity Agreement will be secured (after giving effect to the Transactions) by Liens over the South African Collateral, as described below under "*—Security—Security SPV*."

The Security SPV and the South African Subsidiary Guarantors will enter into first-priority limited recourse South African law guarantees for the benefit of the holders of the Notes and in favor of the lenders under the Senior Facilities. Under the current SARB approval, the SPV Guarantee and other relevant obligations of the South African Subsidiary Guarantors as they relate to the Notes, envisage $600 million principal amount of Notes. The South African Subsidiary Guarantors are in the process of filing an application with SARB to increase the amount of the SPV Guarantee, and other relevant obligations of the South African Subsidiary Guarantors as they relate to the Notes under the transaction documents, to a principal amount of $620 million of Notes. Upon receipt of such approval, the SPV Guarantee, and other relevant obligations of the South African Subsidiary Guarantors, as they relates to the Notes, will stand enhanced to the full $620 million of principal amount of Notes.

As of the Issue Date, not all Subsidiaries of the Company will guarantee the Notes. In the event of a bankruptcy, liquidation, reorganization or commencement of business rescue proceedings of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or the Guarantors. As of and for the year ended February 29, 2020, the Guarantors represented (i) 94.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 90.7% of our net assets, after adjusting for intercompany payables and receivables. As of and for the nine months ended November 30, 2020, the Guarantors represented (i) 76.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) over 84.9% of our net assets, after adjusting for intercompany payables and receivables.

The Issuer is a finance company and the only Subsidiary of the Issuer as of the Issue Date will be Liquid Telecommunications Investments Limited ("*LTIL*"). From the Issue Date, the only significant assets of the Issuer will be the Capital Stock of LTIL and LTIL itself has no significant assets and does not carry out any material activities.

The Issuer and each of the Guarantors will also guarantee the Senior Facilities on a senior secured basis, *pari passu* with the Notes and the Note Guarantees, as applicable.

As of the Issue Date, all of the Company's Subsidiaries will be "*Restricted Subsidiaries*" for the purposes of the Indenture. However, under the circumstances described below under the caption "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*", the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer) as "*Unrestricted Subsidiaries*". The Company's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue US$620.0 million in aggregate principal amount of Notes. The Issuer may issue Additional Notes under the Indenture from time to time after the Issue Date. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture, including the covenant described below under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*". The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture; *provided, however*, that Additional Notes will be issued under a separate CUSIP, ISIN or other applicable identifying number unless such Additional Notes are fungible with the Notes for US federal income tax purposes. The Issuer will issue Notes in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will mature on March 4, 2026.

Interest on the Notes will accrue at the rate of 5 ½% per annum. Interest on the Notes will be payable semi-annually in arrears on March 4 and September 4, commencing on September 4, 2021. The Issuer is required to make each interest payment to the holders of record on the immediately preceding February 17 and August 20, respectively.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months. Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

Paying and Transfer Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in the City of London. The initial Paying Agent will be The Bank of New York Mellon, London Branch (the "*Paying Agent*" or "*Principal Paying Agent*").

The Issuer will also maintain a registrar (the "*Registrar*") and one or more transfer agents (each, a "*Transfer Agent*"). The initial Registrar will be The Bank of New York Mellon SA/NV, Dublin Branch and the initial Transfer Agent will be The Bank of New York Mellon, London Branch. The Registrar will maintain a register reflecting ownership of the Notes in the form of Global Notes (as defined below) and definitive registered notes (the "*Definitive Registered Notes*") outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer.

The Registrar will send a copy of the register to the Issuer on the Issue Date and after any change to the register made by the Registrar, with such copy to be held by the Issuer at its registered office.

The Issuer may change the Paying Agent, the Registrar or the Transfer Agent without prior written notice to the holders. For so long as the Notes are listed on the Official List of Irish Stock Exchange plc trading as Euronext Dublin ("*Euronext Dublin*") and admitted to trading on the Global Exchange Market and the rules of Euronext Dublin so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Ireland (which is expected to be the Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of Euronext Dublin (*www.ise.ie*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the US Securities Act ("*Rule 144A*") will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Note*"), and Notes sold outside the United States in reliance on Regulation S under the US Securities Act ("*Regulation S*") will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Note*" and, together with the 144A Global Note, the "*Global Notes*").

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with DTC, Euroclear or Clearstream or Persons that may hold interests through direct or indirect participants therein. Ownership of Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*". In addition, transfers of Book-Entry Interests between participants in DTC, Euroclear or Clearstream will be effected by DTC, Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants.

Book-Entry Interests in a 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Regulation S Global Note only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Book-Entry Interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Rule 144A Global Note only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*".

Subject to the restrictions on transfer referred to above, Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, none of the Issuer, the Transfer Agent or the Registrar are required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Issuer, the Trustee, the Transfer Agent, the Registrar and the Paying Agent will treat the registered holder of a Note as the owner of it for all purposes.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any of the Guarantors under or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, interest or premium, the Issuer or the relevant

Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each holder or beneficial owner of the Notes after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any actual or deemed (pursuant to applicable Tax law of the relevant Tax Jurisdiction) present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including, without limitation, being or having been a citizen, resident or national of such jurisdiction or being or having been present or engaged in a trade or business threin or having had a permenant establishment therein for Tax purposes), other than acquisition or the holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(3) any estate, inheritance, gift, sales, personal property, transfer or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(5) any Taxes, to the extent such Taxes were imposed or withheld by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Issuer addressed to the holder or beneficial owner and made at least 60 days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(6) any Taxes imposed on or with respect to any payment by the Issuer or the relevant Guarantor to the holder if such holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such beneficial owner been the sole holder of such Note;

(7) any Taxes, to the extent such Taxes were imposed pursuant to Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law, regulation or other official guidance implementing an intergovernmental approach thereto; or

(8) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the (i) execution, delivery, issuance, or registration of, or payment with respect to, any of the Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein (other than on or in connection with a transfer of the Notes that is not part of the initial resale of the Notes by the Initial Purchasers and, in the case of Taxes attributable to payments with respect to the Notes, other than Taxes that are excluded under clauses (1) through (3) and (5) through (8) above) or (ii) enforcement of any of the Notes or any Note Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee (copied to the Paying Agent) on a date that is at least 10 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee reasonably promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information necessary to enable the Paying Agent to pay such Additional Amounts to holders on the relevant payment date. The Issuer and the relevant Guarantor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee to the holders and beneficial owners of the Notes.

Whenever in the Indenture or in this Description of Notes there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, organized, engaged in business for tax purposes, or otherwise resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Note Guarantees and SPV Guarantee

The Notes will be guaranteed by the Guarantors. On the Issue Date, the Guarantors will consist of the (i) the Company, (ii) Liquid Telecommunications Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Operations Limited and Liquid Telecommunications Zambia Limited (collectively, the "*Non-South African Subsidiary Guarantors*"); and (iii) Liquid Telecommunications Holdings South Africa Proprietary Ltd and Liquid Telecommunications South Africa Proprietary Limited (collectively, the "*South African Subsidiary Guarantors*" and, together with the Non-South African Subsidiary Guarantors, the "*Subsidiary Guarantors*").

The Note Guarantees of the Guarantors will be joint and several obligations of the Guarantors and will be full and unconditional guarantees of the Issuer's obligations under the Notes, subject to the contractual limitations discussed below. The Note Guarantees will rank *pari passu* with the Guarantors' guarantee of the Senior Facilities.

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law or conditions to regulatory consent with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal or regulatory restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Certain Insolvency and Enforceability Considerations.*"

The SPV Guarantee will be a stand-alone obligation of the Security SPV, with recourse thereon limited to payments and assets made available from the Company and the South African Subsidiary Guarantors pursuant to the Counter-Indemnity Agreement.

Release of the Note Guarantees

A Note Guarantee of a Subsidiary Guarantor will be automatically released and discharged without any further action by the Issuer, the relevant Subsidiary Guarantor or the Trustee and such Guarantor's obligations under the Note Guarantee and the Indenture will terminate and be of no further force and effect:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sales" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor (or Capital Stock of any Parent Holdco of such Subsidiary Guarantor) (other than the Company or the Issuer) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sales" provisions of the Indenture and the Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) pursuant to an enforcement action taken in accordance with the Intercreditor Agreement as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" or any Additional Intercreditor Agreement;

(5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge*";

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer or the relevant Guarantor under the Indenture and the Notes;

(7) as described under the caption *"—Amendment, Supplement and Waiver*";

(8) with respect to an additional Note Guarantee given under the covenant captioned "—Certain Covenants—Additional Guarantees", upon release of the guarantee that gave rise to the requirement to issue such additional guarantee so long as no Default or Event of Default would arise as a result thereof and no other Indebtedness that would give rise to an obligation to give an additional Note Guarantee is at that time guaranteed by the relevant Subsidiary Guarantor; and

(9) as a result of a transaction permitted by *"—Certain Covenants—Merger, Consolidation or Sale of Assets*".

The Note Guarantees of the Company will be released in the circumstances described in clauses (4), (5), (6), (7) and (9).

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above and upon the Company's delivery to the Trustee of an Officer's Certificate certifying compliance with the applicable provisions, the Trustee, subject to receipt of certain documents from the Issuer and/or Guarantor will execute any documents reasonably requested in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. None of the Issuer, the Trustee or any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Security

General

The Notes and the Note Guarantees of the Company and the Non-South African Subsidiary Guarantors will be initially secured by first-priority Liens over certain assets located outside of South Africa (the "*Global Collateral*"). The Notes and the Note Guarantees of the Company and the South African Subsidiary Guarantors will initially be secured by indirect security interests over certain assets located in South Africa by virtue of arrangements through the Security SPV (the "*South African Collateral*" and, together with the Global Collateral, the "*Collateral*"). See "*—Security SPV*." Subject to the terms of the Indenture and the Intercreditor Agreement, certain other Indebtedness will be permitted to be secured by the Collateral now and in the future.

The Global Collateral will be granted on the Issue Date pursuant to the Security Documents in favor of the Security Agent on behalf of the creditors of the Secured Obligations (as defined in the Intercreditor Agreement). The Global Collateral will include as of the Issue Date the following properties and assets, which will be secured on a first-ranking basis:

(1) English law share charge in respect of the shares owned by the Company in the Issuer and Liquid Telecommunications Limited;

(2) English law security assignment agreement in respect of the Company's present and future rights, title and interest in certain inter-group agreements owing by any member of the Group and related rights;

(3) Mauritian law share pledge in respect of the shares owned by the Company in Liquid Telecommunications Operations Limited;

(4) Mauritian law floating charge over the present and future, movable and immovable, corporeal and incorporeal properties of the Company;

(5) Mauritian law floating charge over the present and future, movable and immovable, corporeal and incorporeal properties of Liquid Telecommunications Operations Limited (together with (4) and (5), the "*Mauritius Security*");

(6) Kenyan law Memorandum of Deposit in respect of the shares in Liquid Telecommunications Kenya Limited;

(7) Zambian law share charge in respect of the shares owned by the Company and Liquid Telecommunications Operations Limited in Liquid Telecommunications Zambia Limited;

(8) Zambian law security assignment agreement in respect of the Company's and Liquid Telecommunications Operations Limited's present and future rights, title and interest in the receivables owed to Liquid Telecommunications Zambia Limited; and

(9) Zambian law floating charge entered into by Liquid Telecommunications Zambia Limited over the present and future assets of Liquid Telecommunications Zambia Limited.

The South African Collateral will be granted on the Issue Date pursuant to the Security Documents to the Security SPV to secure the obligations of the Company and the South African Subsidiary Guarantors under the Counter-Indemnity Agreement, which Security SPV will enforce under such Security Documents under the exclusive direction of the Security Agent. The South African Collateral will include as of the Issue Date the following properties and assets, which will be secured on a first-ranking basis:

(1) South African law pledge and cession over the shares and shareholder loan claims owned by the Company in Liquid Telecommunications Holdings South Africa (Pty) Ltd;

(2) South African pledge and cession over all shares, securities and other ownership interests, all debt claims, all present and future claims (including trade debtors), investments, bank accounts, intellectual property rights, all insurances and other rights, of Liquid Telecommunications South Africa Proprietary Limited;

(3) South African pledge and cession over certain shares, securities and other ownership interests, all debt claims, all present and future claims (including trade debtors), investments, bank accounts and other rights of Liquid Telecommunications Holdings South Africa (Pty) Ltd; and

(4) South African deed of hypothecation over trademarks, a first-ranking mortgage bond over all immovable property, a first-ranking special notarial bond over certain movable assets and a general

notarial bond over all movable assets of Liquid Telecommunications South Africa Proprietary Limited.

The Collateral will be contractually limited to reflect limitations under applicable law or conditions applicable to regulatory consents with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal or regulatory restrictions applicable to the security providers and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Certain Insolvency and Enforceability Considerations.*"

Under the Indenture, the Company and the Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future which may share in the Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Notes. The amount of such Permitted Collateral Liens will be limited by the covenants described under the captions "*—Certain Covenants—Liens*" and "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*." Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

On the Issue Date, the obligations under the Notes and the Senior Facilities will be secured equally and ratably by first-priority Liens over the Global Collateral and will be indirectly secured equally and ratably by the South African Collateral. Any proceeds received upon any enforcement action over any Collateral will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes, the Senior Facilities, and any other Indebtedness or Obligations permitted to be incurred and secured on a *pari passu* basis with the Notes and Note Guarantees pursuant to the Indenture and the Intercreditor Agreement.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes and creditors of any other Indebtedness of the Company and its Restricted Subsidiaries. No appraisals of the Collateral have been made in connection with the Offering. By its nature, some or all of the Collateral is illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes and the Guarantees—Not all of our subsidiaries will guarantee the Notes and the Notes and the Guarantees will be structurally subordinated to all claims of creditors of those subsidiaries that do not guarantee the Notes.*"

Security SPV

The Security SPV is a special purpose company incorporated under the laws of the Republic of South Africa. The Security SPV will enter into the Intercreditor Agreement governing, among other things, the enforcement of security interests in the South African Collateral. The Intercreditor Agreement will provide that the Security Agent, acting upon instructions as set out therein has the exclusive authority to direct and instruct the Security SPV as to the enforcement of the security interests in the South African Collateral and as to the release of any security interests in the South African Collateral.

The Security SPV will enter into the SPV Guarantee with the Security Agent (on behalf of the Trustee and the lenders under the Senior Facilities). See "*—Note Guarantees*." The Company and the South African Subsidiary Guarantors will indemnify, pursuant to a counter-indemnity agreement (the "*Counter-Indemnity Agreement*"), the Security SPV in respect of any amounts payable by the Security SPV under the SPV Guarantee. The obligations of the Company and the South African Subsidiary Guarantors under the Counter-Indemnity Agreement will be secured by first-ranking security interests in the South African Collateral. Pursuant to the Counter-Indemnity Agreement and the security documents entered into in respect thereto, the Security SPV will be entitled to enforce the security interests in respect of the South African Collateral if it receives instructions from the Security Agent. The Security SPV has no assets or operations, other than those related to the granting of the SPV Guarantee and the entry into the Counter-Indemnity Agreement, and will only be liable to make payments under the SPV Guarantee to the extent it is able to enforce upon the security interests granted.

The SPV Guarantee and the Counter-Indemnity Agreement will each be governed by South African law.

Security Documents

The Issuer, the Guarantors, the other security providers, the Security SPV and the Security Agent will, as applicable, enter into Security Documents defining the terms of the Liens that secure the Notes, the Note Guarantees, the Counter-Indemnity Agreement and the other secured obligations that will be secured by the Collateral. Subject to the terms of, and limitations under, the Security Documents, these Liens will secure the payment and performance when due of all of the obligations of the Issuer and the Guarantors under the Notes, the Indenture, the Note Guarantees, the Security Documents and the Counter-Indemnity Agreement.

The Security Documents will, as described under the caption "*Description of Certain Financing Arrangements—Intercreditor Agreement,*" permit the Trustee and/or the agent for the Senior Facilities to instruct the Security Agent to take enforcement action under the Security Documents (following the occurrence of an event of default under such Indebtedness, such Indebtedness being declared due and payable and the Trustee having received the requisite approval or consent of the holders of such Indebtedness and the satisfaction of certain other conditions).

There is some uncertainty under the laws of certain jurisdictions, as to whether trusts, including the security trust created pursuant to the Intercreditor Agreement, will be recognized and enforceable. To address this uncertainty about the enforceability of such trusts, a direct covenant to pay (the "*Parallel Debt*") will be granted to the Security Agent by each debtor under the Intercreditor Agreement, including each Guarantor of the Notes and provider of security therefore. The Parallel Debt provision allows the Security Agent to act in its capacity as creditor of a parallel debt. The Parallel Debt provisions constitute a secured obligation for purposes of each Security Document securing the Notes and the other indebtedness secured subject to the Intercreditor Agreement. See "*Risk Factors—Risks Related to Our Structure—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the relevant Notes. The Security Agent also has the benefit of a direct covenant to pay, or* "*parallel debt,*" *from each debtor who is a party to the Intercreditor Agreement, including each Guarantor. The ability of the Security Agent to enforce security interests over the Collateral may be restricted by applicable local laws*."

Subject to the terms of the Indenture and the Security Documents, the Issuer, the Guarantors and the other security providers will have the right to remain in possession and retain exclusive control of the Collateral, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the holders and the Security SPV will enter into the Security Documents in its own name. Each holder, by accepting a Note, appoints the Security Agent as its agent under the Security Documents and authorizes it to act as such. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders of the Notes may only act through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture without requiring any consent of the holders of the Notes or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and opinion of counsel, each certifying which circumstance, as described above, giving rise to a release of the security interests has occurred, and that such release complies with the Indenture.

References herein to the enforcement or release of the Security Documents by the Security Agent encompass the Security Agent's instructing the Security SPV to enforce or release on the Security Documents and enforcement under the SPV Guarantee, in each case pursuant to the terms of the Intercreditor Agreement.

Release

The Issuer and the Guarantors will be entitled to the release of the Liens over the property and other assets constituting Collateral under any one or more of the following circumstances:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets constituting Collateral (other than a Lien on the Equity Interests of the Issuer) (i) to a Person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset Sales" provisions of the Indenture or (ii) if such assets become subject to an equivalent Lien in favor of the Security Agent for the benefit of the holders of the Notes or in favor of the Security SPV to secure the Counter-Indemnity Agreement concurrent with such sale, assignment, transfer, conveyance or other disposition; provided that such sale, assignment, transfer, conveyance or other disposition of such property or assets is not prohibited by the Indenture;

(2) in the case of a Subsidiary Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets of such Guarantor;

(3) if the Company designates any of its Restricted Subsidiaries (other than the Issuer) to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions *"—Legal Defeasance and Covenant Defeasance*" and *"—Satisfaction and Discharge*;"

(5) pursuant to an enforcement action taken in accordance with the Intercreditor Agreement as described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*;"

(6) upon the full and final payment of the Notes and performance of all Obligations of the Issuer or the Guarantors, as applicable, under the Indenture and the Notes;

(7) as described in the second paragraph under the caption *"—Certain Covenants—Limitation on Liens;*"

(8) as described under the caption *"—Amendment, Supplement and Waiver*;" and

(9) in accordance with "Certain Covenants—No Impairment of Security Interest."

In addition to the foregoing, the SPV Guarantee maybe released in accordance with clauses (4), (5), (6), (8) or (9).

Intercreditor Agreement

To establish the relative rights of certain creditors of the Issuer and the Guarantors under certain financing arrangements, including, without limitation, the Notes, the Indenture and the Senior Facilities, the Issuer, the Guarantors, the Trustee, the agent under the Senior Facilities, the Security SPV and the Security Agent will enter into the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement and subject to certain exceptions, any proceeds received upon any enforcement action over any Collateral will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes, the Senior Facilities and any Indebtedness or Obligations permitted to be incurred and secured on a *pari passu* basis with the Notes and Note Guarantees pursuant to the Indenture and the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

Subject to the provisions of the Indenture, the Company and its Restricted Subsidiaries may be able to incur significant amounts of additional Indebtedness in the future that may rank senior to the Notes and the Note Guarantees and be secured by security interests in the assets of the Company and its Restricted Subsidiaries that do not constitute Collateral, all of which would effectively rank senior to the Notes and the Note Guarantees.

The holders of the Notes and the Trustee have, and by accepting a Note, each holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. The holders of the Notes and the Trustee have, and by accepting a Note, each holder will be deemed to have, authorized the Security Agent to (a) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, together with any other incidental rights, power and discretions; and (b) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf, including, as to both (a) and (b), such actions performed indirectly through directing the actions of the Security SPV.

Optional Redemption

At any time prior to March 4, 2023, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 10 nor more than 60 days' prior written notice to the holders, at a redemption price equal to 105.500% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of (i) any Public Equity Offering of the Company or (ii) any Equity Offering of any Parent Holdco of the Company, in the case of (i) and (ii) to the extent the proceeds from such Equity Offering are contributed to the Company's common equity capital or are paid to the Company as consideration for the issuance of ordinary shares of the Company or as Subordinated Shareholder Debt; *provided that*:

(1) at least 60% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to March 4, 2023, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' prior written notice to the holders, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—*Redemption for Changes in Taxes*", or "—*Repurchase at the Option of Holders*—*Change of Control*", the Notes will not be redeemable at the Issuer's option prior to March 4, 2023.

On or after March 4, 2023, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 10 nor more than 60 days' prior written notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed on or after the dates indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Date	**Redemption Price**
Commencing March 4, 2023	102.750%
Commencing March 4, 2024	101.375%
Commencing March 4, 2025 and thereafter	100.00%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, without limitation, the incurrence of Indebtedness the proceeds of which will be used to redeem the Notes). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

Notwithstanding the foregoing, in connection with any tender offer for the Notes (including the Change of Control Offer) at a price of at least 100.000% of the principal amount of the Notes tendered, plus accrued and unpaid interest thereon to, but excluding, the applicable tender settlement date, if holders of the Notes of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such holders, the Issuer or (with the approval of the Issuer) such third-party will have the right upon not less than 10 nor more than 60 days' notice, given not more than 30 days following such tender offer expiration date (as may be extended hereunder), to redeem the Notes that remain outstanding in whole, but not in part following such purchase at a price equal to the price offered to each other holder of the Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior written notice to the holders of the Notes (which notice will be given in accordance with the procedures described in "—*Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax

Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available to it, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment (i) has not been announced, enacted or promulgated prior to and (ii) becomes effective on or after, in each case, the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change becomes announced and effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing clauses (1) and (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the Indenture, the Issuer will deliver to the Trustee and the Principal Paying Agent (a) an Officer's Certificate stating that obligation to pay such Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it; and (b) a written opinion of independent tax counsel to the Issuer of recognized standing qualified under the laws of the relevant Tax Jurisdiction and reasonably satisfactory to the Trustee (the confirmation of which is not to be unreasonably withheld or delayed) to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee and the Principal Paying Agent will accept and shall be entitled to conclusively rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, without liability or further inquiry, in which event it will be conclusive and binding on the holders.

Mandatory Redemption

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of US$1,000; *provided* that Notes of US$200,000 or less may only be redeemed in whole and not in part) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder, with a copy to the Trustee, of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "*—Selection and Notice*", stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with a Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Principal Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it, upon receipt of an authentication order from the Issuer) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control apply whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a "change of control" mandatory prepayment event under the Senior Facilities. In addition, certain events that may constitute a change of control under the Senior Facilities may not constitute a Change of Control under the Indenture. Future Indebtedness (including the Senior Facilities) of the Company and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Accordingly, prior to complying with any of the provisions of this "*Change of Control*" covenant, the Issuer will need to either repay all such Indebtedness or obtain the requisite consents, if any, under all agreements governing such outstanding Indebtedness to permit the repurchase of Notes required by this covenant. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company and its Subsidiaries. Finally, the ability of the Issuer to pay cash to the holders of the Notes, and any other Indebtedness then becoming payable, upon a repurchase may be limited by its then existing financial resources. The Issuer will depend upon the Company and the Restricted Subsidiaries that are the main operating subsidiaries of the Group and, as such, will be subject to their then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Relating to the Notes and the Guarantees—We may not be able to finance a change of control offer and the occurrence of certain important corporate events will not constitute a change of control*" *and* "*Risk Factors—Risks Relating to the Notes and the Guarantors—The Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from other members of the Group to be able to meet their obligations on the Notes and the Guarantees, respectively; not all of our subsidiaries, including certain of the Guarantors, are wholly owned by us.*"

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) an unconditional notice of redemption has been given pursuant to the Indenture as described above under the caption "*—Optional Redemption*", or all conditions to redemption have been satisfied or waived, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market and the rules of Euronext Dublin so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Ireland (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notices on the official website of Euronext Dublin (*www.ise.ie*).

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (determined at the time of contracting such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of (a) cash; (b) Cash Equivalents; or (c) to the extent the Asset Sale is a Permitted Asset Swap. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (3), (5) or (6) of the next paragraph of this covenant;

(d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale;

(e) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary that is cancelled;

(f) accounts receivable of a business retained by the Company or any Restricted Subsidiary, as the case may be, following the sale of such business; and

(g) any Designated Non-Cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sales having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (g) that is at that time outstanding, not to exceed the greater of US$40.0 million or 2.8% of Total Assets of the Company, measured at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from such Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Company or such Restricted Subsidiary) to:

(1) (a) prepay, repay, purchase or redeem any Indebtedness incurred under clauses (1) and (22) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock;" (b) unless included in (1)(a), prepay, repay, purchase or redeem Pari Passu Indebtedness that is secured by a Lien on the Collateral which ranks pari passu with the Liens securing the Notes and the Notes Guarantees, as applicable, at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; provided that the Issuer shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (b) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to all holders of the Notes to purchase their Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to (but not including) the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) (a "Notes Offer") on a pro rata basis with any such Pari Passu Indebtedness, that is Public Debt, so redeemed, repaid or repurchased; (c) with respect to assets of a Restricted Subsidiary that is not the Issuer or a Guarantor, prepay, repay, repurchase or redeem any of its Indebtedness; or (d) prepay, repay, repurchase or redeem any Indebtedness that is secured on any asset which security does not also secure the Notes on a pari passu or senior basis (in each case other than Subordinated Obligations of the Issuer or a Guarantor or Indebtedness owed to the Company or any Restricted Subsidiary);

(2) purchase Notes (a) pursuant to a Notes Offer or (b) pursuant to the "*Optional Redemption*" provisions of the Indenture;

(3) acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(4) make a capital expenditure;

(5) acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business;

(6) invest in any Replacement Assets;

(7) enter into a commitment approved by the Board of Directors or otherwise binding on the Company to apply the Net Proceeds pursuant to clause (3), (4), (5) or (6) of this paragraph; provided that such commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(8) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*". When the aggregate amount of Excess Proceeds exceeds US$30.0 million, within ten Business Days thereof, or at any earlier time at the Issuer's election, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of Notes and may, to the extent the Issuer so elects, make an offer to holders of Pari Passu Indebtedness to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and such other Pari Passu Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to (i) solely in the case of the Notes, 100% of the principal amount, which shall be repurchased in integral multiples of US$1,000; *provided* that Notes of US$200,000 or less may only be redeemed in whole and not in part; and (ii) solely in the case of any other Pari Passu Indebtedness, no greater than 100% of the principal amount, plus, in the case of (i) and (ii), accrued and unpaid interest and, in the case of (i), Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset

Sale Offer, the Company and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Pari Passu Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate principal amount of Notes tendered pursuant to an Asset Sale Offer that is an application of Net Proceeds pursuant to clause (1) of the second paragraph of this covenant exceeds the amount of the Net Proceeds so applied the Trustee or the Registrar, as applicable will select the Notes and such other Pari Passu Indebtedness, if applicable, to be purchased on a *pro rata* basis (or in the manner described under "*—Selection and Notice*"), based on the amounts tendered or required to be prepaid or redeemed in integral multiples of US$1,000; *provided* that Notes of US$200,000 or less may only be redeemed in whole and not in part. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. Neither the Trustee nor the Registrar shall be liable for any selections made by it in accordance with this paragraph.

The Issuer will comply with the requirements of Rule 14e-1 under the US Securities Exchange Act of 1934, as amended (the "*US Exchange Act*") and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sales provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control or Asset Sales provisions of the Indenture by virtue of such compliance.

Selection and Notice

In the event that any Global Note (or any portion thereof) is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book Entry Interests will be equal to the amount received by DTC, Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof).

Under the existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear or Clearstream will credit their respective participants' accounts on a pro rata basis (such as by way of a pool factor), by lot or on such other basis as they deem fair and appropriate and in accordance with the applicable procedures of DTC, Euroclear and Clearstream, subject to certain other conditions. If the Notes are not held through DTC, Euroclear and Clearstream, the Notes will be selected for redemption on a *pro rata* basis, subject to adjustments. Neither the Trustee, the Paying Agent or the Registrar shall be liable for any selections made by it in accordance with this paragraph.

No Notes of US$200,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge pursuant to the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Notes. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global notes held on behalf of DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market and the rules of Euronext Dublin so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Ireland (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, posted on the official website of Euronext Dublin (*www.ise.ie*) and, in connection with any redemption, the Issuer will notify Euronext Dublin of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's Equity Interests or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock or Designated Preference Shares of the Company) and other than dividends or distributions payable to the Company or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Holdco of the Company;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Obligations (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any payment (except through capitalization) on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four consecutive fiscal quarters, have been permitted to incur at least US$1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described below under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7), (8), (10), (11), (12)(b), (13), (14)(ii), (15), (17) and (19) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities or other property received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock, Excluded Contributions and Designated Preference Shares) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock, Designated Preference Shares or debt securities) sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities or other property received by the Company or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period; *plus*

(vi) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock, Designated Preference Shares or Excluded Contributions), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations made in exchange for, or out of the proceeds of a substantially concurrent incurrence of, Permitted Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations:

(i) (a) from Net Proceeds to the extent permitted under the covenant described under the caption "*—Repurchase at Option of Holders—Asset Sales*", but only if the Issuer shall have first complied with the terms described under such covenant and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Obligations and (b) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligations plus accrued and unpaid interest;

(ii) to the extent required by the agreement governing such Subordinated Obligations, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (a) if the Issuer shall have first complied with the terms described under the covenant described under the caption "*—Repurchase at Option of Holders—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Obligations and (b) a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(iii) (a) consisting of Acquired Debt (other than Indebtedness incurred (1) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (2) otherwise in connection with or contemplation of such acquisition) and (b) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligations plus accrued and unpaid interest and any premium required by the terms of any Acquired Debt;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed US$2.0 million per annum (with unused amounts in any calendar year being carried over to the next succeeding two calendar years subject to a maximum unused amount of US$4.0 million in the aggregate); and provided, further, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any Parent Holdco of the Company or any of its Restricted Subsidiaries to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption *"—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(8) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;

(9) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock or Designated Preference Shares); provided that the total aggregate amount of Restricted Payments made under this clause (9) does not exceed US$3.0 million at any one time outstanding;

(10) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or contemplation of a merger, amalgamation, consolidation or transfer of assets that complies with the provisions of the Notes relating to mergers, amalgamations, consolidations or transfers of substantially all of a Guarantor's assets;

(11) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) then entitled to participate in such dividends on a pro rata basis or otherwise in compliance with the terms of the instruments governing such Equity Interests;

(12) dividends, loans, advances or distributions to any Parent Holdco or other payments by the Company or any Restricted Subsidiary in an amount equal to (without duplication) (a) the amounts required to make Permitted Parent Payments; or (b) amounts constituting or to be used for purposes of making payments (i) as disclosed in the Offering Memorandum under the caption "Use of Proceeds" on or after the Issue Date; or (ii) to the extent specified in clauses (1), (4), (5) and (10) of the second paragraph under "*—Transactions with Affiliates*";

(13) Restricted Payments that are made with Excluded Contributions;

(14) so long as no Default or Event of Default has occurred and is continuing, the payment of (i) Management Fees and (ii) the declaration of dividends solely related to payment of Management Fees under the preceding clause (i) to the extent disavowed, foregone or declined and not paid;

(15) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; provided, however, that, the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the net proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Debt to the Company, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the declaration and payment by the Company of, or loans, advances, dividends or distributions to pay, dividends on the Capital Stock of the Company following a Public Equity Offering that results in a Public Market of the Capital Stock of the Company or a Parent Holdco of the Company, in an amount per annum not to exceed the greater of (a) 6.0% of the net cash proceeds received by the Company from such Public Equity Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Debt to the Company; provided, that if such Public Equity Offering was of Capital Stock of a Parent Holdco of the Company, the net proceeds of any such or loans, advances, dividends or distributions are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Holdco; and (b) 6.0% of the Market Capitalization of the Company (or such Parent Holdco of the Company); provided that in the case of clause (b) of this paragraph, after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio of the Company and its Restricted Subsidiaries shall be equal to or less than 3.25 to 1.00;

(17) payment of Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(18) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed the greater of US$35.0 million and 2.3% of Total Assets of the Company;

(19) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of any South African Restricted Subsidiary pursuant to transactions in connection with the B-BBEE Act; and

(20) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, any Restricted Payments, so long as, immediately after giving pro forma effect to the payment of

such Restricted Payment, the Consolidated Leverage Ratio of the Company does not exceed 2.5 to 1.0.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and the Issuer and any Subsidiary Guarantor may incur Indebtedness (including Acquired Debt) or issue preferred stock, if on the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, the Consolidated Leverage Ratio would not exceed 4.25 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued on such date.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) (a) the incurrence by the Issuer or any Guarantor of Indebtedness under Credit Facilities not to exceed the greater of (x) US$70.0 million and (y) 5.0% of Total Assets of the Company, plus in the case of any refinancing of any Indebtedness permitted under this clause (1)(a) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing; and (b) the incurrence by the Issuer or any Guarantor of Indebtedness under Credit Facilities not to exceed US$840.0 million amount less the aggregate principal amount of the Notes issued on the Issued Date plus in the case of any refinancing of any Indebtedness permitted under this clause (1)(b) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing less any permanent repayments of such Indebtedness with the proceeds of Asset Sales made in accordance with the provisions set forth under *"—Repurchase at the option of Noteholders—Asset sales*;"

(2) Indebtedness outstanding on the Issue Date after giving pro forma effect to the Offering and the use of the net proceeds thereof (other than Indebtedness described in clauses (1) and (3));

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes (other than Additional Notes), the related Note Guarantees (including any future Note Guarantees) and any related "parallel debt" obligations under the Intercreditor Agreement;

(4) the incurrence by the Company or any Restricted Subsidiary of Indebtedness representing Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred or issued to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of US$35.0 million and 2.5% of Total Assets of the Company at any time outstanding;

(5) the incurrence by the Company or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (13) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided that*:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided that*:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations not for speculative purposes (as determined in good faith by the Issuer or such Restricted Subsidiary, as the case may be);

(9) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes or a Note Guarantee, then the guarantee must be subordinated or pari passu, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) the incurrence of any Project Debt in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Project Debt incurred pursuant to this clause (12), not to exceed the greater of US$75.0 million or 5.3% of Total Assets of the Company at any time outstanding;

(13) Indebtedness of (a) any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any

Restricted Subsidiary (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or otherwise in connection with, or in contemplation of, such acquisition) or (b) the Issuer or any Guarantor incurred in relation to any such acquisition, merger, consolidation, amalgamation or combination; provided, however, with respect to this clause (13), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred or deemed to be incurred (x) the Company would have been able to incur US$1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (13) calculated on a pro forma basis or (y) the Consolidated Leverage Ratio would be equal or less than the Consolidated Leverage Ratio immediately prior to giving effect to such acquisition or other transaction on a pro forma basis;

(14) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; provided that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by (or held in escrow as collateral for such Indebtedness for later release to) the Company and its Restricted Subsidiaries in connection with such disposition;

(15) Indebtedness of the Company and its Restricted Subsidiaries in respect of (a) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person or in respect of any governmental requirement and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (b) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business; provided, however, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing.

(16)

(a) Indebtedness represented by customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(b) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(c) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

(17) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (17) and then outstanding, will not exceed 100% of the net proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary of the Company) of its Subordinated Shareholder Debt or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; provided, however, that (i) any such net proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first

paragraph and clauses (2), (5) and (16) of the second paragraph of the covenant described above under "—Restricted Payments" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any net proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (17) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2), (5) and (16) of the second paragraph of the covenant described above under the caption "—*Restricted Payments*" in reliance thereon;

(18) guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Issuer, so long as the proceeds of the Indebtedness so guaranteed are used to purchase Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any net cash proceeds from the sale of such Equity Interests of the Company will be excluded from clause (c)(ii) of the first paragraph of the covenant described above under the caption "—*Restricted Payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(19) Indebtedness under daylight borrowing facilities incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange); provided that such Indebtedness does not exceed the principal amount of the Indebtedness being refinanced and the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing, so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is incurred;

(20) Indebtedness incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(21) lease liabilities not exceeding US$90.0 million at any time incurred by Liquid Telecommunications South Africa Proprietary Limited or any other Guarantor in connection with the master services agreement with the South African State Information Technology Agency relating to the Eastern Cape of South Africa (the "ECG Master Services Agreement") to provide connectivity and associated services to local government sites and facilities across their jurisdiction; and

(22) the incurrence of Indebtedness by the Company or any of its Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (22), not to exceed the greater of US$60.0 million or 4.2% of Total Assets of the Company at any time outstanding.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant:

(1) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (22) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant, provided that any Indebtedness outstanding under the Senior Revolving Credit Facility on the Issue Date will be deemed to have been incurred under clause (1)(a) above and any Indebtedness outstanding under the Senior Term Loan Facilities on the Issue Date will be deemed to have been incurred under clause (1)(b) above and may not be reclassified pursuant to this paragraph. For the avoidance of doubt, any refinancing of Indebtedness incurred under clause (1)(a) or clause (1)(b) of the definition of Permitted Debt shall be deemed to be incurred under clause (1)(a) or clause (1)(b), respectively, of the definition of Permitted Debt;

(2) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to clause (1), (4), (17) or (22) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included; and

(4) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with the Consolidated Leverage Ratio, the US dollar equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, or at the option of the Company, the date first committed, in the case of Indebtedness incurred under Credit Facilities; *provided,* that (i) if such Indebtedness denominated in currency other than US dollars is subject to a Currency Exchange Protection Agreement with respect to US dollars the amount of such Indebtedness expressed in US dollars will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the US dollar equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date.

The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the US dollar equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such US dollar equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding paragraph; or

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the US dollar equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness;

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the Fair Market Value of such assets at the date of determination; and

(b) the amount of the Indebtedness of the other Person;

(4) any "parallel debt" obligation relating to Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(5) the principal amount of any Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary, which will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

Anti-Layering

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee (or, with respect to the Company or Liquid Telecommunications South Africa Proprietary Limited) on substantially identical (or more favorable) terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely (1) by virtue of being unsecured, (2) by virtue of being secured with different collateral, (3) by virtue of being secured on a junior priority basis, (4) by virtue of not being guaranteed or (5) by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (an "*Initial Lien*") of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens; or (b) if such Lien is not a Permitted Lien, to the extent that all obligations due under the Indenture, the Notes and the Note Guarantees are, in each case, secured on an equal and ratable basis or on a priority basis with the obligations secured by the Initial Lien (and on a priority basis if such obligations secured by the Initial Lien are subordinated in right of payment to either the Notes or any Note Guarantee); and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created under clause (1)(b) of the preceding paragraph in favor of the holders of Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates and (ii) otherwise as set forth under "—*Security—Release of Liens*."

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets (except for tax assets) to the Company or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreements or instruments with respect to the Company or any Restricted Subsidiary in effect or entered into on the Issue Date (including the Senior Facilities, the Security Documents, the SPV Guarantee and the Intercreditor Agreement) and any amendments, restatements, modifications,

renewals, supplements, refundings, replacements or refinancings of those agreements referred to in this clause (1); provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date (as determined in good faith by the Company) or would not, in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes;

(2) the Indenture, the Notes, the Note Guarantees, the Senior Facilities Agreement, the Security Documents, the SPV Guarantee, the Intercreditor Agreement and any Additional Intercreditor Agreement and other agreements and instruments ancillary thereto;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; provided that the restrictions therein (a) are not materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company); or (b) would not, in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes;

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(7) any encumbrance or restriction:

(a) entered into in the ordinary course of business that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by the Company or would not in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Notes or comply with its obligations under the Intercreditor Agreement;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—*Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of an Officer or the Board of Directors of the Company, are necessary or advisable to effect such Qualified Receivables Financing;

(14) any encumbrance or restriction pursuant to or ancillary to Hedging Obligations; or

(15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (14), or in this clause (15); provided that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or would not in the good faith determination of the Issuer, materially impair the ability of the Issuer to make payments on the Notes.

Merger, Consolidation or Sale of Assets

The Company

The Company will not (a) consolidate or merge with or into another Person (whether or not it is the surviving Person) or (b) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of an Approved Jurisdiction;

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under its Notes Guarantee, the Security Documents (to which the Company is a party), the Intercreditor Agreement (including any Additional Intercreditor Agreement) and the Indenture pursuant to a supplemental indenture and, if applicable, any Additional Intercreditor Agreement;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four consecutive fiscal quarter period (a) be permitted to incur at least US$1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (b) have a Consolidated Leverage Ratio not greater than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the

Indenture and the Company's Note Guarantee constitutes legal, valid and binding obligations of the Company, or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms; provided that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and opinion of counsel, without independent verification.

The Issuer

The Issuer will not (1) consolidate or merge with or into another Person (whether or not it is the surviving Person) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of an Approved Jurisdiction;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes, the Indenture, the Security Documents to which it is a party, the Intercreditor Agreement and any Additional Intercreditor Agreement pursuant to a supplemental indenture and, if applicable, any Additional Intercreditor Agreement or any other relevant documents;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four consecutive fiscal quarter period (a) be permitted to incur at least US$1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described above under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*" or (b) have a Consolidated Leverage Ratio equal to or greater than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture and the Notes constitutes legal, valid and binding obligations of the Issuer, or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms; provided that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and opinion of counsel, without independent verification.

Subsidiary Guarantors

A Subsidiary Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—*The Note Guarantees*") will not, directly or indirectly:(1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person (other than the Company, the Issuer or another Subsidiary Guarantor), unless:

(1) either:

(a) such Subsidiary Guarantor is the surviving Person; or

(b) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Subsidiary Guarantor under its Note Guarantee, the Security Documents to which such Subsidiary Guarantor was a party, the Counter-Indemnity Agreement (if applicable) and the Indenture pursuant to a supplemental indenture and, if applicable, any Additional Intercreditor Agreement or any other relevant documents;

(2) immediately after giving pro forma effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving Person as a result of such transaction as having been incurred by the surviving Person at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation or merger and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture, the Note Guarantee and the Counter-Indemnity Agreement, if applicable, constitute legal, valid and binding obligations of the Subsidiary Guarantor or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms; provided that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and opinion of counsel, without independent verification.

In addition, none of the Company, the Issuer or any Subsidiary Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

General

This "*Merger, Consolidation or Sale of Assets*" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor or the Issuer with and into the Issuer or a Guarantor; (b) any consolidation or merger of a Subsidiary Guarantor with or into a Restricted Subsidiary that is not a Guarantor or the Issuer in order to comply with any law, rule or regulation from a regulatory authority having jurisdiction over the Company or any of its Restricted Subsidiaries; (c) any consolidation or merger of any Subsidiary Guarantor with or into the Company, the Issuer or any other Subsidiary Guarantor; or (d) any consolidation or merger of the Company with or into the Issuer or any other Guarantor; *provided* that, in each case, clauses (2) and (5) of the first and second paragraphs of this covenant will be complied with. Clauses (3) and (4) of the first and second paragraphs and clause (2) of the third paragraph of this covenant will not apply to any merger or consolidation of the Company or any Guarantor with or into an Affiliate solely for the purpose of reincorporating the Company or such Guarantor in another jurisdiction.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any services) with any Affiliate of the Company (any such transaction or series of related transactions being, an "*Affiliate Transaction*") involving aggregate value in excess of US$5.0 million, unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate value in excess of US$15.0 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; *provided*, that, in the event that there are no disinterested members of the Board of Directors with respect to any such Affiliated Transaction or series of related Affiliate Transactions involving aggregate value in excess of US$15.0 million, clause (b) of this paragraph shall apply with respect thereto; and, in addition,

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate value in excess of US$35.0 million or as described in the proviso to clause (a) of this paragraph, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate. The Trustee will be entitled to conclusively rely upon such Officer's Certificate or opinion (as the case may be), without independent verification.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Holdco, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(2) transactions between or among the Company and/or its Restricted Subsidiaries, or between and among Restricted Subsidiaries and any Receivables Subsidiary;

(3) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) the execution, delivery and performance (without duplication of any Permitted Parent Payments) of any Tax Sharing Agreement or any arrangement pursuant to which the Company or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(6) any Restricted Payment that is permitted pursuant to the covenant described above under the caption "—Restricted Payments" (other than pursuant to clause (12)(b)(ii) of the second paragraph of the covenant described under "—*Restricted Payments*");

(7) any Permitted Investment (other than Permitted Investments described in clauses (3), (10), (15) or (16) of the definition thereof);

(8) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Debt; provided that the interest rate and other financial terms of such Subordinated Shareholder Debt are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Debt made in compliance with the other

provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;

(10) the payment of Management Fees;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) transactions, agreements or other arrangements with customers, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate or any Parent Holdco, in each case, which are otherwise in compliance with the terms of the Indenture; provided that the terms and conditions of any such transaction, agreement or other arrangement as applicable to the Company and its Restricted Subsidiaries (a) are fair to the Company and its Restricted Subsidiaries and are on terms no less favorable to the Company and its Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors of the Issuer), (b) the performance by the Company and any of its Restricted Subsidiaries in respect of any such arrangements are for its own behalf and in its own name and (c) the Company and its Restricted Subsidiaries do not assume, and are otherwise not liable for any performance or breach in respect of, any such arrangements by the relevant Affiliate;

(13) any participation in a rights offer or public tender or exchange offer for publically-held securities or debt instruments issued by the Company or any of its Restricted Subsidiaries that are conducted on arm's length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such rights, tender or exchange offer;

(14) transactions between the Company or any Restricted Subsidiary and any other Person that would constitute an Affiliate Transaction solely because a director of such other Person is also a director of the Company or any Parent Holdco of the Company; provided, however, that such director abstains from voting as a director of the Company or such Parent Holdco, as the case may be, on any matter including such other Person;

(15) transactions to facilitate the transfer or other disposition of (i) receivables and other contractual rights in respect of the South Africa Data Centre Customer Contracts and (ii) an undivided share in immoveable property owned by Liquid Telecommunications South Africa Proprietary Limited, in each case to Africa Data Centres SA Development Proprietary Limited pursuant to the South Africa Data Centre Sale Agreements as such agreements are in effect as of the date hereof; and

(16) any transaction effected as part of a Qualified Receivables Financing.

Additional Guarantees

The Company will not cause or permit any of its Restricted Subsidiaries that is not a Guarantor or the Issuer, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to any other Indebtedness of the Issuer or a Guarantor incurred under Credit Facilities in excess of US$10.0 million or that constitutes Public Debt unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

Notwithstanding the foregoing paragraph in this covenant:

(1) the Note Guarantee by such Restricted Subsidiary may be limited in amount to the extent such Note Guarantee may reasonably be expected to give rise to or result in (a) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (b) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (c) any material cost, expense, liability or obligation (including with respect to any Taxes but excluding any obligation under the Note Guarantee itself) that cannot be avoided by reasonable measures available to the Company other than reasonable out of pocket expenses (but, in such a case each of the Company and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit);

(2) for so long as it is not permissible under applicable law or regulation for a Restricted Subsidiary to become a Guarantor, such Restricted Subsidiary need not become a Guarantor (but, in such a case, each of the Company and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal prohibition precluding the giving of the Note Guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such Note Guarantee at such time (and to the extent) that it thereafter becomes permissible); and

(3) This covenant shall not be applicable to any guarantees by any Restricted Subsidiary:

(a) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or

(b) given to a bank or trust company having, at the time such guarantee was given, combined capital and surplus and undivided profits of not less than US$500 million and whose debt has a rating of at least "A" or the equivalent thereof by S&P and at least "A2" or the equivalent thereof by Moody's in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary.

No Impairment of Security Interests

Global Collateral

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Global Collateral (it being understood that the incurrence of Liens on the Global Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Global Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Global Collateral; *provided* that (a) nothing in this provision will restrict the discharge or release of the Global Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further, however*, that, no Security Document with respect to the Global Collateral may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Company delivers to the Trustee one of the following: (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement; (2) a certificate from the Board of Directors or chief financial officer of the Company (acting in good faith), substantially in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that the Company complies with this covenant, the Trustee and the Security Agent, as applicable, shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

South African Collateral

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the South African Collateral (it being understood that the incurrence of Liens on the South African Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the South African Collateral) for the benefit of the Security SPV to secure the Counter-Indemnity Agreement, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security SPV, to secure the Counter-Indemnity Agreement and the secured obligations described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the South African Collateral; *provided* that (a) nothing in this provision will restrict the discharge or release of the South African Collateral in accordance with the Indenture, the Security Documents, the Counter-Indemnity Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further*, *however*, that, none of the Security Documents, with respect to the South African Collateral the SPV Guarantee or the Counter-Indemnity Agreement may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Company delivers to the Trustee one of the following: (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement; (2) a certificate from the Board of Directors or chief financial officer of the Company (acting in good faith), substantially in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents, the SPV Guarantee or the Counter-Indemnity Agreement, as applicable, so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that the Company complies with this covenant, the Security SPV, the Security Agent and the Trustee, as applicable, shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Collateral

The Company will, and will procure that each of its Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (1) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents; and (2) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Company will, and will procure that each of its Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

At the directions of the Company and without the consent of any holder of Notes, the Issuer, the Company, the Guarantors, the Trustee and the Security SPV (as applicable and to the extent each is a party to the relevant document) may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) (but subject to compliance with the foregoing paragraph) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) comply with the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement; (v) evidence the succession of another Person to the Issuer or Guarantor, as applicable, and the assumption by such successor of the obligations under the Indenture, the Notes and the Security Documents, in each case, in accordance with the covenant described above under the caption "—*Merger, Consolidation or Sale of Assets*"; (vi) provide for the release of property and assets constituting Collateral from the Lien created pursuant to the Security Documents, the release of a Note Guarantee and/or the release of the SPV Guarantee, in each case, in accordance with (and if permitted by) the terms of the Indenture; (vii) conform the Security Documents to this Description of Notes; (viii) evidence and provide for the acceptance of the appointment of a successor Trustee or Security SPV; or (ix) make any other change thereto that does not adversely affect the rights of the holders of Notes in any material respect.

Limitation on Issuer Activities

Notwithstanding anything contained in the Indenture to the contrary, the Company will not permit the Issuer to, and the Issuer will not, engage in any business activity or undertake any other activity, except:

(1) any activity relating to the offering, issuance and servicing, purchase, redemption, refinancing or retirement of the Notes or other Indebtedness permitted by the terms of the Indenture (and the application of the proceeds therefrom) or performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture, the lending or otherwise advancing the proceeds of such Indebtedness as contemplated in this Offering Memorandum and any other activities in connection therewith and the granting of Liens permitted pursuant to the covenant described above under the caption "—Liens;"

(2) any activity undertaken with the purpose of, and directly related to, exercising any rights and fulfilling any obligations arising under (a) the Notes, the Indenture, the Security Documents, the Senior Facilities, the Intercreditor Agreement and any Additional Intercreditor Agreement and any other document (including, without limitation, any purchase agreement) relating to the Notes or Note Guarantees (including Additional Notes issued in accordance with the Indenture) or (b) any document governing Indebtedness permitted to be incurred by the terms of the Indenture or any other document (including, without limitation, any security or guarantee documents or any purchase agreement) entered into in connection with the incurrence of such Indebtedness;

(3) any activity related to owning Equity Interests in LTIL;

(4) any activity related to investing amounts received by the Issuer in such manner not otherwise prohibited by the Indenture;

(5) any activity related or incidental to the establishment and/or maintenance of the Issuer's corporate existence or involving the provision of administrative services;

(6) related to the ownership of cash and Cash Equivalents;

(7) any activity reasonably related to the foregoing;

(8) related to consummating the Transactions; or

(9) other activities not specifically enumerated above that are de minimis in nature.

The Company will not permit the Issuer to, and the Issuer shall not:

(1) issue any Equity Interests other than the issuance of its ordinary shares to the Company (other than directors' qualifying shares or shares (or Capital Stock) required by applicable law to be held by a Person other than the Company);

(2) merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation) other than as permitted by the covenant under the caption "—Merger, Consolidation or Sale of Assets";

(3) other than in connection with the incurrence of a Permitted Collateral Lien or Permitted Lien, sell, assign, transfer, lease, convey or otherwise dispose of any material property or assets to any Person in one or more related transactions; or

(4) create, incur, assume or suffer to exist any Lien in respect of borrowed money of any kind against or upon any of its property or assets, or any proceeds therefrom, except for Liens to secure the payment or performance of the Notes or other Liens securing Indebtedness of the Issuer which are not prohibited under the Indenture.

The Company shall cause the Issuer to, and the Issuer shall, at all times remain a Wholly-Owned Restricted Subsidiary of the Company (other than directors' qualifying shares or shares (or Capital Stock) required by applicable law to be held by a Person other than the Company).

For so long as any Notes are outstanding, the Company will not, and will not permit any of its Restricted Subsidiaries to, commence or take any action to facilitate a winding-up, liquidation or other analogous proceeding in respect of the Issuer.

Limitation on LTIL Activities

Notwithstanding anything contained in the Indenture to the contrary, the Company and the Issuer will not permit LTIL to, and LTIL will not, engage in any business activity or undertake any other activity, except any activity:

(1) related or reasonably incidental to the establishment and/or maintenance of LTIL's corporate existence;

(2) related to the ownership of cash and Cash Equivalents;

(3) reasonably related to the foregoing; or

(4) not specifically enumerated above that is de minimis in nature.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—*Restricted Payments*" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "—*Restricted Payments*". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*", the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary*; provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*", calculated on a *pro* *forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Payments for Consent

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude holders in any jurisdiction or any category of holders of Notes where (1) the solicitation of such consent, waiver or amendment, including in connection with any tender offer or exchange offer, or the payment of the consideration therefor could reasonably be interpreted as requiring the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws or listing requirements (including, but not limited to, the United States federal securities laws and the laws of the European Union (or any of its member states) or the United Kingdom, which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (2) such solicitation would otherwise not be permitted under applicable law in such jurisdiction or with respect to such category of holders of Notes.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Official List of Euronext Dublin for so long as such Notes are outstanding; provided that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from Euronext Dublin, and thereafter use its best efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

For so long as any Notes are outstanding, the Company will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year, annual reports containing the following information: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) pro forma income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the US Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year to which such annual report relates (unless such pro forma information has been provided in a previous report pursuant to clause (2) or (3) below (provided that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financial statements)); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, a discussion of financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Company, material affiliate transactions and material debt instruments; and (e) material risk factors and material recent developments;

(2) within 90 days following the end of each of the first three fiscal quarters in each fiscal year of the Company, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed

balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) pro forma income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the US Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter to which such quarterly report relates (provided that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financial statements); (c) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Company, and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event,

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

Following a Public Equity Offering of the Capital Stock of the Company or a Parent Holdco of the Company and the listing of such Capital Stock on an internationally recognized stock exchange (a ‘‘Qualifying IPO’’), the requirements of clause (2) above of this covenant shall be considered to have been fulfilled with respect to the first and third fiscal quarters of each fiscal year of the Company or a Parent Holdco of the Company, commencing with the fiscal year beginning immediately after such Qualifying IPO, if the Company or the Parent Holdco, as the case may be, provides within 60 days following the end of each such first or third fiscal quarter, as the case may be, a trading statement containing: (i) number of kilometers of fiber laid, wholesale voice minutes on the Company’s network, number of enterprise customers and retail customers and average churn rate; (ii) revenue, a breakdown of revenue by geography, Consolidated EBITDA, a breakdown of Consolidated EBITDA by geography, cash and cash equivalents, gross debt, net debt, gross leverage, net leverage, capital expenditures, a breakdown by category of capital expenditures and brief commentary on working capital movement, in each case, for such first or third quarterly period; and (ii) a discussion of any material recent developments.

All financial statements will be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

The Company will use its commercially reasonable efforts after the delivery of each report discussed in clauses (1) and (2) of the first paragraph of this covenant to conduct a conference call to discuss such report and the results of operation for the relevant reporting period.

In addition, for so long as any Notes remain outstanding, the Company has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act.

Substantially concurrently with the issuance to the Trustee of the reports specified in (1), (2) and (3) above, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports to holders (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the holders and, upon their request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market and the rules and regulations of Euronext Dublin so require, at the offices of the Paying Agent.

The Trustee does not have any duty to review any such financial statements and/or reports provided to it pursuant to this covenant, is not considered to have notice of the content of such statements, a default or Event of Default based on such content and does not have a duty to verify the accuracy of such financial statements and/or reports.

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in herein will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) *"—Repurchase at the Option of Holders—Asset Sales";*

(2) *"—Restricted Payments";*

(3) *"—Incurrence of Indebtedness and Issuance of Preferred Stock";*

(4) *"—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";*

(5) *"—Transactions with Affiliates";*

(6) *"—Additional Guarantees";*

(7) *"—Designation of Restricted and Unrestricted Subsidiaries";* and

(8) clause (4) of the first and second paragraph of the covenant described under *"—Merger, Consolidation or Sale of Assets".*

Such covenants and any related default provisions will again apply according to their terms from the first day on which the Notes cease to have Investment Grade Status. Such covenants will not, however, be of any effect with regard to the actions of Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period*; provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "*—Restricted Payments*" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Company shall notify the Trustee in writing that the two conditions set forth in the first paragraph under this covenant have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify holders of such event.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Financial Calculations for Limited Condition Acquisitions

When calculating the capacity of the Company or a Restricted Subsidiary to incur Indebtedness, make a Restricted Payment or make a Permitted Investment, in each case in connection with a Limited Condition Acquisition, the date of determination of any basket or ratio and of any Default or Event of Default shall, at the option of the Company, be the date the definitive agreements for such Limited Condition Acquisition are entered into, and such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Consolidated Leverage Ratio after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (1) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Total Assets or Consolidated EBITDA of the Company or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition is permitted hereunder and (2) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided, further*, that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the caption *"—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(4) failure by the Issuer, the Company or any Subsidiary Guarantor for 60 days after written notice (i) to the Issuer by the Trustee or (ii) to the Issuer and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

   (a) is caused by a failure to pay principal of such Indebtedness following the expiration of the grace period provided in such Indebtedness and such failure to make any payment has not been waived or the maturity of such indebtedness has not been extended (a "*Payment Default*"); or

   (b) results in the acceleration of such Indebtedness prior to its express maturity,

   and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$25.0 million or more;

(6) failure by the Issuer, the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of US$25.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) except as permitted by the Indenture (including with respect to any limitations), the Note Guarantee of the Company, any Note Guarantee of a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would

constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor or Guarantors denies or disaffirms its obligations under its Note Guarantee;

(8) (a) any Lien created by any Security Document ceases to be in full force and effect (except as permitted by the terms of the Indenture, such Security Document, the Counter-Indemnity Agreement, the Intercreditor Agreement or any Additional Intercreditor Agreement) or any assertion by the Company or any of its Restricted Subsidiaries that any Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement); or (b) the repudiation by the Company or any of its Restricted Subsidiaries of any of their respective material obligations under any Security Document, in each case, affecting the Collateral with aggregate Fair Market Value equal to or greater than US$5.0 million and any such Default continues for ten days; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company, the Issuer or any of the Company's Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default specified in clause (9), all outstanding Notes will become due and payable immediately without further action or notice or other act on the part of the Trustee or any holders of Notes. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Issuer (and to the Trustee if such notice is given by the holders) may, and the Trustee, upon the written request of such holders, shall declare all amounts in respect of the Notes to be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes, unless such holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "*—Amendment, Supplement and Waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested, in writing, that the Trustee pursue the remedy;

(3) such holders have offered and, if requested, provided to the Trustee security and/or indemnity satisfactory to the Trustee in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such written request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal, premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of holders of at least 90% of the aggregate principal amount of the then outstanding Notes).

The Issuer will be required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Security Documents, the Counter-Indemnity Agreement, the Intercreditor Agreement or any Additional Intercreditor Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the "Legal Defeasance and Covenant Defeasance" provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that will be described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and Remedies*" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such entity designated by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in US dollars, non-callable US dollar-denominated Government Securities or a combination of cash in US dollars and non-callable US dollar-denominated Government Securities, in amounts as will be sufficient, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Issuer has received from, or there has been published by, the US Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable US federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders and the beneficial owners of the outstanding Notes will not recognize income, gain or loss for US federal income tax purposes

as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders and the beneficial owners of the outstanding Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such Covenant Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantors or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Additional or Amended Intercreditor Agreement

The Indenture will provide that, at the request of the Company, at the time of, or prior to, the incurrence by the Issuer or any other Guarantor of Indebtedness permitted pursuant to the covenant described under "—*Incurrence of Indebtedness and Issuance of Preferred Stock*", the Issuer, the relevant Guarantors, the Trustee and the Security Agent will (without the consent of the holders of the Notes) enter into an additional intercreditor agreement (each an "*Additional Intercreditor Agreement*") on terms substantially similar to the Intercreditor Agreement (or more favorable to the holders of the Notes) or an amendment to or an amendment and restatement of the Intercreditor Agreement (which amendment or an amendment and restatement does not adversely affect the rights of holder of the Notes); *provided* that such lntercreditor Agreement or Additional lntercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee and/or the Security Agent under the Indenture, any Additional lntercreditor Agreement or the lntercreditor Agreement. Only one such Intercreditor Agreement shall be outstanding at any one time or, if more than one such Intercreditor Agreement is outstanding at any one time, the collective terms of such Intercreditor Agreements must be no more disadvantageous to the holders of the Notes than if all such Indebtedness was a party to one such Intercreditor Agreement.

In relation to the lntercreditor Agreement, the Trustee shall consent, as applicable, on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any Subordinated Obligations; *provided, however,* that such transaction would comply with the covenant described herein under "—*Restricted Payments.*"

The Indenture will also provide that, at the written direction of the Company and without the consent of holders of Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such Intercreditor Agreement or Additional Intercreditor Agreement that may be incurred by the Company or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (*provided* that such Indebtedness is incurred in compliance with the Indenture), (3) add new Guarantors to the Intercreditor Agreement or any Additional Intercreditor Agreement, (4) further secure the Notes (including additional Indebtedness incurred in compliance with the Indenture), or (5) make any other change to any such agreement that does not adversely affect the holders of Notes in any material respect.

The Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—*Amendments and Waivers*" or as permitted by the terms of such Intercreditor Agreement or Additional Intercreditor Agreement, and the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee and the Security Agent or, in the opinion of the Trustee or the Security Agent, as the case may be, adversely affect their respective rights, duties, liabilities or immunities under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement and any amendment referred to in the preceding paragraphs and neither the Trustee nor the Security Agent will be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the second paragraph under the caption "*—Certain Covenants—Collateral*" and under the caption "*—Additional or Amended Intercreditor Agreement*", the Indenture, the Notes, the Note Guarantees, the Security Documents, the Counter-Indemnity Agreement, the SPV Guarantee and the Intercreditor Agreement (including any Additional Intercreditor Agreement) may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Security Documents, the Counter-Indemnity Agreement, the SPV Guarantee and the Intercreditor Agreement (including any Additional Intercreditor Agreement) may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the percentage of principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "*—Repurchase at the Option of Holders*");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to institute suit for the enforcement of any payment of principal of and interest or Additional Amounts (if any) on such holder's Notes or the associated Note Guarantee on or after the due dates therefore;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except pursuant to a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "*—Repurchase at the Option of Holders*");

(9) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(10) release all or substantially all of the Collateral from Liens granted for the benefit of the holders of the Notes or to secure the Counter-Indemnity Agreement, except in accordance with the terms of the

relevant Security Documents, the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(11) make any change in the provision of the Indenture described under "—Additional Amounts" that adversely affects the right of any holder or beneficial owner of Notes in any material respect or amends the terms of the Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or applicable Guarantor agrees to pay Additional Amounts, if any, in respect thereof; or

(12) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding two paragraphs, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, the Note Guarantees, the Security Documents, the Counter-Indemnity Agreement, the SPV Guarantee and the Intercreditor Agreement (including any Additional Intercreditor Agreement):

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(3) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(4) to conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees and the Notes;

(5) to release any Note Guarantee in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(6) to release Collateral in accordance with the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(9) to enter into additional or supplemental Security Documents;

(10) to provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(11) to add additional parties to the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document to the extent permitted hereunder or thereunder; or

(12) to evidence and provide the acceptance of the appointment of a successor Trustee or a Security Agent under the Indenture or to evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or a Security Document.

The consent of the holders of Notes will not be necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants contained in the Indenture shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or premium, if any, or interest, on the Notes.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to certain surviving rights of the Trustee and the Issuer's and the Company's and the other Guarantors' obligations with respect thereto, in each case as expressly provided for in the Indenture) as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Principal Paying Agent for cancellation have become due and payable by reason of the mailing of a notice of redemption by the Principal Paying Agent in the name, and at the expense, of the Issuer or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in US dollars, non-callable US dollar-denominated Government Securities or a combination of cash in US dollars and non-callable US dollar-denominated Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Principal Paying Agent for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer and the Guarantors under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of independent counsel to the Trustee stating that all conditions precedent in the Indenture relating to satisfaction and discharge of the Indenture have been satisfied such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

If requested in writing by the Issuer, the Trustee may distribute any amounts deposited in trust to holders of the Notes prior to maturity or the redemption date, as the case may be. For the avoidance of doubt, the distribution and payment to the holders of the Notes prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, break cost or any additional premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a depositary for the clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

Judgment Currency

Any payment on account of an amount that is payable in US dollars which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of US dollars that such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of US dollars that could be so purchased is less than the amount of

US dollars originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

BNY Mellon Corporate Trustee Services Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has written notice, the Trustee will perform only such duties as are set forth therein. During an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Issuer shall promptly deliver written notice to the Trustee after becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however,* if it acquires actual knowledge of any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing of which a responsible officer of the Trustee has received written notice in accordance with the Indenture, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and/or indemnity satisfactory to the Trustee in its sole discretion against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for any losses, taxes, claims, liabilities, costs and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with its duties or the acceptance or administration of the Indenture. The Trustee shall be entitled to rely solely and conclusively on any Officer's Certificate, opinion of counsel or other evidence as it deems appropriate in formulating its opinion or in taking or not taking any action under the Indenture, and may rely on such Officer's Certificate, opinion of counsel or other evidence as it deems appropriate without need for further investigation or verification.

Listing

Application has been made to list the Notes on the Official List of Euronext Dublin and to admit the Notes to trading on the Global Exchange Market. There can be no assurance that the application to list the Notes on the Official List of Euronext Dublin and to admit the Notes for trading on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Security Documents, the Counter-Indemnity Agreement, the SPV Guarantee, the Intercreditor Agreement and any Additional Intercreditor Agreement without charge by writing to the Issuer.

So long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market and the rules of Euronext Dublin so require, copies, current and future, of all of the Company's annual audited consolidated financial statements and/or the Company's unaudited consolidated interim financial statements, as applicable, and this Offering Memorandum may be obtained, free of charge, during normal business hours at the offices of the Principal Paying Agent.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents will be governed by the laws of South Africa, Mauritius, Kenya and England and Wales, respectively. The Counter-Indemnity Agreement and the SPV Guarantee will be governed by the laws of South Africa.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor will appoint CCS Global Solutions, Inc. as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any US federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. See "*Enforcement of Civil Liabilities and Foreign Judgments*".

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

For purposes of this definition, the terms "*controlling*", "*controlled by*" and "*under common control with*" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

   (i) the present value at such redemption date of (i) the redemption price of the Note at March 4, 2023 (such redemption price being set forth in the table appearing above under the caption "—*Optional Redemption*"), *plus* (ii) all required interest payments due on the Note through March 4, 2023 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(ii) the principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Security Agent, the Registrar or any Paying Agent.

"*Approved Jurisdiction*" means any state which is a member of European Union, the United Kingdom, the Republic of South Africa, Mauritius, Switzerland, Canada, the United States, any state thereof or the District of Columbia.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*—Repurchase at the Option of Holders—Change of Control*" and/or the provisions described above under the caption *"—Certain Covenants—Merger, Consolidation or Sale of Assets*" and not by the provisions described under the caption "*—Repurchase at the Option of Holders—Asset Sales*"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any Subsidiary of the Company (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US$15.0 million;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets disposed of in connection with any decommissioned sites or assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "—Certain Covenants—Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "*—Certain Covenants—Restricted Payments*", a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(13) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(14) solely for the purposes of the first paragraph (and, to the extent such application is not permitted under applicable laws and regulations, the remaining paragraphs) of the covenant described under "—*Repurchase at the Option of Holders—Asset Sales*", any sale, transfer, lease or other disposition of any assets or rights of any South African Restricted Subsidiary in connection with the B-BBEE Act; and

(15) the transfer or other disposition of (i) receivables and other contractual rights in respect of the South Africa Data Centre Customer Contracts and (ii) an undivided share in immoveable property owned by Liquid Telecommunications South Africa Proprietary Limited, in each case to Africa Data Centres SA Development Proprietary Limited pursuant to the South Africa Data Centre Sale Agreements as such agreements are in effect as of the date hereof.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture.

"*B-BBEE Act*" means the Broad Based Black Empowerment Economic Act (No. 53 of 2003), including any amendment, supplement, replacement or successor thereto, and any legislation or regulation of a similar or related nature adopted in The Republic of South Africa and any notice, regulation, code of good practice or sector charter published, or any industry guidelines or scorecards established, thereunder.

"*beneficial owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the US Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the US Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "*beneficially owns*", "*beneficially owned*" and "*beneficial ownership*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership or any committee thereof duly authorized to act on behalf of such board;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London (United Kingdom), New York City (United States), the jurisdiction of incorporation of the Issuer or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS as in effect on the Issue Date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited), shares or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United Kingdom, the Republic of South Africa, the United States of America or Switzerland (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union, the United Kingdom, the Republic of South Africa, the United States of America or Switzerland, as the case may be, and which are not callable or redeemable at the issuer's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company, or a local branch or Subsidiary of a bank or trust company, which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union, the United Kingdom, the Republic of South Africa, or of the United States of America or any state thereof or Switzerland or any commercial banking institution that is a member of the US Federal Reserve System, in each case, either (a) having combined capital and surplus and undivided profits of not less than US$250,000,000 (or the foreign currency equivalent thereof as of the date of such investment), whose long term, unsecured, unsubordinated and unguaranteed debt has a rating, at the time any investment is made therein, of at least "BBB" or the equivalent thereof from S&P and at least "Ba3" or the equivalent thereof from Moody's or the equivalent rating category of another internationally recognized rating agency; (b) which has its primary registration in a jurisdiction in which the Company or a Restricted Subsidiary conducts its business or is organized and which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top ten such banks registered in such jurisdiction or (c) which is a lender under any Credit Facility to which the Issuer or any Guarantor is a party;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the US Exchange Act)) other than one or more Permitted Holders (other than any such sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company to an Affiliate of the Company for the purpose of reincorporating the Company in another jurisdiction; provided that such transaction complies with the covenant described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets");

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above), other than one or more Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; provided that any Voting Stock of which any Permitted Holder is the "beneficial owner" (other than deemed beneficial ownership derived from membership in a "group") shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(4) the first day on which the Company fails to directly or indirectly own 100% of the issued and outstanding Capital Stock and Voting Stock of the Issuer (other than directors' qualifying shares or shares (or Capital Stock) required by applicable law to be held by a Person other than the Company).

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture.

"*Collateral*" means the Global Collateral and the South African Collateral.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; plus

(2) without double counting, the Consolidated Interest Expense of such Person and its Subsidiaries which are Restricted Subsidiaries for such period and Receivables Fees; plus

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; plus

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition, disposition, recapitalization, listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (including refinancing thereof) whether or not successful, including (a) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (b) any amendment or other modification of any incurrence; plus

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Company and its Restricted Subsidiaries; plus

(6) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to any Parent Holdco of the Company to the extent permitted by the covenant described under "*—Certain Covenants—Transactions with Affiliates*"; plus

(7) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-Wholly-Owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; plus

(8) all expenses incurred directly in connection with any early extinguishment of Indebtedness; minus

(9) any foreign currency translation gains (including gains related to currency remeasurements of Indebtedness) of the Company and its Restricted Subsidiaries; minus

(10) any extraordinary, exceptional or unusual gain; minus

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (11) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Company and all preferred stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a Subsidiary of the Company;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Debt, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing and (iii) any payments on any operating leases, including without limitation any payments on any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date.

"*Consolidated Leverage*" means the sum, expressed in US Dollars, of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations except to the extent provided in clause (i) of the fifth paragraph and sub-clause (1) of the sixth paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*"). The US Dollar equivalent of the principal amount of Indebtedness denominated in a different currency shall be calculated based on the applicable provisions of the covenant under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*".

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (a) Consolidated Leverage on such date to (b) the aggregate amount of Consolidated EBITDA of the Company for the most recently ended four consecutive fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or other transaction for which the Consolidated Leverage Ratio is being calculated is completed; *provided, however*, that, solely for the purpose of calculating the Consolidated Leverage Ratio for the incurrence of Indebtedness pursuant to the covenant under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*", the *pro forma* calculation of the Consolidated Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "*Calculation Date*") pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than clause (13) of such paragraph, the incurrence of which is itself subject to the Consolidated Leverage Ratio) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than clause (13) of such paragraph).

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four consecutive fiscal quarter reference period or subsequent to such reference period and on or prior to the relevant Calculation Date, or that are to be made on the relevant Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated cost synergies and expense and cost reductions) as if they had occurred on the first day of the four consecutive fiscal quarter reference period;

(2) if since the beginning of such four consecutive fiscal quarter reference period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(3) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four consecutive fiscal quarter period; and

(4) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four consecutive fiscal quarter period.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person; provided that, for the purposes of clause (c)(i) of the first paragraph of the covenant described under "—Certain Covenants—Restricted Payments," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under clause (15) or (16) of the definition of "Permitted Investments."

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments", any net income of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter, or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture or that are not prohibited pursuant to the covenant described under the caption "—*Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted*

Subsidiaries", (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date; or (d) restrictions pursuant to applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor or the Issuer), to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

(4) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case, as determined in good faith by the Issuer) will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(11) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt will be excluded.

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (a) the aggregate amount of the Senior Secured Indebtedness of the Company on such date to (b) the Consolidated EBITDA of the Company for the most recently ended four consecutive fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Senior Secured Indebtedness is incurred; *provided, however*, that, solely for the purpose of calculating the Consolidated Senior Secured Leverage Ratio for the incurrence of Indebtedness pursuant to the covenant under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*", the *pro forma* calculation of the Consolidated Senior Secured Leverage Ratio shall not give effect to (i) any Senior Secured Indebtedness incurred on the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the "*Calculation Date*") pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than clause (13) of such paragraph, the incurrence of which is itself subject to the Consolidated Senior Secured Leverage Ratio) or (ii) the discharge on the Calculation Date of any Senior Secured Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (other than clause (13) of such paragraph).

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four consecutive fiscal quarter reference period or subsequent to such reference period and on or prior to the relevant Calculation Date, or that are to be made on the relevant Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated cost synergies and expense and cost reductions) as if they had occurred on the first day of the four consecutive fiscal quarter reference period;

(2) if since the beginning of such four consecutive fiscal quarter reference period the Company or any Restricted Subsidiary has made any Sale or if the transaction giving rise to the need to calculate the Consolidated Senior Secured Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(3) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four consecutive fiscal quarter period; and

(4) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four consecutive fiscal quarter period.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred (including the Senior Facilities) or commercial paper facilities and overdraft facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Senior Facilities or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facilities*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "*Designated Non-Cash Consideration*" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"*Designated Preference Shares*" means, with respect to the Company or any Parent Holdco of the Company, preferred stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (2) that is designated as "*Designated Preference Shares*" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the net proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "*—Certain Covenants—Restricted Payments*".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature or (2) provides for, either mandatorily or at the option of the holder of the Capital Stock, the payment of dividends or distributions (other than in the form of Equity Interests that are not Disqualified Stock). Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*ECG Master Services Agreement*" means the master services agreement with the South African State Information Technology Agency relating to the Eastern Cape of South Africa to provide connectivity and associated services to local government sites and facilities across their jurisdiction.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any sale of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or a Parent Holdco of the Company pursuant to which the net cash proceeds are contributed to the Company in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of the Company or as Subordinated Shareholder Debt of the Company.

"*European Union*" means the European Union as of January 1, 2004 (excluding the United Kingdom), comprising the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the

Netherlands, Portugal, Spain and Sweden, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Excluded Contributions*" means the net cash proceeds, property or assets received by the Company after the Issue Date from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company,

in each case designated as "*Excluded Contributions*" pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the first paragraph of the covenant described under the caption "*—Certain Covenants—Restricted Payments*" hereof.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Issuer's Chief Executive Officer, Chief Financial Officer or a responsible accounting or financial officer of the Issuer.

"*Fitch*" means Fitch Ratings Inc.

"*Global Collateral*" means the rights, property and assets securing the Notes and the Note Guarantees of the Company and the Non-South African Subsidiary Guarantors as described in the section entitled "*—Security*" and any other rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer, the Company and the Non-South African Subsidiary Guarantors under the Notes, the Note Guarantees and the Indenture, as applicable.

"*Government Securities*" means direct non-callable and non-redeemable obligations of, or obligations guaranteed by the United States government, and the payment for which the United States government pledges its full faith and credit.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means each of the Company, the Subsidiary Guarantors and any other Person that executes a supplemental indenture in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means International Financial Reporting Standards or any variation thereof with which the Company or its Restricted Subsidiaries comply. Except as otherwise set forth in the Indenture, all ratios and calculations (including the calculation of Total Assets) based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect from time to time; *provided, however* that, with respect to all ratios and calculations (including the calculation of Total Assets) based upon IFRS contained in the Indenture, any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under any such operating lease shall be computed in accordance with IFRS as in the effect on the Issue Date.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed;

(6) representing any Hedging Obligations in respect of interest rate or currency hedging; and

(7) the principal component of all obligations, or liquidation preferences, with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any preferred stock (but excluding, in each case, any accrued dividends),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "*Indebtedness*" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease, concession or license of property which would be considered an operating lease under IFRS and any guarantee given by the Company or a Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or a Restricted Subsidiary under any operating lease;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;

(5) purchase price hold-backs in respect of a portion of the purchase price of an asset to satisfy warranty claims or other unperforming obligations of the seller;

(6) obligations under or in respect of Qualified Receivables Financing to the extent such obligations are non-recourse to the Company or any Restricted Subsidiary; or

(7) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Indenture*" means the indenture for the Notes dated as of the Issue Date and as it may be amended or modified, supplemented from time to time.

"*Intercreditor Agreement*" means the intercreditor agreement dated as of the Issue Date made between, among others, the agent for the Senior Facilities, the Trustee, the Security Agent, the Security SPV and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"*Investment Grade Status*" shall occur when the Notes are rated "*Baa3*" or better by Moody's and "*BBB−*" or better by S&P and "*BBB−*" or better by Fitch (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the US Exchange Act selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means March 4, 2021.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing; *provided* that Consolidated EBITDA, other than for purposes of calculating any ratios in connection with the Limited Condition Acquisition, shall not include any Consolidated EBITDA of or attributable to the target company or assets associated with any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"*Management Fees*" means (i) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by Liquid Telecommunications Jersey Limited for the Company or any Restricted Subsidiary, which payments have been approved by a majority of the disinterested members (to the extent there are any disinterested members) of the Board of Directors of the Company and/or (ii) a dividend or other distribution to Liquid Telecommunications Jersey Limited by the Company or any Restricted Subsidiary to enable it to pay (A) its operating expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including, without limitation, administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business, in an aggregate amount not to exceed US$100,000 per annum and/or (B) franchise taxes and similar taxes and other expenses necessary to maintain its corporate existence; *provided* that under no circumstances shall the payment of any such fees and expenses pursuant to this definition exceed an aggregate amount of US$10.0 million per annum (inclusive of out of pocket expenses).

"*Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the Company (or a Parent Holdco of the Company, as applicable) on the date of the declaration of the relevant dividend multiplied by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, (2) taxes paid or payable as a result of the Asset Sale, (3) all distributions and other payments required to be made to minority interest holders (other than the Company or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, (4) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS, and (5) all payments made on any Indebtedness incurred pursuant to clause (4) of the definition of Permitted Debt secured by any assets subject to such Asset Sale, as required in accordance with the terms of any Lien upon such assets, or which by applicable law is required be repaid out of the proceeds from such Asset Sale.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"*Non-South African Subsidiary Guarantors*" means each of Liquid Telecommunications Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Operations Limited and Liquid Telecommunications Zambia Limited.

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering*" means the offering of the Notes.

"*Offering Memorandum*" means this offering memorandum, dated February 24, 2021, relating to the sale of the Notes.

"*Officer*" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, director, manager or a responsible accounting or financial officer of such Person.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Parent Holdco*" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"*Pari Passu Indebtedness*" means (1) with respect to the Issuer, any Indebtedness that ranks *pari passu* in right of payment to the Notes and (2) with respect to a Guarantor, any Indebtedness that ranks *pari passu* in right of payment to the Note Guarantee of such Guarantor.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of tangible assets used or useful in a Permitted Business or a combination of such assets and cash or Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that:

(1) at the time of entering into such and immediately after giving effect to such transaction or series or transactions, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) with respect to any such transaction or series of transactions that involve the transfer of assets (including cash or Cash Equivalents) of the Company or its Restricted Subsidiaries with a Fair Market Value no greater than US$20.0 million, the Company delivers to the Trustee a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that the Company (or the Restricted Subsidiary, as the case may be) is receiving consideration with respect to the Permitted Asset Swap at least equal to the value (determined at the time of contracting such Permitted Asset Swap) that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party;

(3) any Person acquired through such transaction or series of transactions will, upon the consummation thereof, become a Restricted Subsidiary;

(4) any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with "*Repurchase at the Option of Holders—Asset Sales.*"

"*Permitted Business*" means (1) any businesses activities engaged in by the Company or any of its Subsidiaries on the Issue Date and (2) any businesses, services and activities engaged in by the Company or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral to secure the Notes (other than Additional Notes) or the related Notes Guarantees or the obligations under the Counter-Indemnity Agreement;

(2) Liens on the Collateral to secure (a) Indebtedness that is permitted by clauses (1) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; (b) Indebtedness that is permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (but only with respect to Liens on the Capital Stock of the Restricted Subsidiaries of the Company that own or lease the underlying assets); or (c) Indebtedness that is permitted by the first paragraph and clauses (13) and (22) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock;" provided that, in the case of this sub-clause (c), after giving effect to such incurrence on that date, the Consolidated Senior Secured Leverage Ratio of the Company does not exceed 4.25 to 1.0,

provided, that*:*

(a) all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis; and

(b) each of the parties thereto or their representatives will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) Liens on the Collateral securing the Issuer's or a Guarantor's Hedging Obligations incurred under clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; provided that the property and assets (including, without limitation, the Collateral) securing such Hedging Obligations also secures the Notes and the Note Guarantees on a senior or pari passu basis; provided further that each of the parties thereto or their representatives will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) Liens on the Collateral to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Lien on the Collateral pursuant to the preceding clauses (1), clause (2)(c) or this clause (4); provided that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees with priority with respect to the Permitted Refinancing Indebtedness which is substantially similar to that of the Indebtedness that is being exchanged, renewed, refunded, refinanced, replaced or discharged; provided further, that each of the parties thereto or their representatives will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; and

(5) Liens on the Collateral described in one or more of clauses (2), (3), (7), (8), (9), (11), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), (24), (25) and (29) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral.

"*Permitted Holders*" means Mr. Strive Masiyiwa, Mr. Nicholas Rudnick or any Related Person with respect thereto, or any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of the Company (or any Parent Holdco). Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale (other than a Permitted Asset Swap) that was made pursuant to and in compliance with the covenant described above under the caption "*—Repurchase at the Option of Holders—Asset Sales*";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;

(6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes or foreclosure of Liens;

(7) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(9) Investments in the Notes and any other Indebtedness of the Company or any Restricted Subsidiary (other than Indebtedness constituting Subordinated Obligations);

(10) any guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course of the business of the Company and its Restricted Subsidiaries, including obligations under licenses, concessions or operating leases related to the ordinary course of the business of the Company and its Restricted Subsidiaries;

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date by the Company or any Restricted Subsidiary of the Company and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; provided that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or

consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption *"—Certain Covenants—Merger, Consolidation or Sale of Assets*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) [Reserved];

(15) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Holdco;

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed the greater of (a) US$15.0 million and (b) 1.0% of Total Assets of the Company; provided that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(17) Investments in a Permitted Joint Venture having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of (a) US$20.0 million and (b) 1.3% of Total Assets of the Company; and

(18) any Investment in a Permitted Business having an aggregate Fair Market Value taken together with all other Investments made pursuant to this clause (18) that are at that time outstanding not to exceed (i) the greater of (a) US$15.0 million and (b) 1.5% of Total Assets of the Company plus (ii) the net cash proceeds received by the Company from any Equity Offering after the Issue Date, in each case as determined on the date such Investment is made, with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value, plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments; provided, however, that if any Investment pursuant to this clause (18) is made in any Person that is not a Restricted Subsidiary of the Company at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (18).

"*Permitted Joint Venture*" means a joint venture formed by the Company or a Restricted Subsidiary of the Company in good faith to pursue a joint venture relating to a Permitted Business.

"Permitted Liens" means:

(1) Liens in favor of the Company or any Restricted Subsidiary;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; provided that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds or other obligations of a like nature incurred (including Liens to secure letters of credit issued to assure payment of such obligations) or Liens in connection with bids, tenders, contracts or leases to secure licenses, public or statutory obligations, in each case, incurred in the ordinary course of business;

(4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(5) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(6) Liens existing on the Issue Date after giving effect to the offering of the Notes and the application of proceeds therefrom as described in this Offering Memorandum under the caption "Use of Proceeds";

(7) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(10) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(11) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(12) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (32) of this definition) permitted to be incurred under the Indenture; provided, however, that:

   (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and

   (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(14) Liens arising in favor of the Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred; provided, however, that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;

(15) filing of Uniform Commercial Code financing statements under US state law (or similar filings under other applicable laws) in connection with operating leases in the ordinary course of business;

(16) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(17) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(18) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(19) leases (including operating leases), licenses, subleases and sublicenses of assets in the ordinary course of business;

(20) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(21) (a) mortgages, liens, security interests, pledges, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(22) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(23) (a) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities; or (b) Liens in connection with specified bank accounts (and cash therein) in connection with the incurrence and repayment of Indebtedness under any daylight facilities permitted to be incurred under the caption "—Certain covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(24) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(25) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(26) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(29) Liens (a) on escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in the case of each of clause (a) and (b), to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(30) Liens on Receivables Assets incurred in connection with a Qualified Receivables Financing or Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(31) Liens on property or assets of a Restricted Subsidiary that is not a Guarantor to secure Indebtedness of such Restricted Subsidiary or any other Restricted Subsidiary that is not a Guarantor; and

(32) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary securing Indebtedness of the Company and its Restricted Subsidiaries that does not exceed the greater of US$50.0 million and 4.5% of the Total Assets of the Company at any one time outstanding.

"*Permitted Parent Payments*" means, without duplication as to amounts, payments to any Parent Holdco of the Company to permit such entity to pay:

(1) customary indemnification obligations of any Parent Holdco owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(2) obligations of any Parent Holdco in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefore)) to the extent relating to the Company and its Subsidiaries;

(3) professional fees and expenses of any Parent Holdco related to the ownership of the Capital Stock of the Company and, indirectly through the Company, its Subsidiaries (including, without limitation, accounting, legal, audit corporate reporting, and administrative expenses and other reasonable and normal course expenses required to maintain such Parent Holdco's corporate existence or its holding of the Capital Stock of the Company); and

(4) expenses incurred by any Parent Holdco in connection with any public offering or other sale of Capital Stock or Indebtedness, whether consummated or not, (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Subsidiary of the Company; or (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; and

(5) any Related Taxes.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually subordinated in right of payment to the Notes or a Note Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee, as the case may be, on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Project Debt*" means Indebtedness of a non-Guarantor Restricted Subsidiary as to which neither the Issuer nor any Guarantor provides a guarantee or security interest and with respect to which creditors have no recourse to any assets of the Issuer or any Guarantor (other than a security interest over the shares such entity may own in the non-Guarantor Restricted Subsidiary).

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the US Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the US Securities Act or Regulation S under the US Securities Act, whether or not it includes registration rights entitling the holders of such securities to registration thereof with the SEC for public resale.

"*Public Equity Offering*" means, with respect to any Person, a bona fide underwritten public offering of the ordinary shares or common equity of such Person (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering has been consummated; and

(2) at least 20% or such other minimum percentage of public float required by the relevant stock exchange or listing authority of the total issued and outstanding ordinary shares or common equity of the Company (or a Parent Holdco of the Company) has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) an Officer or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by an Officer or the Board of Directors of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under Credit Facilities or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing. "*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Receivables Subsidiary" means a Wholly-Owned Restricted Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary of the Company, (c) is recourse to or obligates the Company or any other Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings, or (d) subjects any property or asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings,

(2) with which neither the Company nor any other Restricted Subsidiary of the Company has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, and

(3) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Related Person*" with respect to any Permitted Holder means: (i) any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member, lineal descendant (including by adoption) or relative, or the estate, executor, administrator, committee, legal representatives or beneficiaries of any thereof; or (ii) any trust, corporation, partnership or other person for which the Permitted Holder and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

"*Related Taxes*" means:

(1) any Taxes required to be paid (provided such Taxes are in fact paid) by any Parent Holdco by virtue of its:

    (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

    (b) issuing or holding Subordinated Shareholder Debt; or

    (c) being a holding company, directly or indirectly, of the Company or any of the Company's Subsidiaries; and

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent Holdco, any consolidated or combined Taxes measured by income for which such Parent Holdco is liable up to an amount not to exceed the lesser of the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on (i) a separate company basis or (ii) on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries; provided that distributions shall be permitted in respect of the income of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to the Company or its Restricted Subsidiaries.

"*Replacement Assets*" means (1) non-current properties and assets that replace the properties and assets that were the subject of an Asset Sale or (2) non-current properties and assets received in exchange (directly or indirectly through equity interests similar participations) for the properties and assets that are the subject of the Asset Sale and that, in each case, will be used in a Permitted Business.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group.

"*SEC*" means the US Securities and Exchange Commission.

"*Security Documents*" means the security agreements, the pledge agreements, the collateral assignments, and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of (i) the Security Agent for the ratable benefit of the holders of the Notes and the Trustee or notice of such pledge, assignment or grant is given or (ii) the Security SPV to secure the obligations of certain of the Guarantors under the Counter-Indemnity Agreement.

"*Senior Facilities*" means, collectively, the Senior Term Loan Facilities and the Senior Revolving Credit Facility provided for under the Senior Facilities Agreement.

"*Senior Facilities Agreement*" means the senior facilities agreement dated on or about the Issue Date entered into by, among others, the Issuer, the Company and certain of the Subsidiary Guarantors providing for the Senior Facilities, as amended from time to time.

"*Senior Revolving Credit Facility*" means the senior secured revolving credit facility made available under the Senior Facilities Agreement on the Issue Date up to a committed amount of US$60,000,000, and which is expected to be undrawn on the Issue Date.

"*Senior Secured Indebtedness*" means, as of any date of determination, the principal amount of (1) any Indebtedness that is secured, directly or indirectly, by a Lien on the Collateral ranking *pari passu* with the Lien securing the Notes and the Note Guarantees; (2) any Indebtedness that is secured by a Lien on assets other than the Collateral; and Indebtedness of a Restricted Subsidiary of the Company that is not the Issuer or a Guarantor.

"*Senior Term Loan Facilities*" means the senior term loan facilities made available under the Senior Facilities Agreement on the Issue Date, comprising (i) an amortizing term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000 and (ii) an bullet repayment term loan facility providing for borrowings of up to ZAR equivalent of US$110,000,000.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated Total Assets of the Company.

"*South Africa Data Centre Customer Contracts*" mean the customer contracts for data center services to be transferred to Africa Data Centres SA Development Proprietary Limited pursuant to the South Africa Data Centre Sale Agreements.

"*South Africa Data Centre Sale Agreements*" means the sale of business agreements entered into between Liquid Telecommunications South Africa Proprietary Limited and Africa Data Centres SA Development Proprietary Limited on or before the Issue Date, pursuant to which Liquid Telecommunications South Africa Proprietary Limited has agreed to sell its data center business to Africa Data Centres SA Development Proprietary Limited.

"*South African Collateral*" means the rights, property and assets securing the Counter-Indemnity Agreement as described in the section entitled "*—Security—Security SPV*" and any other rights, property or assets over which a Lien has been granted to secure the Obligations of the Company and the South African Subsidiary Guarantors under the Counter-Indemnity Agreement.

"*South African Subsidiary Guarantors*" means each of Liquid Telecommunications Holdings South Africa (Pty) Ltd and Liquid Telecommunications South Africa (Pty) Limited.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Obligation*" means, with respect to any Person, any Indebtedness of the Company which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"*Subordinated Shareholder Debt*" means, collectively, any debt provided to the Company by any direct or indirect Parent Holdco of the Company or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition) or the making of any such payment is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes or the making of any such payment is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its holders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes or any such provision or right is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by the Company or any Subsidiary of the Company; and

(5) is contractually subordinated pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement in right of payment to the prior payment in full in cash of all obligations of the Company or Guarantor (as applicable) under the Notes and the Note Guarantees pursuant to subordination on insolvency, enforcement limitation, payment blockage, turnover, filing of claims and release of claims provisions pursuant to the terms of the Intercreditor Agreement or an Additional Intercreditor Agreement,

provided, *however*, that after any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company or Guarantor, as applicable, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantors*" means the Non-South African Subsidiary Guarantors and the South African Subsidiary Guarantors.

"*Successor Parent*" means, with respect to any Person, any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner", as such term is defined in Rules 13d-3 and 13d-5 under the US Exchange Act (as in effect on the Issue Date).

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent Holdco of the Company or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Total Assets*" means, with respect to any specified Person as of any date, the total assets of such Person, calculated on a consolidated basis in accordance with IFRS.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity at the time of computation of US Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Company in good faith)) most nearly equal to the period from the redemption date to March 4, 2023; *provided*, *however*, that if the period from the redemption date to March 4, 2023 is not equal to the constant maturity of a US Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields to US Treasury securities for which such yields are given, except that if the period from the redemption date to March 4, 2023 is less than one year, the weekly average yield on actually traded US Treasury securities adjusted to a constant maturity of one year shall be used.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than the Issuer) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates", is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

"*Wholly-Owned Restricted Subsidiary*" means a Restricted Subsidiary of a Person, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the first Person or another Wholly-Owned Restricted Subsidiary) is owned by such Person or another Wholly-Owned Restricted Subsidiary of such Person.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes will initially be issued in the form of several global notes in registered form without interest coupons attached. The Notes offered and sold in the United States to qualified institutional buyers in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global notes in fully registered form without interest coupons attached (the "**144A Global Notes**"). The Notes offered and sold outside the United States pursuant to Regulation S will be represented by beneficial interests in one or more permanent global notes in fully registered form without interest coupons attached (such global notes, the **"Regulation S Global Notes"** and, together with the Additional Rule 144A Global Notes, the **"Global Notes"**).

The Rule 144A Global Notes will be deposited with a custodian for DTC and registered in the name of Cede & Co. as nominee of DTC. The Regulation S Global Notes will be deposited with, or on behalf of a common depositary for, Euroclear and Clearstream. The Notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

Ownership of interests in the Global Notes will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*". Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear, Clearstream or DTC, as applicable, and their respective participants.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC, Euroclear or Clearstream as applicable, or to a successor of DTC, Euroclear or Clearstream as applicable, or their nominees. Book-Entry Interests in the global notes may not be exchanged for definitive notes in registered certificated form ("**Certificated Notes**") except in the limited circumstances described below. Please see "*—Exchange of Global Notes for Certificated Notes*". The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests.

In addition, while the Notes are in global form, "holders" of Book-Entry Interests will not be considered the owners or "Holders" of Notes for any purpose. So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the Holders of global notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of Holders under the Indenture. Neither we nor the Trustee nor any of our respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Payments on Global Notes

Payments of amounts owing in respect of the global notes (including principal, interest and premium, if any) will be made by us to the Paying Agent. The Paying Agent will, in turn, make such payments to DTC or its nominee (in the case of the Rule 144A Global Notes) and to the common depositary for Euroclear and Clearstream (in the case of the Regulation S Global Notes), which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, we, the Paying Agent, the Transfer Agent, the Registrar and the Trustee and any of their respective agents will treat the registered holder of the global notes (i.e., DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the Paying Agent, the Transfer Agent, the Registrar and the Trustee or any of our respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participants, or for maintaining supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- any other matter relating to the actions and practices of DTC, Euroclear or Clearstream or any participant or indirect participant. Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name";
- DTC or Euroclear and/or Clearstream, as applicable, or any participant or indirect participant; or
- the records of the custodian or common depositary, as applicable

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of Notes of any series as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the global notes. However, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form, and to distribute such definitive registered Notes to their respective participants.

Exchanges between the Global Notes

The global notes will bear a legend to the effect set forth in "*Notice to Investors*". Book-Entry Interests in the global notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*". Book-Entry Interests in any Rule 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of Rule 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the global note from which it was transferred and will become a Book-Entry Interest in the global note of such series to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the global note to which it was transferred.

If definitive registered Notes are issued, they will be issued only in minimum denominations of US$200,000 principal amount and integral multiples of US$1,000, respectively, in excess thereof, as the case may be, upon receipt by the registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear, Clearstream or DTC, as applicable, from the participant who owns the relevant Book-Entry Interests. Definitive registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*". In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear, Clearstream or DTC, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for Certificated Notes if:

1. in the case of a Rule 144A Global Note, if DTC (a) notifies us that it is unwilling or unable to continue as depositary for such global notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depositary;
2. in the case of a Regulation S Global Note, if Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for such global notes, and we have failed to appoint a qualified successor; or
3. there has occurred and is continuing a default or event of default with respect to the Notes and DTC, Euroclear or Clearstream, or the owner of a Book-Entry Interest, as applicable, so requests.

In all cases, Certificated Notes delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the restrictive legend referred to in “Notice to Investors”, unless that legend is not required by applicable law.

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures. The Issuer and the Guarantors understand as follows with respect to DTC and Euroclear and Clearstream:

DTC

DTC is:

- a limited purpose trust company organized under New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC’s owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Euroclear and Clearstream

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Global Clearance and Settlement under the Book-Entry System

The notes represented by the Global Notes are to be listed on the Official List of the Exchange and admitted to trading on the Exchange. The Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in the Notes will, therefore, be required by DTC to be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by the common depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system. Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes from DTC, and making and receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received by Euroclear and Clearstream as a result of a sale of an interest in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

The Book-Entry Interests will trade through participants of DTC, Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the global notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Transfer Agent, the Registrar or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

TAX CONSIDERATIONS

The following summary describes certain tax consequences for holders of the Notes as in effect on the date of this offering memorandum and is subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. This discussion is not intended as tax advice to any particular investor and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules. It is also not a complete analysis or listing of all potential tax consequences related to your investment in the Notes. We urge you to consult your own tax adviser regarding the specific tax consequences of an investment in the Notes in your own particular factual circumstances, including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein. This summary also does not address those holders of Existing Senior Secured Notes who participate in the Tender Offer or the Redemption or any other holders of Existing Senior Secured Notes.

U.K. TAX CONSIDERATIONS

The following is a summary of certain U.K. income tax considerations in relation to payments of interest and principal with respect to the Notes and certain other U.K. tax considerations in respect of the Notes. It is based on current law and the published practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other U.K. tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of persons, such as dealers in securities, to whom special rules may apply. The following is a general summary for information purposes and should be treated with appropriate caution. It is not intended to be tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of Notes. Holders of the Notes who may be liable to taxation in jurisdictions other than the U.K. in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisors as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain U.K. taxation aspects of payments in respect of the Notes. In particular, holders of the Notes should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the U.K. Holders of the Notes should consult their own professional advisors with respect to their tax position.

Interest on the Notes

The Notes will constitute "quoted Eurobonds", provided they are and continue to be "listed on a recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007, or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange within the meaning of Section 987 of the Income Tax Act 2007. While the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of U.K. income tax.

The Notes will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a "recognised stock exchange" by an order made by the Commissioners for HMRC and either they are included in the U.K. official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in EEA states, in a country outside the U.K. in which there is a "recognised stock exchange." The Exchange is a "recognised stock exchange" for this purpose. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Official List of the Exchange may be regarded as "listed on a recognised stock exchange" for this purpose.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of U.K. income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Payments by a Guarantor

Depending on the correct legal analysis of payments made by a Guarantor as a matter of U.K. tax law, it is possible that payments by a Guarantor would be subject to withholding on account of U.K. tax, subject to any applicable exemptions or reliefs (and noting that the exemption and relief set out above would not necessarily be applicable).

Other rules relating to withholding or deductions on account of U.K. income tax

Where Notes are to be, or may fall to be, redeemed at a premium any such element of premium may constitute a payment of interest. In certain cases, the same could be true for amounts of discount where Notes are issued at a discount. Payments of interest are subject to withholding or deduction on account of U.K. income tax as outlined above.

Where interest has been paid under deduction of U.K. income tax, holders of the Notes who are not resident in the U.K. for tax purposes may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" and "principal" in the statements above mean interest and principal (as applicable) as understood in U.K. tax law. The statements above do not take any account of any different definitions of interest or principal which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Holders of the Notes should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute interest or principal as those terms are understood in U.K. tax law.

The above description of the U.K. income tax position assumes that there will be no substitution, merger, consolidation or amalgamation of an Issuer and does not consider the tax consequences of any such substitution, merger, consolidation or amalgamation.

Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax is payable on the issue or transfer of the Notes.

THE PROPOSED FINANCIAL TRANSACTION TAX ("FTT")

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, save for Estonia, a "**participating Member State**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State, or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain U.S. federal income tax consequences of purchasing, owning and disposing of Notes. This summary does not discuss all of the aspects of U.S. federal income taxation that may be relevant to a beneficial owner (referred to in this summary as a "**holder**") in light of its particular investment or other circumstances. This summary applies only to a holder of a Note that acquires the Note for cash in this offering for a price equal to its "**issue price**" (*i.e.*, the first price at which a substantial amount of the Notes is sold for money to investors, other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), and holds the Note as a capital asset (generally, investment property).

This summary does not address special U.S. federal income tax rules that may be applicable to certain categories of holders of Notes, such as:

- dealers in securities or currencies;
- traders in securities;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding Notes as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security;
- persons subject to the alternative minimum tax;
- certain U.S. expatriates;
- financial institutions;
- insurance companies;
- controlled foreign corporations, passive foreign investment companies and regulated investment companies and shareholders of such corporations;
- entities that are tax-exempt for U.S. federal income tax purposes and retirement plans, individual retirement accounts and tax-deferred accounts;
- pass-through entities, including S corporations and entities or arrangements classified as partnerships for U.S. federal income tax purposes, and beneficial owners of pass-through entities;
- persons that acquire Notes in this offering and sell Existing Senior Secured Notes pursuant to the Tender Offer (or whose Notes are otherwise redeemed in the Redemption); and
- persons that acquire the Notes for a price other than their issue price.

In addition, this summary only addresses U.S. federal income tax consequences, and does not address other U.S. federal tax consequences, including, for example, estate or gift tax consequences or the Medicare tax on certain investment income. This summary also does not address any U.S. state or local or non-U.S. income or other tax consequences.

If an entity or arrangement classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Entities or arrangements classified as partnerships for U.S. federal income tax purposes and partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences of purchasing, owning and disposing of Notes.

This summary is based on U.S. federal income tax law, including the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations, administrative rulings and judicial authority, all as in effect or in existence as of the date of this offering memorandum. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of purchasing, owning and disposing of Notes as set forth in this summary. The Issuer cannot provide any assurance that the Internal Revenue Service (the "**IRS**") will not challenge one or more of the tax consequences described in this summary, and the Issuer has not obtained, nor does the Issuer intend to obtain, any ruling from the IRS or opinion of counsel with respect to the tax consequences of the purchase, ownership or disposition of the Notes. Before purchasing Notes, a prospective holder should consult its tax advisor regarding the particular U.S. federal, state and local and non-U.S. income and other tax consequences of purchasing, owning and disposing of the Notes that may be applicable to such holder.

U.S. Holders

The following summary applies only to a U.S. Holder. A "**U.S. Holder**" is a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of the source of that income; or
- a trust, if (1) a U.S. court is able to exercise primary supervision over the trust's administration and one or more "**United States persons**" (within the meaning of the Code) has the authority to control all of the trust's substantial decisions, or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a "United States person."

U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes are generally required to include certain amounts in income no later than the time such amounts are reflected on certain applicable financial statements. The application of this rule may require the accrual of income earlier than would be the case under the general U.S. federal income tax rules described below. U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes should consult with their tax advisors regarding the potential applicability of this rule to their particular situation. The remainder of this summary does not address the application of the foregoing rule.

Payments of Interest

Interest on the Notes, including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld, will be included in a U.S. Holder's gross income and taxed as ordinary interest income at the time such interest is accrued or received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Interest on the Notes generally will constitute non-U.S. source income, and generally will be treated as "passive category" income for purposes of the U.S. foreign tax credit. A U.S. Holder may be eligible to claim a foreign tax credit (or deduction in lieu of such credit) for any non-U.S. withholding tax paid (or deemed paid) by the U.S. Holder with respect to payments of interest on the Notes. The rules relating to the availability, calculation and timing of foreign tax credits (or deductions in lieu of such credits) are complex and their application depends upon a U.S. Holder's particular circumstances.

Sale or Other Taxable Disposition of Notes

Upon the sale, redemption, retirement, exchange or other taxable disposition (each a "**disposition**") of a U.S. Holder's Notes, the U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between:

- the amount realized by such U.S. Holder on the disposition (less any amount attributable to accrued but unpaid interest on such Notes); and
- the U.S. Holder's adjusted tax basis in such Notes, which generally will be their cost to such U.S. Holder.

Any amount realized on the disposition that is attributable to accrued but unpaid interest will be taxable as ordinary interest income to the extent not previously included in the U.S. Holder's gross income in the manner described above under "*—Payments of Interest*". A U.S. Holder's gain or loss generally will be capital gain or loss. This capital gain or loss will be long-term capital gain or loss if, at the time of the disposition, the U.S. Holder has held the Notes for more than one year. Subject to limited exceptions, a U.S. Holder's capital losses cannot be used to offset ordinary income. Long-term capital gain of a non-corporate U.S. Holder generally is subject to a preferential rate of U.S. federal income tax. Capital gain or loss recognized by a U.S. Holder generally will constitute U.S. source income or loss for purposes of the U.S. foreign tax credit.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and the proceeds of a disposition of the Notes received by a U.S. Holder unless such U.S. Holder is an exempt recipient, and, when required, provides evidence of such exemption.

In general, "**backup withholding**" (currently at a rate of 24%) may apply to payments of interest on the Notes and the proceeds of a disposition of the Notes, if the U.S. Holder fails to provide a correct taxpayer identification number or otherwise comply with the applicable requirements of the backup withholding rules and does not otherwise establish an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be credited against the U.S. Holder's U.S. federal income tax liability (which may result in the U.S. Holder's being entitled to a refund of U.S. federal income tax), provided that the required information is timely provided to the IRS.

Non-U.S. Holders

The following summary applies only to a beneficial owner of a Note that is neither a U.S. Holder (as defined above) nor an entity or arrangement classified as a partnership or other pass through entity for U.S. federal income tax purposes (a "**Non-U.S. Holder**").

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on:

- interest received in respect of the Notes, unless such interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States; or

- gain realized on disposition of the Notes, unless (1) that gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States or (2) the Non-U.S. Holder is an individual that is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Each Non-U.S. Holder should consult its tax advisor regarding the U.S. federal income, branch profits and withholding tax consequences if such Non-U.S. Holder is subject to any of the exceptions listed above.

A Non-U.S. Holder may be required to certify its non-U.S. status to avoid backup withholding on payments to such Non-U.S. Holder of interest on, or proceeds from a disposition of, a Note.

Certain Additional Reporting Requirements

Individual U.S. Holders (and to the extent specified in applicable Treasury regulations, certain individual Non-U.S. Holders and certain U.S. Holders that are entities) that hold "specified foreign financial assets," whose aggregate value exceeds US$75,000 at any time during the taxable year or US$50,000 on the last day of the taxable year (or such higher amounts as prescribed by applicable Treasury regulations) are required to file a report on IRS Form 8938 with information relating to the assets for each such taxable year. Specified foreign financial assets (as defined in Section 6038D of the Code) would include, among other things, the Notes, unless the Notes are held in an account maintained by a U.S. "financial institution" (as defined in Section 6038D of the Code). Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders should consult their own tax advisors regarding their reporting obligations with respect to specified foreign financial assets and the substantial penalties for noncompliance.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act and related Treasury guidance (collectively referred to as "**FATCA**") impose U.S. federal withholding tax at a rate of 30% on "withholdable payments," which include "foreign passthru payments" made by a "foreign financial institution" (each as defined under FATCA) that has entered into an agreement with the IRS to perform certain diligence and reporting obligations with respect to the foreign financial institution's accounts (each such foreign financial institution, a "**Participating Foreign Financial Institution**"). If the Issuer were treated as a foreign financial institution and were to become a Participating Foreign Financial Institution and payments on the Notes were considered foreign passthru payments, then FATCA withholding tax may be imposed on payments on the Notes made to a holder (including a foreign financial institution acting as an intermediary), unless the holder complies with the applicable requirements of, or is otherwise exempt from, FATCA. The term "foreign passthru payment" is not yet defined and it is therefore not clear whether or to what extent payments on the Notes could be considered foreign passthru payments. Debt obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining "foreign passthru payments" are published in the Federal Register generally would be "grandfathered," unless materially modified after such date. In addition, under proposed Treasury regulations, withholding on foreign passthru payments will not be required with respect to payments before the date that is two years after the date of publication of final regulations defining the term "foreign passthru payment". Taxpayers may generally rely on these proposed regulations until final regulations are issued. The United States has entered into intergovernmental agreements with certain jurisdictions that modify the FATCA withholding regime described above. It is not yet clear how these intergovernmental agreements will address foreign passthru payments and whether such intergovernmental agreements may relieve foreign financial institutions of any obligation to withhold on foreign passthru payments. Potential investors in the Notes should consult their tax advisors regarding the potential impact of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, on their investment in the Notes.

CERTAIN KENYAN TAX CONSIDERATIONS

Below is a general high level guide to the Kenyan tax considerations relating to the Notes based on current law and practice. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not constitute legal or tax advice. Prospective holders of Notes should consult their own professional advisers in relation to the Kenyan tax considerations.

Capital gains tax ("CGT") and Income Tax

The creation of the Collateral and the issuance of the Guarantee will not have any income tax implications under the Income Tax Act (Chapter 470, Laws of Kenya) (the ITA).

In the event that the Issuer is unable to honor its obligations under the Notes, and the Security Agent enforces its rights under the Collateral and Guarantee, any gain or loss realized by the shareholders of Liquid Telecommunications Kenya Limited on enforcement of the Collateral and Guarantee will have CGT implications for the shareholders. It is important to note that under paragraph 5(2) of the Eighth Schedule to the ITA even though at enforcement the transfer of the shares will be effected by the security holders, the burden of paying CGT on any gain will be on the shareholders of Liquid Telecommunications Kenya Limited and not on the security holders.

Kenya has entered into bilateral Double Tax Agreements ("**DTAs"**) with various countries, including the United Kingdom (the "**Kenya – UK DTA"**). The Kenya-UK DTA applies to persons resident in either Kenya or the UK or in both countries. Under the Kenya-UK DTA, the applicable withholding tax rate for interest should not exceed 15%. In this regard, the interest income that will be paid to the Note holders who are tax resident in Kenya could be subject to withholding tax in the UK but the withholding tax should not exceed 15%.

In relation to the interest income received by the Noteholders in Kenya, Kenya operates a source basis of taxation and generally, income is only taxable in Kenya if it is accrued in or derived from Kenya. While individual Noteholders would not be subject to further tax in Kenya on the interest income, corporate entities may be subject to tax in Kenya on the foreign sourced income in certain prescribed circumstances, but would be entitled to claim a tax credit in Kenya in relation to any taxes deducted at source in the UK.

Other than the UK Kenya also has DTAs with the following countries (i) Canada; (ii) Denmark; (iii) France; (iv) Germany; (v) India; (vi) Iran; (vii) Mauritius; (viii) Norway; (ix) Sweden; (x) Zambia; (xi) South Africa; (xii) Seychelles; (xiii) Republic of South Korea; (xiv) Qatar and (xv) the United Arab Emirates. The DTAs apply to persons resident in either Kenya or the reciprocating countries or in both countries (as applicable). Note holders based in Kenya will earn interest income which will be subject to withholding tax at the applicable rates (the rates may differ depending on the terms of each DTA.

Value added tax (VAT)

VAT is charged pursuant to the provisions of the Value Added Tax Act (No. 35 of 2013) (VATA). Section 5 of the VATA imposes VAT on taxable supplies made by a registered person in Kenya. The term "taxable supply" is defined as "a supply other than an exempt supply, made in Kenya by a person in the course or furtherance of a business carried on by the person, including a supply made in connection with the commencement or termination of a business".

The definition of the term "taxable supply" includes a "supply", which is in turn defined to mean "a supply of goods or services". "Supply of services" includes "the making available of any facility or advantage". The issuance of the Guarantee qualifies as a supply of services. However, paragraph 1(j) of Part II of the First Schedule to the VATA exempts from VAT "the provision of guarantees, letters of credit and acceptance and other forms of documentary credit". Therefore, there will be no VAT on the issuance of the Guarantee.

Stamp duty

The Stamp Duty Act (Chapter 480, Laws of Kenya), requires the stamping of any agreement or instrument relating to property situated in Kenya, or to any matter or thing done or to be done in Kenya. Any agreement or instrument that is chargeable with stamp duty can only be admitted as evidence in Kenyan courts, if it is duly stamped. If an agreement or instrument executed outside Kenya is brought into Kenya, stamp duty should be paid within thirty (30) days of the agreement or instrument being received in Kenya.

Stamp duty on the Guarantee to be issued by Liquid Telecommunications Kenya Limited will be payable at a nominal amount of Kenya Shillings two hundred (KES 200) (approximately US$2). The Kenyan collateral (in form of a memorandum of deposit over the shares of Liquid Telecommunications Kenya Limited) is exempt from stamp duty pursuant to section 117 (1) (l) of the Kenyan Stamp Duty Act (Chapter 480, Laws of Kenya) as amended by section 94 of the Movable Property Security Rights Act (Number 13 of 2017). Unless the stamp duty exemption is obtained, the Kenyan collateral must, in accordance with the provisions of the Kenyan Stamp Duty Act, be stamped with applicable stamp duty as may be assessed by the Collector of Stamp Duties within thirty (30) days of (a) the date of execution or (b) the date on which it is brought into Kenya if executed outside Kenya. In the event that the Issuer is unable to honor its obligations under the Notes, and the Security Agent enforces its rights under the Collateral and Guarantee, the transfer of the shares in Liquid Telecommunications Kenya Limited on enforcement of the Collateral and Guarantee will trigger Kenyan stamp duty that would be payable by the persons who buy the shares in Liquid Telecommunications Kenya Limited.

CERTAIN MAURITIAN TAX CONSIDERATIONS

The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current law and practice in Mauritius relating to certain aspects of Mauritius taxation. This description does not purport to constitute legal or tax advice and any prospective noteholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than Mauritius, should consult their professional advisers.

Interest on the Notes—Payments by a Guarantor

If a Guarantor incorporated in Mauritius makes any payments in respect of interest on the Notes, such payments may be subject to Mauritius withholding tax at 15% subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply. A Guarantor holding a Global Business License will be exempted from withholding tax on interest on the Notes. A Guarantor holding a category 2 Global Business License is not a resident for Mauritius tax purposes and is therefore not liable to tax in Mauritius. Therefore, the Company, being a company holding a category 2 Global Business License, will be exempt from tax in Mauritius.

CERTAIN SOUTH AFRICAN TAX CONSIDERATIONS

The following is a general high level guide to the South African tax considerations relating to the Notes based on current law and practice. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not constitute legal or tax advice. Prospective holders of Notes should consult their own professional advisers.

Persons who are tax resident in South Africa will be subject to income tax on all interest and other income received by or accruing to them in respect of the Notes. Companies are generally taxed at the rate of 28% while individuals are taxed at progressive rates up to a maximum rate of 45%. Most trusts pay income tax at a flat rate of 45%. Proceeds arising in respect of the disposal of a Note by a South African tax resident will be subject to income tax or capital gains tax depending on the specific circumstances of the investor in question. Companies pay capital gains tax at an effective rate of 22.4% while individuals pay capital gains tax at progressive rates up to a maximum effective rate of 18%. Most trusts pay capital gains tax at the effective rate of 36%. Since the Notes are denominated in U.S. Dollars, certain South African resident investors should be aware that foreign exchange gains and losses arising in respect of the Notes could be taxable in South Africa upon translation of the Notes at year end and upon realization thereof.

Section 50B of the Income Tax Act, 1962 (the "**Income Tax Act**") imposes a withholding tax on interest payments to persons who are not regarded as resident in South Africa for tax purposes, where the interest is sourced in South Africa. The withholding tax is levied at a rate of 15%, but could be reduced by applicable double taxation treaties. The withholding tax will not apply if the Notes are listed on a recognized exchange. There should not be withholding obligation in respect of any guarantee issued by the South African Subsidiary Guarantors

CERTAIN ZAMBIAN TAX CONSIDERATIONS

The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current law and practice in Zambia relating to certain aspects of Zambian taxation. This description does not purport to constitute legal or tax advice and any prospective noteholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than Zambia, should consult their professional advisers.

Interest on the Notes—Payments by a Guarantor

If a Guarantor incorporated in Zambia makes any payments in respect of interest on the Notes, such payments may be subject to withholding tax prevailing from time to time, currently at 20% subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply.

CERTAIN INSOLVENCY AND ENFORCEABILITY CONSIDERATIONS

The following is a brief description of certain insolvency and enforceability considerations in the jurisdictions in which Guarantees are initially being provided. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes or the Guarantees. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the Guarantees. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations. See "Risk Factors—Risks relating to the Notes and the Guarantees."

ENGLAND AND WALES

The Issuer, and certain of the Guarantors and certain of the providers of Collateral are companies incorporated under the laws of England and Wales (the "**English Obligors**").

Applicable legal framework and jurisdiction of the English courts

While the UK was a member state of the European Union (the "**EU**"), insolvency processes opened in the UK were subject to both EU and applicable UK domestic legislation. Following the UK's departure from the EU on 31 January 2020 and the expiry of the subsequent transition period (the "**Transition Period**") on 31 December 2020, in accordance with the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) EU law as directly applicable in the UK at the end of the Transition Period (subject to certain exceptions) was transposed into UK domestic law subject to significant amendments. The Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) (as amended) effected key amendments to both EU insolvency laws previously directly applicable in the UK, including the Insolvency Regulation 2000 and the EC Regulation No. 2015/848 on Insolvency Proceedings (the "**Recast Insolvency Regulation**"), and domestic insolvency laws, including the Insolvency Act 1986 (the "**Insolvency Act**"), the Insolvency (England and Wales) Rules 2016 (SI 2016/1024) (the "**Insolvency Rules**") and the Cross-Border Insolvency Regulations 2006 (SI 2006/1030) (the "**Cross-Border Insolvency Regulations**").

Unless insolvency proceedings or certain related proceedings were opened prior to the expiry of the Transition Period, in which case the unmodified Recast Insolvency Regulation and related EU insolvency legislation govern the proceedings, insolvency proceedings with respect to the English Obligors would likely proceed under, and be governed by, English insolvency laws in force at the time of commencement of the relevant proceedings. However, to the extent that an English Obligor has its COMI in a member state of the EU, insolvency proceedings could, pursuant to the Recast Insolvency Regulation and subject to certain exceptions, be opened in the relevant EU member state and be subject to the laws of that EU member state. In addition, pursuant to the Cross-Border Insolvency Regulations, certain foreign courts may have jurisdiction to oversee insolvency proceedings of any English Obligor which has its COMI or an "establishment" (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services) in such foreign jurisdiction.

Although the scope of the English courts' jurisdiction varies for the different insolvency proceedings available in England and Wales, English courts generally have jurisdiction to open insolvency proceedings in respect of any company which has its COMI in the UK or which has its COMI in an EU member state (other than Denmark) and an "establishment" in the UK. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. While this allows English courts to assume jurisdiction over certain foreign companies in respect of certain insolvency proceedings, the efficacy of such proceedings will significantly depend on the likelihood and extent of subsequent recognition of such proceedings in relevant other jurisdictions (see "*Cross-border recognition of English insolvency and restructuring proceedings*" below).

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. In the event that an English Obligor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. The obligations under the Notes are guaranteed by the Guarantees and secured by security interests over the Collateral. English insolvency laws and other limitations could limit the enforceability of the payment obligations of the Issuer in respect of the principal, interest and other amounts owing by the Issuer, and of a Guarantee against an English Obligor and of the security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to such limitations. The application of these laws could adversely affect investors, and their ability to enforce their rights for payment of the principal, interest and other amounts owing by the Issuer , and/or under the Guarantees and/or under the Collateral securing the Notes and the Guarantees and therefore may limit the amounts that investors may receive in an insolvency of an English Obligor.

Fixed versus floating charges

The Notes and the Guarantees benefit from fixed and floating charge security over certain Collateral owned by certain of the English Obligors.

There are a number of ways in which fixed charge security has advantages over floating charge security.

Until floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge.

On an insolvency of a charging company: (a) a fixed charge, even if created after the date of a floating charge, may have priority as against a floating charge over the same charged assets (provided that the floating charge has not crystallised at the time the fixed charge was granted and there were no restrictions on the creation of such security which the fixed charge holder was aware of); (b) general costs and expenses (including the remuneration of insolvency office-holders and the costs of continuing to operate the business of the charging company while in administration) properly incurred in an insolvency process are generally payable out of the assets of the charging company (including the assets (including cash) that are the subject of the floating charge) and insolvency office-holders appointed to a charging company can convert floating charge assets to cash and use such cash to meet such general costs and expenses in priority to the claims of the floating charge holder to the extent that the value of the charging company's unsecured assets is not sufficient to cover such costs and expenses in full; (c) an administrator may dispose of or take action relating to property subject to a floating charge without the prior consent of the charge holder or court, although the floating charge holder retains the same priority in respect of the proceeds from the disposal of the assets subject to the floating charge; (d) where the floating charge is not created or otherwise arising under a "financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) (the "**Financial Collateral Regulations**"), assets subject to floating charge security are subject to the claims of certain preferential creditors and the ring-fencing of the Prescribed Part for unsecured creditors (see "*Priority on insolvency*" below); and (e) there are particular insolvency "clawback" risks in relation to floating charge security.

There is a possibility under English law that a court could find that fixed security interests expressed to be created by a security document governed by English law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than recharacterised as floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the charging company's ability to deal with the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the security holder in practice. Where the charging company is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration

English insolvency statutes empower English courts to make an administration order in respect of any company within their general jurisdiction (see "*Applicable legal framework and jurisdiction of the English courts*" above), any company incorporated in England, Wales, Scotland or an EEA State, any company (irrespective of its country of incorporation) with its COMI in the UK or an EU member state (other than Denmark) and upon request from courts in other parts of the United Kingdom or certain other countries and territories. In each case and subject to specific conditions, an administration order can be made if the court is satisfied that (a) the relevant company is or is likely to become "unable to pay its debts" and (b) the administration order is reasonably likely to achieve the purpose of administration.

A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), as per Section 123 of the Insolvency Act. Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 within 21 days of service or to satisfy in full or in part a judgment debt (or similar court order).

The purpose of an administration is comprised of three parts that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable and the interests of the creditors as a whole are not unnecessarily harmed thereby, realising property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "*Priority on insolvency*" below).

Without limitation and subject to specific conditions, the debtor company, the directors of such company or the holder of a "qualifying floating charge" (as described in "*Qualifying floating charge*" below) where the floating charge has become enforceable may also appoint an administrator out of court. Different appointment procedures apply according to the identity of the appointor.

An administrator is given wide powers to conduct the business of the company to which they are appointed and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration (including property subject to a floating charge). A set proportion of the proceeds of the realisation of any property subject to a floating charge will need to be set aside for satisfaction of the claims of preferential creditors and the ring-fencing of the Prescribed Part (see "*Prescribed Part*" below). An administrator may also, with prior approval by the court, deal with assets subject to a fixed charge, provided that disposing of the property is likely to promote the purpose of the administration and the administrator applies the net proceeds from the disposal towards discharging the obligations of the company to the fixed charge holder.

In addition, certain rights of creditors, including secured creditors, are curtailed in an administration. Upon the appointment of an administrator, a statutory moratorium is imposed such that no step may be taken to enforce security or a guarantee over the company's property except with the consent of the administrator or leave of the court (although a demand for payment could be made under a guarantee granted by the company). The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

However, certain creditors of a company in administration may, in certain defined circumstances, be able to realise their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to any security interest created or otherwise arising under a "financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments and credit claims) under the under the Financial Collateral Regulations.

Accordingly, if any of the English Obligors were to enter into administration, the Notes, the Guarantees and the Collateral, as applicable, may not be enforceable without the permission of the court or consent of the administrator while the relevant company was in administration. There can be no assurance that the Security Agent would obtain such permission of the court or consent of the administrator.

Qualifying floating charge

If a company grants security constituting a "qualifying floating charge" to a party for the purposes of English insolvency law, that party will be able to appoint an administrator out of court (see "*Administration*" above) or (in limited circumstances) an administrative receiver (see "*Administrative Receivership"* below). The holder of a qualifying floating charge is also entitled to advance notice of an intention of a company or its directors to appoint an administrator, allowing the charge holder to either appoint its own administrator (or, where applicable, administrative receiver) in place of the proposed administrator, conduct negotiations with the proposed appointors over the identity or terms of appointment of the proposed administrator or (in an extreme case) prevent the company going into administration.

A floating charge constitutes a qualifying floating charge if it is created by an instrument which (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company, or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act. A party will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with other forms of security granted to that party, relates to the whole or substantially the whole of the property of the relevant company, and at least one such security interest is a qualifying floating charge. Please note that it is a matter of fact whether the extent of the security granted relates to 'the whole or substantially the whole' of the property of a company and there is no statutory guidance as to what percentage of a company's assets should be charged to satisfy this test.

Administrative receivership

Administrative receivership as a creditor remedy has been largely abolished and is only available in very limited circumstances. The ability to appoint an administrative receiver only applies to holders of a qualifying floating charge where either the security document granting such charge pre-dates 15 September 2003 or where it falls within one of the exceptions under the Insolvency Act (as amended by the Enterprise Act 2002). The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant English company during the life of the arrangement and the arrangement involves the issue of a "capital market investment" (which is defined in the Insolvency Act and includes rated, listed or traded debt instruments and debt instruments designed to be rated, listed or traded).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge (see "*Transactions at an undervalue*", "*Preference*" and "*Voidable floating charge*" below, respectively). If an administrator is appointed, any administrative receiver will vacate office.

Fixed charge receivership

A fixed charge receiver (as opposed to an administrative receiver, who is appointed under certain floating charges – see "*Administrative receivership*" above) may be appointed over some or all of the assets secured by a fixed charge in accordance with the terms of a security document creating a fixed charge or (in limited circumstances) pursuant to statute.

If appointed under the terms of a security agreement, grounds for appointment under the terms of the charge (such as a default) must exist and the charging company must have failed to satisfy the demand made for an appointment to take place. A fixed charge receiver can be appointed in parallel to a liquidator. An administrator may require a fixed charge receiver to vacate office unless that fixed charge receiver was appointed under a charge created or otherwise arising under a "financial collateral arrangement", as per Regulation 8(4) of the Financial Collateral Regulations (see "*Administration*" above).

The primary duty of a fixed charge receiver is to realise the assets over which (s)he is appointed, meaning (s)he owes an over-riding duty of care to the appointor. This contrasts with the duty of an administrator, who performs his/her duties in the interests of a company's creditors as a whole. In other words, receivership is a proprietary remedy whereas administration is a collective procedure. In realising the charged assets, the receiver will need to take reasonable care to obtain the best price obtainable in the circumstances. In doing so, the fixed charge receiver will be entitled to a statutory indemnity in respect of any liabilities from the realisations made of the assets of the company (and may also have the benefit of a contractual indemnity from the appointor).

To the extent the receiver has been appointed under a crystallised floating charge, amounts will be deducted from the proceeds of the realisation of the charged assets to pay the Prescribed Part and any preferential creditors (see "*Prescribed Part*" below).

Scheme of arrangement

Although not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). An English Obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign Obligor which (a) is liable to be wound up under the Insolvency Act and (b) has a "sufficient connection" to England and Wales could also pursue a scheme, provided it can be shown to the satisfaction of the court that the scheme of arrangement would be recognised in the jurisdictions in which the company has its main assets or operations. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law governed or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favour of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

Unlike an administration proceeding, the commencement of a scheme of arrangement does not automatically trigger a moratorium of claims or proceedings.

Restructuring plan

Like a scheme of arrangement, a restructuring plan is not an insolvency process but a procedure under Part 26A of the Companies Act 2006 which allows the English courts to effect a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). While generally available to the same domestic and foreign companies as schemes of arrangement, a company seeking to enter into a restructuring plan process must show that (a) it has encountered, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, and (b) a compromise or arrangement has been proposed between the company and its creditors (or any class of them) whose purpose it is to eliminate, reduce or prevent, or mitigate the effect of, any of those financial difficulties.

A restructuring plan may be proposed by the debtor company, any creditor of the company or any liquidator or administrator appointed to the company. As with a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes depending on the rights of such creditors which will be affected by the proposed restructuring plan and any new rights that such creditors are given under the restructuring plan.

A restructuring plan will be deemed to be approved if at least 75% in value of the creditors present and voting at the meeting of at least one class of creditors vote in favour of the proposed compromise, there is no requirement for the approving creditors to constitute a majority in number of those creditors present and voting, and there is crucially no requirement for each and every voting class to approve of the plan, provided that the court is satisfied that (a) none of the members of a dissenting class would be any worse off if the restructuring plan were to be sanctioned than they would be in the event of the 'relevant alternative' and (b) the restructuring plan was approved by at least one class of creditors who would receive a payment or have a genuine economic interest in the company in the event of the 'relevant alternative'. The 'relevant alternative' for the purposes of this assessment is whatever the court considers would be most likely to occur in relation to the company if the restructuring plan were not sanctioned. By virtue of these mechanics, the restructuring plan process provides for the possibility of a 'cross-class cram-down', meaning the courts may sanction a restructuring plan even if one or more classes of affected creditors do not vote in favour of the restructuring plan, effectively allowing the vote of one class of stakeholders to bind other classes.

Following approval of the restructuring plan at the creditor meeting(s), the restructuring plan needs to be sanctioned by the court at a sanction hearing where the court will review whether the applicable statutory conditions have been met and consider whether the restructuring plan is just and equitable. The court has discretion as to whether to sanction the restructuring plan as approved, make an order conditional upon modifications being made or reject the restructuring plan. Courts are likely to pay particular attention to the fairness and equity of any cross-class cram-down effected by the proposed arrangement. Once sanctioned, the restructuring plan binds all affected stakeholders whose rights will be as set out in the restructuring plan.

As with schemes of arrangement, the commencement of a restructuring plan process does not automatically trigger a moratorium of claims or proceedings.

Liquidation/winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realised and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act (see "*Priority on insolvency*" below). There are two forms of winding-up: (a) compulsory liquidation, by order of the court; and (b) members' voluntary liquidation or creditors' voluntary liquidation, in each case by resolution of the company's members. The difference between the two voluntary proceedings is the solvency of the company in question; in a members' voluntary liquidation, the directors of the company swear a statutory declaration as to the company's solvency over the following 12 months whereas the primary ground for the creditors' voluntary liquidation of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act – see "*Administration*" above). Note that while a creditors' voluntary liquidation (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, once in place the process is subject to some degree of control by the creditors. Whereas compulsory liquidation and creditors' voluntary liquidation proceedings are available to foreign companies with sufficient nexus to the UK in addition to companies within the English courts' general jurisdiction (see "*Applicable legal framework and jurisdiction of the English courts*" above), members' voluntary liquidation proceedings are only available to companies registered in England, Wales or Scotland.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 127 of the Insolvency Act any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. However, this will not apply to any property or security interest subject to a disposition or created or otherwise arising under a "financial collateral arrangement" under the Financial Collateral Regulations and will not prevent a close-out netting provision taking effect in accordance with its terms. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced at the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No action or proceeding may be continued or commenced against the company without permission of the court and subject to such terms as the court may impose although there is no freeze on the enforcement of security.

In the context of a voluntary winding-up, however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary winding-up – it is for the liquidator, or any creditor or contributory of the company, to apply for a stay to prevent the continuation of legal proceedings and enforcement of security.

A liquidator has the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property and execute documents in the name of the company and to challenge antecedent transactions (see "*Avoidance of Transactions*" below).

In light of the coronavirus pandemic, legislation has been introduced which temporarily restricts the ability of creditors to present winding-up petitions and of courts to grant winding-up orders. While these measures remain in place, (a) winding-up petitions on the basis of a company's inability to satisfy a statutory demands alone are void if the relevant statutory demands were served between 1 March 2020 and 31 March 2021, and (b) where winding-up petitions are presented between 27 April 2020 and 31 March 2021 based on other grounds, the petitioning creditor must show that it had reasonable grounds to believe that coronavirus has not had a financial effect on the company or that the company's inability to pay its debts would have arisen even if coronavirus had not had such effect on the company. Between 27 April 2020 and 31 March 2021, a court may similarly only grant a winding-up order in circumstances where a company is deemed unable to pay its debts and it appears to the court that coronavirus has had a financial effect on the company before the presentation of the petition if the court is satisfied that the company's insolvency would have arisen even if coronavirus had not had such effect on the company.

Priority on insolvency

One of the primary functions of winding-up (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realise the assets of the company in question and distribute the proceeds from those assets to the company's creditors.

In accordance with the Insolvency Act and the Insolvency Rules, creditors are placed into different classes, with the proceeds from the realisation of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior-ranking class have been paid in full. Unless creditors have agreed otherwise with the company, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

Contractual setting-off arrangements entered into after a company enters liquidation or administration are only respected to the extent they fall within the definition of "mutual dealing" as applied by the mandatory insolvency set-off regime. This regime sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and only the resulting net balance is either provable by the creditor in the administration or liquidation of the company (if amounts remain due to the creditor) or, conversely, is payable by the creditor to the company (if amounts remain due to the company).

The general priority on insolvency is as follows (in descending order of priority):

- *First ranking*: holders of fixed charge security (but only to the extent the value of the secured assets covers that indebtedness);

- *Second ranking*: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- *Third ranking*: ordinary and secondary preferential creditors.

  Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (a) contributions to occupational and state pension schemes; (b) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (c) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency. As between one another, ordinary preferential debts rank equally.

  Secondary preferential debts rank for payment after the discharge of ordinary preferential debts and include claims by HMRC in respect of certain taxes including VAT, PAYE income tax (including student loan repayments), employee NI contributions and Construction Industry Scheme deductions (but excluding corporation tax and employer NI contributions) which are held by the company on behalf of employees and customers. As between one another, secondary preferential debts rank equally;

- *Fourth ranking*: holders of floating charge security, according to the priority of their security. This would include any security interest that was stated to be a fixed charge in the document that created it but which, on proper interpretation by the court, was rendered a floating charge. However, before distributing asset realisations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- *Fifth ranking*:

  - firstly, provable debts of unsecured creditors and (to the extent of any unsecured shortfall) secured creditors, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency office-holder can only use realisations from unsecured assets as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors;

  - secondly, interest on the company's debts (at the higher of the applicable contractual rate and the rate determined in accordance with the Judgments Act 1838 (currently 8% per annum)) in respect of any period after the commencement of liquidation or after the commencement of an administration which has been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the Guarantees, such interest due to the holders of the Notes may, if there are sufficient realisations from the secured assets, be discharged out of such security recoveries; and

  - thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully repaid; and

- *Sixth ranking*: shareholders. If, after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

Prescribed Part

An insolvency practitioner of a company (e.g. an administrator, administrative receiver or liquidator) will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realisations) (the "**Prescribed Part**"). This ring-fence applies to (a) 50% of the first £10,000 of the company's net property and (b) 20% of the remainder of the company's net property over £10,000, with a maximum aggregate cap of £800,000 (except where the company's net property is available to be distributed to the holder of a first-ranking floating charge created before 6 April 2020, in which case the maximum aggregate cap is £600,000). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into pound sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. This provision overrides any agreement between the parties. If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date on which such English Obligor goes into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled. Any losses resulting from currency fluctuations are not recoverable from the insolvent estate.

Avoidance of transactions

There are circumstances under English insolvency law in which the granting by an English company of security and/or guarantees can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period after the granting of the security and/or guarantee. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company.

The Issuer cannot be certain that, in the event that the onset of an English company's insolvency (as described below) is within any of the requisite time periods, the grant of a security interest and/or guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges (as discussed below) depends on the insolvency procedure in question.

In an administration, the onset of insolvency is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation, the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes the relevant winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as for the initial administration.

Connected persons

If a given transaction at an undervalue, preference or invalid floating charge has been entered into by the company with a "connected person", then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out below).

A "connected person" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences or invalid floating charges is a party who is: (a) a director of the company; (b) a shadow director; (c) an associate of such director or shadow director; or (d) an associate of the relevant company.

A party is associated with an individual if they are: (a) a relative of the individual; (b) the individual's husband, wife or civil partner; (c) a relative of the individual's husband, wife or civil partner; (d) the husband, wife or civil partner of a relative of the individual; or (e) the husband, wife or civil partner of a relative of the individual's husband, wife or civil partner. A party is associated with a company if they are employed by that company. A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The potential grounds for challenge available under English law that may apply to any security interest or guarantee granted by the English Obligors include, without limitation, the following described below:

Transactions at an undervalue

Under English insolvency law, a liquidator or administrator could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) where the creation of such security interest or guarantee constituted a transaction at an undervalue.

A transaction will only be a transaction at an undervalue if, at the time of the transaction or as a consequence of the transaction, the company is unable to pay its debts or becomes unable to pay its debts (as defined in Section 123 of the Insolvency Act). The transaction can be challenged if the onset of the company's insolvency is within a period of two years from the date the company grants the security interest or the guarantee. In any proceedings, it is for the administrator or liquidator to show that the company was unable to pay its debts unless a beneficiary of the transaction was a connected person (see "*Connected persons*" above), in which case there is a presumption of insolvency and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction or became unable to do so as a consequence of the transaction.

A transaction may be set aside as a transaction at an undervalue if the company made a gift to a person, if the company received no consideration or if the company received consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court shall not make an order if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it.

If the court determines that the transaction was a transaction at an undervalue, the court shall make such order as it sees fit to restore the company to the position it would have been in had it not entered into the transaction, which may include reducing payments due under or setting aside security interests or guarantees. An order by the court for a transaction at an undervalue may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the company entered into the transaction, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the person was a party to the transaction.

Preferences

Under English insolvency law, a liquidator or administrator could apply to the court for an order to set aside payments, the creation of a security interest or a guarantee (or grant other relief) where such payment, creation of security interest or guarantee constituted a preference.

A transaction will only be a preference if, at the time of the transaction or in consequence of the transaction, the company is unable to pay its debts or becomes unable to pay its debts (as defined in Section 123 of the Insolvency Act). The transaction can be challenged if the company enters into insolvency within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person, except where such beneficiary is a connected person by reason only of being the company's employee) from the date the company grants the security interest or the guarantee. A transaction may constitute a preference if a transaction has the effect of putting a creditor of the company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. However, a court shall not make an order unless the company which entered into the transaction was influenced by a desire to produce a preferential position in relation to that person when taking their decision.

In any proceedings, it is for the administrator or liquidator to show that the company was unable to pay its debts at the relevant time and that there was such desire to prefer the relevant creditor. If, however, the beneficiary of the transaction was a connected person (except where such beneficiary is a connected person by reason only of being the company's employee), it is presumed that the company intended to put that person in a better position and the connected person must demonstrate that there was, in fact, no such desire on the part of the company to prefer them.

If the court determines that the transaction was a preference, the court shall make such order as it sees fit to restore the company to the position it would have been in had it not entered into the transaction, which may include reducing payments due under or setting aside security interests or guarantees. An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not they are the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the payment is to be in respect of a preference given to that person at a time when they were a creditor of the company.

Transactions defrauding creditors

Under English insolvency law, where a transaction was at an undervalue and the court is satisfied that it was made for the substantial purpose of putting assets beyond the reach of a person who is making, or may make, a claim against the company in question, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction including the UK Financial Conduct Authority and the UK Pensions Regulator (with the leave of the court if the company is in liquidation or administration) and use of the provision is therefore not limited to liquidators or administrators. There is no statutory time limit within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of, or as a result of, the transaction.

If the court determines that the transaction was a transaction defrauding creditors, the court may make such order as it sees fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction, which may include reducing payments due under or setting aside security interests or guarantees. The relevant court order may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances, and will not require a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum to the liquidator or administrator of the company unless such person was a party to the transaction.

Voidable floating charges

Under English insolvency law, floating charges created by a company within a period of one year prior to the onset of the company's insolvency (or two years in the case of a floating charge in favour of a connected person) at a time when the company was unable to pay its debts or became unable to do so as a consequence of the transaction will be invalid, except to the extent of the value of: (a) the money paid to; (b) the goods or services supplied to; or (c) any discharge or reduction of any debt of, the relevant company at the same time as or after the creation of the floating charge (plus certain interest) (the "**Consideration**"). The requirement for a company to be unable to pay its debts at the time of granting the floating charge or to become insolvent as a consequence of doing so does not apply where the floating charge is granted to a connected person.

An administrator or liquidator (as applicable) does not need to apply to court for an order declaring that a floating charge is invalid by operation of law. Any floating charge created during the relevant time period is automatically invalid, except to the extent of the value of the Consideration, irrespective of whether the relevant company is solvent or insolvent at the time of grant.

However, if the floating charge is created or otherwise arising under a "security financial collateral arrangement" under the Financial Collateral Regulations, the floating charge will not be subject to challenge as described in "*Administration*" above.

Recharacterisation of fixed charges

As referred to above (see "*Fixed versus floating charges*" above), note the risk of a fixed charge being recharacterised as a floating charge. If such recharacterisation falls within the suspect period referred to above (see "*Voidable floating charges*" above), this could render the charge invalid except to the value of the Consideration.

Disclaimer

An English liquidator has the power to disclaim onerous property, which is any unprofitable contract or other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act, by serving the prescribed notice on the relevant party. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on a company that may be detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous or because the company could have made, or could make, a better bargain. However, this power to disclaim onerous property does not apply to an executed contract nor can it, except so far as is necessary for the purpose of releasing the company from any liability, affect the rights or liabilities of any other person.

Security over shares

Security over shares granted by an English Obligor or over shares of an English Obligor are, under English law, equitable charges, not legal charges. An equitable charge arises where a charging company creates an encumbrance over the property in favour of the chargee but the charging company retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or may otherwise be at the discretion of the court.

The validity of share security and the ability of secured parties to enforce security interests over shares may additionally be affected by a failure of the charging company or related parties or (in certain circumstances) the secured parties to comply within the relevant timeframes with the disclosure and notification obligations under English company statutes in respect of persons with significant control and relevant legal entities.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an English Obligor, the banks with which some of those accounts are held (each an "**Account Bank**") may have reserved their right at any time to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that English Obligor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallised and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English Obligor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights unless the Account Bank has expressly reserved set-off rights in such circumstances.

Limitations on enforcement

Constitutional documents, corporate benefit and financial assistance

The grant of a Guarantee or Collateral by any of the English Obligors in respect of the obligations of another group company must satisfy certain legal requirements. Among other requirements, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English Obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation.

Further, corporate benefit must be established for each English Obligor in question with respect to its entry into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in a way that he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. Section 172(3) of the Companies Act 2006 additionally provides that, in certain circumstances, the directors need to consider or act in the interests of the creditors of the company. While the statutory provisions do not prescribe when directors' duties to creditors arise, the English courts have held that the shift takes place when the directors know, or should know, that the company in question is or is likely to become insolvent, with "likely" in this context meaning "probable".

Security and/or guarantees granted by an English Obligor may also be subject to potential limitations to the extent they would result in unlawful financial assistance contrary to English company law.

Security registration

Under English company law, subject to limited exceptions, a certified copy of any security document pursuant to which a charging company incorporated in England and Wales grants security (including security governed by law other than English law) (together with prescribed particulars of the relevant security) may be delivered to the Registrar of Companies for registration within 21 days after the date of creation of the relevant security interest (the "**Registration Period**"). In light of the coronavirus pandemic, the Registration Period has temporarily been extended to 31 days for security interests granted between 6 June 2020 and 5 April 2021 (unless extended further). While the Companies Act 2006 does not impose an obligation as such on English companies to register security, security will be deemed to be void against a liquidator, administrator and any creditor of the applicable charging company if not registered within the Registration Period. When security becomes so void, the debt which was intended to be secured by such security is deemed to become immediately payable. In limited circumstances, it may be possible to apply to the English courts for an order to rectify a failure to register and allow the relevant charge to be registered after the Registration Period has expired.

The Financial Collateral Regulations exempt certain charges over financial collateral from registration with the Registrar of Companies. Security created by overseas companies over assets in England and Wales similarly does not need to be registered with the Registrar of Companies, although registration with applicable asset registries may still be required depending on the nature of the collateral assets.

Moratoriums

As outlined above, certain of the insolvency processes available in England and Wales provide for the automatic or optional moratorium imposing a period of time during which third parties including creditors are unable to institute or continue legal action against the company, enforce certain rights and/or call upon security or guarantees. Besides the moratorium available to companies undergoing administration (see "*Administration*" above), moratoriums are also available to companies entering liquidation (see "*Liquidation/winding-up*" above).

Restriction on the operation and exercise of ipso facto provisions

Recent changes to the Insolvency Act introduced a restriction on the operation and exercise of ipso facto clauses in order to preserve the continuity of the provision of goods and services to companies undergoing insolvency procedures. In general terms, ipso facto clauses are provisions in supply of goods or services contracts which allow suppliers to terminate the contract or supply or take any other action, or provide for the automatic termination of the contract or supply or the occurrence of any other event, upon the counterparty entering an insolvency procedure. Under the new approach, to the extent that the trigger event is the counterparty's entry into a 'relevant insolvency procedure' (i.e. an administration, administrative receivership, company voluntary arrangement, liquidation and/or a restructuring plan), such clauses will be deemed void and suppliers will be unable to terminate the relevant contracts unless the company or the relevant office-holder consents to the termination or the court grants permission on the basis that it is satisfied that the continuation of the contract would cause the supplier hardship.

The restrictions do not apply to a range of contracts involving financial services or entities involved in the provision of financial services, including contracts for the provision of lending, financial leasing or guarantees, contracts for the purchase, sale or loan of securities or commodities and agreements which are, or form part of, arrangements involving the issue of a capital market investment (as defined in the Insolvency Act). In light of the coronavirus pandemic, certain small suppliers are also temporarily excluded from the restrictions where the counterparty enters into relevant insolvency procedures prior to 30 March 2021 (unless extended further).

Cross-border recognition of English insolvency and restructuring proceedings

General position

The recognition of English insolvency and restructuring proceedings in other jurisdictions is governed by applicable treaties in respect of the mutual recognition (or otherwise) of courts' jurisdiction, proceedings and judgments and general principles of private international law such as comity and conflicts of laws rules applicable in the relevant jurisdictions.

One of the key insolvency-related treaties is the UNCITRAL Model Law on Cross-Border Insolvency (the "**Model Law**"), which has been adopted in a number of jurisdictions, including the United States and the United Kingdom, where it was implemented by the Cross-Border Insolvency Regulations. The Model Law provides for recognition of certain UK insolvency proceedings in other signatory states as either foreign main proceedings (if COMI of the relevant debtor is determined to be in the UK) or foreign non-main proceedings (if COMI is determined to be in another jurisdiction but the debtor has an establishment in the UK). The Cross-Border Insolvency Regulations only provide for recognition of proceedings under British insolvency law, which in relation to England and Wales covers proceedings initiated under the Insolvency Act other than receivership proceedings and members' voluntary liquidations, and does not extend to restructuring processes governed by corporate law such as schemes of arrangement and restructuring plan processes.

The recognition of English courts' jurisdiction and orders in respect of schemes of arrangement and restructuring plan processes, which are restructuring rather than insolvency proceedings, will be subject to treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention on Choice of Court Agreements 2005 and the Lugano Convention 2007 (subject to the UK's pending accession to the latter) where these apply.

Recognition in the EU

Following the UK's departure from the EU and the expiry of the Transition Period, UK proceedings no longer benefit from automatic and guaranteed recognition in EU member states. As the trade and cooperation terms agreed between the EU and the UK do not include a replacement regime for the current automatic recognition of UK insolvency procedures across the EU (and vice versa) or otherwise address insolvency matters, cross-border insolvencies involving the UK and one or more EU member states will be subject to a degree of uncertainty and increased complexity.

Unless or until a mutual recognition agreement is reached in the future, it is likely to be more problematic for UK restructuring and insolvency proceedings to be recognised in EU member states and for UK office holders to effectively deal with assets located in EU member states. The general position outlined above will apply and recognition will depend on the private international law rules adopted in the relevant EU member state and the need may well arise to open parallel proceedings, increasing the element of risk as well as costs. In particular in cases where the appointment of a UK office holder is made in reliance on a UK domestic approach rather than COMI rules, it is much less certain that such appointment will be recognised in other EU member states.

As a consequence, the recognition of English insolvency and restructuring proceedings across the EU member states may be different from what investors may have experienced in the past when the UK was a member state of the EU. It is not possible to predict with certainty if and to what extent proceedings will be recognised and whether investors may be adversely affected as a result.

MAURITIUS

Insolvency Proceedings

Certain Guarantors are incorporated in Mauritius (the "**Mauritian Guarantors**"). Under Mauritian insolvency laws, the following types of proceedings may be commenced against a Mauritian Guarantor incorporated under the laws of Mauritius.

Voluntary Administration

A voluntary administration is a mechanism with the aim of rescuing a company or its business. If it is not possible to save the company or its business, the aim is to administer the business, property and affairs of the company in a way that results in a better return for the company's creditors and shareholders than would result from the immediate winding up of the company.

Administration begins when an administrator is appointed. An administrator may be appointed by the company, the company's liquidator (if it is in liquidation), a provisional liquidator, a secured creditor holding a charge over the whole or substantially the whole of the company's property or the court. If a company is already in administration, an administrator may be appointed only by the court, the creditors (as a replacement for an administrator that the creditors have removed) or the appointer of the first administrator (if that administrator has died, resigned or been disqualified).

The appointment of an administrator vests control of the company's business, affairs and property in the administrator. The administrator must investigate the company's affairs and consider ways of salvaging the business in the interests of creditors, employees and shareholders. He or she may carry on the business and manage the company's property with that objective. The administrator may terminate or dispose of all or part of the company's business and may dispose of any of its property, and may perform any function and exercise any power that the company or any of its officers could perform or exercise if the company were not in administration.

The directors remain in office but cannot act as officers of the company without the prior written approval of the administrator. Except for payments made by a bank out of the company's account with the bank, made in good faith and in the ordinary course of banking business and at a time before the bank is notified in writing of the appointment of an administrator or if earlier, at a time when the bank had reason to believe that the company was in administration, transactions or dealings by the company in administration or by a person on behalf of the company, which affect the company's property are void unless they are entered into by the administrator on behalf of the company, with his or her written consent or under a court order.

A key effect of administration is the operation of a statutory moratorium. Unless the administrator consents in writing or the court gives permission:

- no person can enforce a charge over the property of the company;
- an owner or lessor cannot take possession of or otherwise recover property that was used or occupied by, or is in the possession of, the company; and
- proceedings in a court shall not be commenced or continued against the company.

Also, during the administration of a company, an enforcement process (i.e., an execution against the property of the company or any other enforcement process involving a court or usher) in relation to the company's proceeds of the sale of the company's property under an execution process, shall not be commenced or continued except with the permission of the court and on terms that the court thinks appropriate. Where a court officer (including an usher or registrar of the court) receives written notice that a company is in administration, the court officer shall not:

- take action to sell property of the company under an execution process;
- pay to a person other than the administrator:
- proceeds of the sale of the company's property under an execution process;
- money of the company seized under an execution process; or
- money paid to avoid the seizure or sale of property of the company under an execution process;
- take action in relation to the attachment of a debt due to the company; or
- pay to any person other than the administrator money received because of the attachment of a debt due to the company.

The moratorium therefore prevents vital assets from being stripped away from the company during the administration by means of individual enforcement by creditors. For secured creditors, the result is that they cannot enforce and realize their security. There is scope, however, for a secured creditor to apply to the court for leave to enforce its security; the court may make an order granting such leave where it is satisfied that serious prejudice will be caused to the secured creditor if the application is not granted which outweighs the prejudice caused to other creditors if it is granted. A secured creditor who is granted leave shall from time to time at intervals not exceeding three months report to the administrator on the enforcement of his or her security and the proceeds thereby recovered by the secured creditor. In the case of perishable property, the court may make an order granting leave to a secured creditor to forthwith enforce his or her security over such property and to hold the proceeds that are recovered by the secured creditor on trust for the administrator pending the conduct of a hearing about whether the secured creditor should be allowed to enforce his or her security.

The administrator must call at least the following meetings within a set time frame:

- the first creditors' meeting for (1) a decision whether to replace the administrator and (2) whether to appoint a committee of creditors; and
- a watershed meeting.

In the ordinary course, the administration will end when one of the following occurs:

- the company's creditors resolve at the watershed meeting that a deed of company arrangement be approved and such deed is executed by the company and the deed administrator;
- the company's creditors resolve at the watershed meeting that the administration should end; or
- the company's creditors resolve at the watershed meeting to appoint a liquidator by a resolution passed at a watershed meeting.

Receivership

A receiver may be appointed:

- under any instrument that confers on a chargee the power to appoint a receiver; or
- by the Court.

In the event where an instrument confers on the chargee the power to appoint a receiver, (or a receiver and manager) the chargee may appoint a receiver by an instrument in writing signed by him or on his behalf. The receiver appointed under a power conferred by an instrument, shall be the agent of the chargor, unless the instrument expressly provides otherwise. The person appointed as receiver may act as receiver and manager unless the instrument appointing him excludes appointment as manager. A power conferred by an instrument to appoint a receiver includes, unless the instrument expressly provides otherwise, the power to appoint (i) two or more receivers, (ii) a receiver additional to a receiver in office and (iii) a receiver to succeed a receiver whose office has become vacant.

A receiver (or a receiver and manager) may be appointed by the Court on the application of a chargee or of any interested person and on notice to the company, where the court is satisfied that (i) the company has failed to pay a debt due to the chargee or has otherwise failed to meet any obligation to the chargee, of that any principal money borrowed by the company or interest is in arrears for more than 21 days; (ii) the company proposes to sell or otherwise dispose of the secured property in breach of the terms of any instrument creating the security or charge; or (iii) it is necessary to do so to ensure the preservation of the secured property for the benefit of the chargee. The person appointed by the Court as a receiver shall be appointed receiver and manager unless the Court directs that the person is to be appointed only as a receiver.

The general duties of a receiver is to exercise his powers in good faith in a manner in which he believes on reasonable grounds to be in the interests of the person in whose interest he was appointed. A receiver shall exercise his powers with reasonable regard to the interests of (i) the chargor; (ii) persons claiming, through the chargor, interests in the property in the receivership; (iii) unsecured creditors of the chargor; and (iv) sureties who may be called upon to fulfil obligations of the chargor. A receiver shall not be bound to act in accordance with the directions of the person who appointed him and any such failure will not be regarded as being a breach of duty.

A receiver who exercises a power of sale of property in a receivership owes a duty to the chargor to obtain the best price reasonably obtainable as of the time of the sale.

A receiver shall pay moneys received by him to the chargee of the charge by virtue of which he was appointed in or towards satisfaction of the debt secured by the charge. However, the following persons shall be entitled to payment out of the property of a company in receivership in priority to the charge of the charge and in the following order of priority:

a. first, the receiver for his expenses and remuneration and any indemnity to which he is entitled from out of the property of the company;
b. second, any amounts secured by any charge that ranks in priority to the charge in relation to which the receiver was appointed; and
c. third, where the company is in liquidation, the persons entitled to preferential claims to the extent and in the order of priority required by the Fourth Schedule to the Insolvency Act 2009.

A receiver may continue to act as a receiver and exercise all the powers of a receiver in respect of property of a company that has been put into liquidation unless the Court orders otherwise. However, after the commencement of winding up of a company, a receiver may not be appointed in respect of the property of a company except under an order of the Court on such terms as the Court thinks appropriate.

A receiver holding office in respect of property, mentioned above, may act as the agent of the chargor only (i) with the written approval of the Court; or (ii) with the written consent of the liquidator. A debt or liability incurred by a chargor through the acts of a receiver acting as the agent of the company is not a cost, charge or expense of liquidation.

Liquidation/Winding-up

The liquidation or winding-up of a company may be effected by:

- a shareholders' voluntary winding-up where the company is solvent and the liquidator is appointed at a shareholders' meeting;
- a creditors' voluntary winding-up where the company is insolvent and the liquidator is appointed by a resolution of creditors;
- a winding-up order made by the court; or
- a resolution of creditors passed at a watershed meeting of creditors in a voluntary administration (see above).

In the case of a shareholders' voluntary winding-up, a majority of the directors of the company must make a declaration of solvency to the effect that they have made an inquiry into the affairs of the company and at/by a meeting/resolution of directors, they have formed the opinion that the company will be able to pay its debts in full within a period not exceeding 12 months after the commencement of the winding-up. The declaration of solvency must be accompanied by a statement of the affairs of the company showing (i) the assets of the company and the total amount expected to be realized from those assets, (ii) the company's liabilities and (iii) the estimated expenses of the winding-up, made up to the latest practicable date before making the declaration of solvency. In addition, the liquidation must be approved by the resolution of at least 75% of the shareholders at a general meeting of the company.

In a creditors' voluntary winding-up, the directors must (i) cause a meeting of the creditors of the company to be summoned, (ii) cause a full statement of the company's affairs showing the method and manner in which the valuation of the assets was arrived at, together with a list of the creditors and the estimated amount of their claims to be laid before the meeting of creditors and (iii) appoint one of their number to attend the meeting to disclose to the meeting the company's affairs and the circumstances leading up to the proposed winding-up.

A liquidator in a winding-up has broad powers, including to:

- commence, continue, discontinue and defend legal proceedings on behalf of the company;
- carry on the business of the company to the extent necessary for the liquidation;
- in the case of a creditors' voluntary winding-up, with the leave of the court or the creditors' committee of inspection (if there is one in the liquidation, failing which the role of the committee may be exercised by the official receiver, another public official given certain powers by the Insolvency Act 2009 in insolvency proceedings); and in the case of a shareholders, voluntary winding-up, with the approval of a special resolution of the company, pay any class of creditors in full;
- in the case of a creditors' voluntary winding up, with the approval of the court or the committee of inspection; and in the case of a shareholders' voluntary winding up, with the approval of a special resolution of the company, make a compromise or an arrangement with creditors or persons claiming to be creditors or who have or allege the existence of a claim against the company, whether present or future, actual or contingent, or ascertained or not;
- sell or otherwise dispose of the property of the company with the approval of the committee of inspection (or official receiver if there is none);
- act in the name and on behalf of the company and enter into deeds, contracts and arrangements in the name and on behalf of the company; and
- borrow money whether with or without providing security over the company's assets.

A winding-up by the court commences when the winding-up order by the bankruptcy court is made. The winding-up order is made on the presentation of a winding-up petition to the court by an applicant (who is among certain persons listed in the Insolvency Act 2009 and which include a creditor, the company itself or a shareholder). Once a winding-up order is made, no action or proceedings shall be proceeded with or commenced against the company except by leave of the court and on such terms as the court thinks appropriate. Also, a disposition of any property of a company and a transfer of shares or alteration in the status of a shareholder made after the commencement of the winding-up by the court shall, unless the court otherwise directs, be void.

The principal duty of a liquidator appointed under a winding-up order is to act in a reasonable and efficient manner so as to (i) take possession of, protect, realize, and distribute the assets, or the proceeds of the realization of the assets, of the company to its creditors and (ii) where there are surplus assets remaining, distribute them or the proceeds of the realization of the surplus assets in accordance with the provisions of the Insolvency Act 2009.

A liquidator in a winding-up by the court has similar powers as in a voluntary winding-up. When the liquidator has (i) realized all the property of the company or so much as can in his opinion be realized without needlessly protracting the liquidation, (ii) distributed a final dividend, if any, to the creditors, (iii) adjusted the rights of the contributors among themselves and (iv) made a final return, if any, to the contributors, he or she may apply to the court for an order that he or she be released or for an order that he or she be released and that the company be dissolved.

Limitations on Enforcement

Any exercise of a right by a party under the Notes or the Guarantees to which it is a party must not be made in bad faith or abusively and any abusive exercise of such right is subject to the provisions of article 17 of the Mauritius Civil Code which provides that one may exercise a right with a view to harming others or in such a way as to cause such prejudice not proportionate to the benefit he may receive.

Claims may become time-barred under the laws of Mauritius or may be, or become subject to, defences of set-off or counterclaims.

Mauritius insolvency law contains specific provisions dealing with transactions (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party and any other legal act having similar effect) that may be avoided by a liquidator.

A transaction (e.g., the giving of a charge or payments effected to a third party) may be avoided by a liquidator where such transaction takes place within two years immediately before the company was placed in liquidation. It is, however, a defence to an action to set aside a transaction that if at the time the transaction was entered into:

- the person acted in good faith;
- a reasonable person in his or her position would not have suspected that the debtor was, or would become, unable to pay his or her due debts; and
- the person gave value for the property or altered his or her position in the reasonable reliance upon the belief that the transfer of the property was valid and would not be set aside.

A liquidator may disclaim onerous property such that a disclaimer may bring to an end on and from the date of the disclaimer the rights, interests and liabilities of the company in relation to the property disclaimed, but does not, except so far as is necessary to release the company from a liability, affect the rights or liabilities of any other person. An "onerous property" means an unprofitable contract or a property of a company that is unsalable, or not readily salable or which may give rise to a liability to pay money or perform an onerous act.

Under Mauritian law an *action paulienne* may be resorted to by a creditor who has suffered prejudice as a result of a renunciation in a succession made fraudulently by a debtor in order to thwart the right of the creditor to have his or her debt satisfied. It needs to be observed that in order for such an action to succeed not only must the debt be certain but the debt must also precede the renunciation. In order for an *action paulienne* to succeed, it is incumbent upon the creditor to establish on a balance of probabilities two essential elements: (i) fraud on the part of the debtor and (ii) the prejudice suffered by the creditor as a result of such fraud.

SOUTH AFRICA

Liquid Telecommunications Holdings South Africa (Pty) Limited and Liquid Telecommunications South Africa (Pty) Limited are incorporated and domiciled under the laws of the South Africa. The insolvency laws of South Africa may not be as favorable to your interests as a creditor as the laws of the jurisdiction with which you are familiar. In the event of insolvency, the claims of holders of Notes under the guarantee of Liquid Telecommunications Holdings South Africa (Pty) Limited and Liquid Telecommunications South Africa (Pty) Limited would be subject to the insolvency laws of South Africa.

The following is a brief description of certain aspects of insolvency law in South Africa.

Insolvency in South Africa is currently regulated by the Insolvency Act, 1936 (the "**Insolvency Act**"), the Companies Act, 2008 (the "**2008 Companies Act**") and the Companies Act, 1973 (the "**1973 Companies Act**"). The 2008 Companies Act incorporates part of the repealed 1973 Companies Act.

Any creditor, or the debtor itself, may initiate insolvency proceedings in South Africa. Generally a guarantor or an issuer will be subject to winding-up if it is unable to pay its debts as and when they become due.

A company may be liquidated voluntarily if the board passes a special resolution resolving that it be so liquidated (voluntary winding-up). A company may be liquidated by court order (on application by a creditor) on various grounds set out in the 1973 Companies Act. Some of the more common grounds that are used frequently in practice are in instances where the company is unable to pay its debts or if it appears to the Court that it would be just and equitable that the company should be liquidated.

It must be noted that the liquidation of a company by court order shall be deemed to commence at the time the liquidation application was issued at court (i.e. the date of liquidation applies retrospectively when the court order is granted). This is because on the date of liquidation, a *concursus creditorum* is established, which means all creditors should be treated equally and nothing may be done by any of the creditors to alter the rights of the other creditors. The order placing the company in liquidation crystallises the insolvent company's position in that the hand of the law is laid upon the estate, and at once the rights of the general body of creditors have to be taken into consideration.

In the period commencing on the date of the initiation of liquidation proceedings and ending on the effective date of liquidation, the debtor must refrain from any actions that are not in the ordinary course of business and which would reduce its assets. These actions are, once the order of liquidation is granted, retrospectively automatically void and South African courts are only likely to validate such actions if they amount to no more than the bona fide carrying of the company's operations in the ordinary course of business. Therefore, once a company is liquidated, all of its assets vest in a liquidator and that company can no longer dispose of any of its property.

Voidable dispositions

The Insolvency Act makes provision for the setting aside of certain dispositions made prior to the company's winding-up if such dispositions constitute "impeachable transactions" or "voidable dispositions".

The Insolvency Act prescribes when these transactions are capable of being set aside by a Court on application by the liquidator appointed to administer the estate of a company that is placed in liquidation and/or the company's creditors.

Voidable dispositions are only relevant should a company be liquidated, and such dispositions will then be questioned based on the effect that they had on the estate of the company.

It is important to note that the mere transfer of ownership does not automatically render the transactions capable of being set aside. The merits surrounding the dispositions are only investigated if the company is liquidated so as to establish whether the dispositions would constitute voidable dispositions / impeachable transactions.

In terms of Section 2 of the Insolvency Act, disposition means: "any transfer or abandonment of rights to property and includes the sale, lease, mortgage, pledge, delivery, payment, release, compromise, donation or any contract therefor, but does not include a disposition in complying with an order of the court; and dispose has a corresponding meaning."

The different types of voidable dispositions (that are liable to be set aside), are as follows:

i. ***Disposition not made for value***. Any disposition not made for value by the insolvent can be set aside by the Court:

   - if the disposition was made more than two years before the date of liquidation, and immediately after such disposition, the debtor was insolvent (i.e. liabilities exceeds its assets);
   - if the disposition was made less than two years prior to the date of liquidation, the Court can set it aside if the person who benefited by the disposition cannot prove that the assets of the debtor exceeded its liabilities immediately after the disposition was made.

   Dispositions not made for value are dispositions for which no benefit or value is or has been received or promised. Such dispositions include donations, the relinquishment of mortgaging of assets without any legal obligation to do so, payment in terms of an invalid or illegal contract, the sale of property for a trifling consideration or the issuing of a surety or guarantee.

   The person who benefited by a disposition need not be the person to whom the disposition was in fact made. Where it is proven that at any time after a disposition has been made, the debtor's liabilities exceeded its assets by less than the amount of the disposition, the extent to which it can be set aside is limited to the amount of such excess. The date at which the value of the property disposed of must be assessed is the date of the disposition, and the date at which the comparison between such value and the amount of the excess of the insolvent's liabilities over his assets must be made is the date of the sequestration of the insolvent's estate.

   As indicated above, the deemed date of liquidation is the date on which the liquidation application is issued at Court.

   "Value" has its ordinary meaning, i.e., any kind of consideration and not merely money. Whether the debtor received 'value' for a disposition must be decided by reference to all the circumstances under which the transaction was made. It must be determined whether the debtor received an adequate *quid pro quo* under the circumstances.

If a disposition not made for value has been set aside or if the debtor did not complete the disposition, the beneficiary cannot compete with the creditors of the insolvent estate. However, in the event of the disposition not being completed nor set aside as a disposition not made for value, and which disposition arose by way of a suretyship, guarantee or indemnity, the beneficiary concerned can compete for an amount not exceeding the amount with which the debtor's assets, immediately preceding the disposition, exceeded its liabilities.

ii. ***Voidable preferences***. A disposition of its property by a debtor prior to its liquidation may have the effect of preferring one of its creditors above another. A disposition by a debtor can be set aside as a voidable preference if it appears that the debtor, due to its dire financial situation, was unable to pay all its creditors fully but nevertheless favored a particular creditor for instance by full payment of its pre-existing debts.

If the disposition had such effect and was made within six months before the date of liquidation, and immediately after it was made, the liabilities of the debtor exceeded the value of its assets, the Court may set aside the disposition, unless the person in whose favour the disposition was made proves that it was made in the ordinary course of business and that it was not intended thereby to prefer one creditor above another.

The onus is on the liquidator to prove that a disposition was made of the debtor's property, that the disposition was made within the period of six months preceding the date of liquidation, that it had the effect of preferring a particular creditor above other creditors and that immediately after it was made the debtor's liabilities exceeded the value of his assets.

If the liquidator succeeded in proving the above, then the beneficiary will only be able to avoid the setting aside of the disposition by proving that the disposition was made in the ordinary course of business and that it was not intended thereby to prefer one creditor above another. If the latter onus is not discharged, in either respect, the Court may set aside the disposition

The test to be applied in a determination as to whether a disposition had the effect of preferring one creditor above another is an objective one. However, the test with regard to the intention is a subjective one and can only be present if the debtor actually applied its mind to the matter.

iii. ***Undue preference***. A disposition by a debtor of its property at any time before the date of liquidation and while its liabilities exceeded its assets may be set aside by the Court as an undue preference if it was made with the intention of preferring one of the debtor's creditors and the debtor's estate is thereafter liquidated.

The intention of the debtor may be proven where it can be shown that the debtor was aware of its insolvent state or contemplated liquidation but nevertheless made the disposition, or the intention can be inferred from actions or statements made by the debtor.

iv. ***Collusion***. Where prior to the liquidation, the debtor had disposed of property belonging to it in a manner which had the effect of prejudicing its creditors or of preferring one of its creditors above another, the Court may set aside the disposition if it was effected by the insolvent in collusion with another.

By collusion, in this context, is meant an agreement between the insolvent and another pursuant to which the disposition ensued where the contracting parties' intention actually was to defraud the insolvent's creditors. If such agreement was concluded without such intention, the disposition cannot be set aside as a collusive dealing notwithstanding that in fact it prejudiced creditors or resulted in one being preferred above another or others.

Proof that the disposition had the effect of prejudicing creditors or of preferring one creditor above another or others, and that the debtor and the other contracting party or parties knew at the time of the disposition that the debtor was insolvent and that it would have such effect, establishes *prima facie* that the requisite fraudulent intention was present and in the absence of other evidence will be decisive as to its existence.

A person who was a party to a disposition which was collusive is bound to pay to the liquidator the amount of any loss caused thereto by such disposition and, "by way of penalty", such amount as the Court may fix but which may not exceed the amount by which he would have benefited by the collusive dealing if it had not been set aside. In addition, the party forfeits any claim which it may have against the insolvent estate.

Every disposition made after the commencement of liquidation proceedings by a debtor being liquidated and unable to pay its debts, shall be void, unless the court otherwise orders.

A surety for the debtor and a person in a position by law analogous to that of a surety is deemed to be a creditor of the debtor concerned.

Rankings of creditors

Under South African insolvency law, there are three types of creditors which exist for ranking purposes, namely:

- concurrent creditors;
- secured creditors; and
- preferred creditors.

Concurrent creditors do not enjoy any advantage over other creditors of the insolvent company. Concurrent creditors are paid out of the free residue of unsecured assets after any preferential creditors have been paid. Concurrent creditors all rank equally pro rata according to their claims. Should the free residue be insufficient to meet their claims, each creditor receives a pro rata portion of its claim by way of a dividend.

A secured creditor is one who holds security for its claim in the form of a mortgage bond over immovable property, mortgage over movable property, landlord's legal hypothec, pledge, right of retention or goods delivered in terms of an instalment sale transaction. A secured creditor must have real security. A creditor whose claim is secured by suretyship or guarantee is not classed as a secured creditor but as a concurrent creditor (as these constitute personal security and not real security). A secured creditor is entitled to be paid out of the proceeds of the sale of the property subject to the security, after payment of certain expenses (including expenses incurred to maintain and dispose of the asset) and any secured claim which ranks higher. If the proceeds emanating from a sale of the encumbered property are insufficient to cover the secured creditor's claim, it has a concurrent claim for the balance. Should the secured creditor choose to rely exclusively on its security, it waives the right to participate in the free residue.

Preferred creditors are creditors whose claim is not secured but nevertheless rank above the claims of concurrent creditors. Preferred creditors are entitled to payment out of the free residue of the estate (that portion which is not subject to any security interests) and rank in right of payment before concurrent creditors. Examples of preferred claims include income tax to SARS, employees (for salaries and remuneration) and claims secured by unperfected general notarial bonds.

Business rescue

The 2008 Companies Act brought significant changes to the corporate law of South Africa, including introducing a new regime of "business rescue" for financially distressed companies, which could significantly affects the rights of creditors**.**

The 2008 Companies Act repealed the 1973 Companies Act, with the exception of the provisions that deal with the winding-up and liquidation of insolvent companies (which will remain in effect until new insolvency legislation is enacted). The 2008 Companies Act introduces significant changes to the corporate law of South Africa, corporate actions, and the responsibilities of directors. In addition the 2008Companies Act introduces the concept of "business rescue", a concept similar to Chapter 11-bankruptcy proceedings in the United States or administration in the United Kingdom.

Business rescue allows a company that is "financially distressed" and which appears to have a "reasonable prospect" of rescue to facilitate its rehabilitation by the appointment of a business rescue pracititoner ("BRP") and developing and implementing a business rescue plan to rescue the company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximizes the likelihood of the company continuing in existence on a solvent basis or, if it's not possible for the company to so continue in existence, results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.

A company will be "financially distressed" and in turn a suitable candidate for business rescue if: it will not be able to pay all of its debts as and when they become due and payable within the ensuing 6 months (commercial insolvency); or if its liabilities will exceed its assets within the ensuing 6 months (factual or balance sheet insolvency).

In order to aid the rescue of a financial distressed company, the 2008 Companies Act affords a debtor company various procedural and substantive protections and advantages during the business rescue process.

Business rescue proceedings may be instituted by the board of directors of the company through the adoption of a board resolution (voluntary business rescue proceedings) or by any "affected person" (including a shareholder, creditor, registered trade union or employee), on application to Court (compulsory business rescue proceedings) or by the Court of its own accord at any time during the course of any liquidation proceedings or proceedings to enforce any security against the company.

After initiating business rescue proceedings, the board of directors or the creditors, as the case may be, must appoint a BRP, who will assume full management control of the company in substitution for the board and supervise the board and pre-existing management during business rescue. The company must publish a notice of the appointment of the BRP to each affected person. However, directors continue to exercise their functions, subject to the supervision and authority of theBRP. The BRP may delegate any of his powers and/or functions to any person who was part of the board or management of the company in business rescue.

The BRP, after consultation with the creditors, other affected persons and the management of the company, must prepare a business rescue plan for consideration and possible adoption at a meeting of creditors convened in accordance with the provisions of the 2008 Companies Act which sets out, among other things, all details of the plan envisaged to rescue the company. Once the business rescue plan is adopted, the BRP must implement the plan.

The proposed business rescue plan will be approved if it was supported by the holders of more than 75% of the creditors' voting interests that were voted and the votes in support of the proposed plan included at least 50% of the independent creditors' voting interests, if any, that were voted. In addition, if the plan alters the rights of the holders of the company's securities, the majority of such holders must also approve the proposed business rescue plan. If not approved, the appointed BRP or any affected person may seek a vote of approval from the holders of voting interests to prepare and publish a revised plan or apply to court to set aside the result of the vote by the holders of voting interests or shareholders, as the case may be, on the grounds that it was inappropriate. Furthermore, any affected person may make a binding offer to purchase the voting interests of one or more persons who oppose the adoption of the business rescue plan. Note however that in terms of the Supreme Court of Appeal case African Bank Corporation of Botswana Ltd v Kariba Furniture Manufacturers (Pty) Ltd the court held that a purportedly binding offer at liquidation value made to a dissenting creditor is not automatically binding on the creditor. The impact of this judgment is that the option of buying claims of dissenting creditors at liquidation value is generally considered to be no longer workable. A plan that is adopted is <u>binding</u> on the company, the creditors of the company and every holder of the company's securities, whether or not such person was present at the meeting, voted in favour of the adoption of the plan or, in the case of creditors, had proven their claims against the company

During a company's business rescue proceedings, the BRP is empowered to suspend entirely, partially or conditionally(for the duration of the business rescue proceedings), any contractual obligations to which the company is a party (other than an employment contract or an agreement on the terms of the ISDA master agreements) at the commencement of the business rescue proceedings. The BRP may also apply urgently to a Court to cancel entirely, partially or conditionally, any obligation of the company, on terms that are just and reasonable in the circumstances.

The suspension of a contract does not preclude the other contracting party to cancel the contract in terms of the provisions of contract, if there was a breach of contract prior to the commencement of the business rescue proceedings. The suspension of any obligations of the company does not result in the company automatically maintaining provisions relating to the creditor's performance obligations. On suspension or cancellation of any agreement, the creditor will have a claim for damages against the company. Further, if a BRP suspends a provision of an agreement relating to security granted by the company to a creditor, that provision continues to apply with respect to any proposed disposal of property by the company. The 2008 Companies Act expressly excludes the suspension of a contractual provision relating to security. Therefore, a creditor's security can be preserved even if the BRP suspends the remainder of the company's obligations under that contract. Furthermore, if the BRP suspends the provisions of an agreement relating to security that has been granted by the company to a secured creditor, this suspension will not affect the rights of the secured creditor that have already been conferred.

It must be noted that, contracts are not automatically terminated or altered by virtue of the commencement of business rescue, however if the BRP exercises his powers of <u>suspension</u>, the other party cannot compel him to perform in terms of the contract, unless the contract is reciprocal by nature. The reverse also applies. If a BRP suspends some or all of a company's obligations, the other party is entitled to refuse to render any continuing services or supply any continuing materials or support, unless and until the BRP tenders compliance with the company's obligations that fell due after the business rescue commence. Accordingly, a BRP may not suspend obligations that are due in respect of the contract, and still expect performance by the other contracting party. Likewise, the creditor may not simply ignore the suspension and insist on performance by the BRP contrary thereto.

During business rescue proceedings, a general moratorium is placed on legal proceedings against the company and no legal action, including enforcement action, against the company, or in relation to property of the company (or lawfully in its possession), may be commenced except with inter alia the written approval of the BRP or with the leave of the Court. This moratorium provides the company with "breathing space" while the BRP attempts to rescue and restructure the company through the implementation of a business rescue plan. The moratorium provides the company with a "buffer" within which to focus on restructuring its affairs rather than fighting litigation

The power of the company to deal with its property is restricted during business rescue and the company may only dispose of property if such disposal takes place: in the ordinary course its business; or in a transaction in good faith to which the BRP has given his or her prior written consent; or as part of an approved business rescue plan.

The 2008 Companies Act provides a degree of protection of property interests of a party that has security over, or title interest in, property held by the company. It states that if the company wishes to dispose of any property in which another creditor has any security over, or title interest in, the company must obtain the prior consent of that other creditor, unless the proceeds of the disposal would be sufficient to fully discharge the indebtedness protected by that creditor's security or the title interest and, following the disposal, either promptly pays to that creditor the sale proceeds attributable to that property up to the amount of the company's indebtedness to that creditor or provides security for the amount of those proceeds, to the reasonable satisfaction of that creditor.

Securities

Limitation on Enforcement

The Indenture, the Intercreditor Agreement, the Guarantees to be provided by the South African Subsidiary Guarantors, the security documents relating to any Collateral located in or governed by the laws of the Republic of South Africa, the SPV Guarantee and Counter-Indemnity Agreement will become fully effective with respect to, and binding on, the Company, the South African Subsidiary Guarantors and the Security SPV, as applicable, following the completion of the Offering.

Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Holdings South Africa (Pty) Limited will issue a guarantee and provide the South African Collateral.

Under South African law, the formalities for establishing a valid security interest in an asset (including shares) are those of the place where the asset is situated. If the asset is situated in South Africa, formalities under South African law must be satisfied. The shares which form the subject of the pledge are for purposes of establishing a security interest, located in South Africa. In terms of the Exchange Control Regulations, issued under the Currency and Exchange Act, 1933, no South African resident may transfer any assets (including shares or the proceeds of such shares) out of South Africa without the prior approval of the Financial Surveillance Department of the SARB.

The SARB's current policy is to "pre-approve" certain types of transactions, payments and transfers for exchange control purposes. The issuing of a guarantee and the granting of security interests by South African residents is not a category of transaction that is pre-approved. Therefore, in order for a South African resident to issue a guarantee or to grant a security interest to a non-South African resident, the South African resident will be required to obtain the necessary approval from the SARB. In this regard, the SARB has provided an approval in respect of Liquid Telecommunications Holdings South Africa (Pty) Limited and Liquid Telecommunications South Africa (Pty) Limited providing a guarantee and providing a pledge of the shares that each such company holds in the other South African Subsidiary Guarantors. No further approval will be required for the repatriation of funds realized by the non-resident secured party subject to any other conditions set out in the SARB approval, such as providing notice to the SARB of the repatriation. In granting its pre-approval for the Guarantees to be granted by Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Holdings South Africa (Pty) Limited, SARB stated that should there be a claim in respect of the Guarantee, they require to be advised thereof and that the claim may not exceed the net asset value of such Guarantors. There is uncertainty regarding how this net asset value limitation should be interpreted and applied and we cannot assure you that the effect of this limitation is not to effectively subordinate claims under the Guarantee below those of creditors the claims of which may need be deducted in order to reach the net asset value. See "*Risk Factors—Risks Related to the Notes and Guarantees—The Guarantees and the Collateral* *securing the Notes are subject or will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability."*

Key considerations relating to South African Collateral

General notarial bonds

A general notarial bond ("**GNB**") creates a personal right (and not a real right) over certain movable property. Therefore, a GNB does not automatically constitute the holder as a secured creditor in terms of the Insolvency Act, 1936, except if the GNB has been perfected by way of a court order prior to the commencement of the liquidation of the company. This perfection involves (i) obtaining a court order allowing the creditor to take possession of the movable assets secured under the bond; and (ii) the creditor actually taking such possession (only then does the bondholder become a secured creditor in respect of the assets). If the GNB is not so perfected prior to commencement of the liquidation of the company, the bondholder will enjoy a preference over the proceeds of the inventory and other movable corporeal assets of the company after secured creditors have been paid in full (i.e. the bondholder will be a preferred creditor above concurrent creditors). In addition, a GNB may only be perfected after an event of default has occurred and is continuing, and only if the relevant finance parties elect to pursue such perfection.

Competition laws

If enforcement action in respect of secured assets would result in a "merger" as defined in and for the purposes of the Competition Act, 1998 (either as a result of the Security SPV or the beneficiaries of the SPV Guarantee, or any third party to whom the secured assets may be disposed of, acquiring a controlling interest in the relevant firm or assets), it will be notifiable to and subject to approval by the South African competition authorities.

Independent Communications Authority of South Africa

Where a South African entity is the holder of licenses ("**Relevant Licenses**") issued to it in terms of the Electronic Communications Act, 2005 ("**ECA**") by the Independent Communications Authority of South Africa ("**ICASA**"), enforcement of security over (i) the Relevant Licenses of the South African Entity; or (ii) the issued share capital of the licensee, would be subject to the ECA. Section 13(1) of the ECA (as amended by the Electronic Communications Amendment Act 1 of 2014) states that an individual license may not be let, sub-let, assigned, ceded or transferred, and the control of an individual license may not be assigned, ceded, or in any way transferred, to any person without the prior written permission of ICASA. Similarly, section 31(2A) of the ECA states that a radio frequency spectrum license may not be let, sub-let, assigned, ceded or transferred, and the control of a radio frequency spectrum license may not be assigned, ceded, or in any way transferred, to any person without the prior written permission of ICASA. In terms of sections 13(1) and section 31(2A) of the ECA, any proposed transfer of an individual license and/or a radio frequency spectrum license will require ICASA's prior written approval. This means that if the Security SPV were, in the future, to seek to take transfer or give effect to transfer to a third party of (i) the licenses issued to a South African entity or (ii) the issued share capital comprising a controlling stake in the licensee (pursuant to the exercise of its security rights), such transfer would require the prior written approval of ICASA. It is also important to note that ICASA will not approve the assignment, ceding or transfer of an individual license and/or a radio frequency spectrum license or a controlling interest therein if such transfer will result in the reduction of equity ownership held by historically disadvantaged persons to be less than 30%.

Effect of general banking facilities on South African Collateral

It is possible that Neotel and the other South African Subsidiary Guarantors will have general banking facilities in place which could include overdraft facilities supplied by the relevant bank. These facilities may be provided on a net basis and allow netting of overdraft debit amounts against cash balances across different bank accounts held with the relevant bank providing such facilities. To the extent that security is required over bank accounts of Neotel or the other South African Subsidiary Guarantors, these arrangements should be closely considered because the effect of such arrangements may be to limit the ability of creditors to obtain meaningful security over bank accounts and cash balances of the South African Subsidiary Guarantors.

Special Notarial bonds

A real right can be created over specifically identified tangible movable property by registering the bond as a special notarial bond ("**SNB**") with the deeds registrar, under the Security by Means of Movable Property Act, 1993.

According to the Security by Means of Movable Property Act, 1993 the corporeal property purported to be provided as collateral must be specified and described in the SNB in a manner which renders it readily recognizable, otherwise security will not be conferred over the relevant assets. We can't guarantee that the asset lists attached to the SNB will be sufficient for these purposes.

Other considerations

In terms of the Insolvency Act, 1936:

- lodgment for registration of mortgage bonds, special notarial bonds and general notarial bonds must occur within a period of 2 (two) months from the date on which the relevant underlying debt to which the registerable South African law security is accessory was incurred, failing which in the case of the liquidation of a South African entity within 6 (six) months of the date of registration of the relevant registerable South African law security, that security will not confer any protection on liquidation.

It must be taken note of that, with reference to voidable transactions referred to above, a disposition of property includes the granting of collateral over the property. Guarantees, indemnities and suretyship agreements all fall within the ambit of a disposition (which security agreements may be liable to be set aside under the Insolvency Act).

KENYA

Validity

In Kenya, for a company to give a guarantee or issue a security, certain requirements must be satisfied. As part of these requirements, the giving of a guarantee and creation of collateral by a Kenyan company must be for its commercial benefit. There is no statutory definition of commercial benefit under Kenyan law. The existence or the absence of a commercial benefit is assessed on a case-by-case basis. In addition, for certain securities governed by Kenyan law to be enforceable in Kenya, it is a requirement that they be drawn by an Advocate of the High Court of Kenya. Section 34 (1) of the Advocates Act (Cap. 16, Laws of Kenya) lists the documents that have to be prepared by an Advocate and these do not include a guarantee. However, the Supreme Court of Kenya recently passed a judgment holding that a guarantee as a security document should be prepared by an Advocate.

In practice, even though a guarantee may expressly refer to it securing additional obligations, fresh guarantees should be sought for securing additional obligations.

The Kenyan collateral will be in the form of a memorandum of deposit of the shares of Liquid Telecommunications Kenya Limited. The memorandum of deposit of the shares of a company under the Companies Act (No. 17 of 2015) (the "**Companies Act**") is not registrable under the Companies Act if it is created by a foreign entity. However, an initial notice and amendment notice in respect of the security created under the Kenyan collateral should be registered in accordance with the provisions of the Movable Property Security Rights Act (No. 13 of 2017, laws of Kenya) for such security to be effective against third parties.

Kenyan insolvency law considerations

The primary law governing insolvency of corporate entities in Kenya is the Insolvency Act (No.18 of 2015, Laws of Kenya) (the "**Insolvency Act"**) and the Insolvency Regulations 2018 (as promulgated thereunder). The Insolvency Act empowers Kenyan courts to place a company in liquidation or administration in accordance with sections 424 and 523 respectively, which are the two principal formal insolvency processes. A court may on the application of a creditor or a company or its director(s) make an order placing the company in liquidation or administration. A company, its director(s) or a holder of a qualifying floating charge may also appoint an administrator in respect of the company. Administration in the Kenyan context is different from liquidation as the main objective of an administrator is to rescue the company. The circumstances under which Kenyan courts make orders to liquidate are mainly in instances where the company is unable or likely to become unable to pay its debts or where the court is of the opinion that it is just and equitable to liquidate the company. Section 384 of the Insolvency Act states that the circumstances under which a company is deemed to be unable to pay its debts are:

- if a creditor serves a notice to pay an amount of KES 100,000/= (approximately US$1,000) or more and the company fails to pay within 21 days; or

- if an order is obtained against the company directing the company to pay its due debts and the order is returned to court unsatisfied; or

- if it is proved to the satisfaction of the court that the company is unable to pay its debts; or

- if it is proved to the satisfaction of the court that the company's assets are less than the amount of its liabilities (including contingent and prospective liabilities).

Administration

Under section 522 of the Insolvency Act, the objectives of administration are to maintain the company as a going concern, to achieve a better outcome for the company's creditors as a whole than would likely to be the case if the company were liquidated or to realise the property of the company in order to make a distribution to one or more secured or preferential creditors.

Appointing an administrator

An administrator may be appointed by:

(i) the court upon an application from the company or its directors; the employees of the company; one or more creditors of the company; the official receiver; a holder of a qualifying floating charge (QFC) or the registrar of companies;

(ii) a company or its directors; or

(iii) a holder of a qualifying floating charge (QFC). A holder of a QFC is one who holds one or more debentures of the company secured by a qualifying floating charge that relates to the whole or substantially the whole of the company's property. A QFC is one which is created by a document that states that section 534 of the Insolvency Act applies to the floating charge, or purports to empower the holder of the floating charge to appoint an administrator of the company.

The administrator is an officer of the court, whether appointed by the court or not and as such owes an obligation to all creditors as a whole whether secured or not and whether preferred or not. The court has the power to make an administration order in respect of a company even if a company may be able to pay its debts.

Position of creditors once a company is under administration

Once appointed, the administrator assumes control of all the property of the company and manages its affairs. While a company is under administration, a creditor can only take steps to enforce a security over the company's property with the consent of the administrator, or with the approval of the court. The administrator may also make a distribution to creditors of the company and where a creditor is neither a secured nor a preferential creditor, a payment may be made to the creditor as part of a distribution only with the approval of the court. While the company is in administration an automatic moratorium becomes effective prohibiting any legal action being brought against the company or any execution, attachment or sale or execution of its assets without the administrator's consent or court approval.

Administrator's powers over charged property

The administrator of a company may dispose of, or take action relating to, property that is subject to a floating charge as if it were not subject to the charge. If this is done, the holder of the floating charge has the same priority in respect of acquired property as that holder had in respect of the property disposed of.

However, where a company's property is subject to a fixed charge, the administrator (should he intend disposing of the property) must make an application to court under section 588 of the Insolvency Act; if the court believes that disposal of the property would be likely to promote the purpose of the administration of the company, it may authorize the sale. Where the court orders the sale of secured property, the order shall be on condition that the proceeds of disposal of the property will be applied towards discharging the amounts secured by the security.

Liquidation

The liquidation of a company under the Insolvency Act can be classified in two main categories namely, voluntary liquidation and involuntary liquidation. Voluntary liquidation can be by members or directors of the company where the company is solvent or by creditors where the company is insolvent. An involuntary liquidation is by a court order made upon the application by the company, its directors, creditor, contributories, and administrator or if the company is in voluntary liquidation, the liquidator or the Attorney General.

Effect of appointment and position of creditors

Once the liquidation commences, the liquidator takes over the affairs of the company with the general objective of selling the company's assets and making distributions to the creditors. The property of the company will also vest in the liquidator. There is no moratorium in liquidation similar to the one in administration and therefore secured creditors retain the right to realise their securities and sell the assets secured. However, once a company is placed in liquidation legal proceedings against the company may only be begun or continued with the leave of court. Generally, in the course of the liquidation process, any creditor has the right to also apply for an injunction and judicial relief if it feels that its securities are in danger of realisation or waste.

For purposes of voting and taking part in the liquidation, the secured creditor would only be entitled to take part in creditors' meetings to the extent that its debts are not fully secured. In instances where the secured assets are realised but the proceeds are not enough to settle the secured debt, the remaining debt owed to the secured creditor is deemed to be unsecured and the secured creditor can prove for such portion of debt for voting purposes in a creditors' meeting. The unsecured debt will also rank equal to other unsecured debts.

After commencement of the insolvency process, a disposition of the assets (including shares or alteration of the members' register) of a company in liquidation (where the liquidation was ordered by the court) is void unless sanctioned by the court. A liquidator can also reverse a transaction (with the leave of court) (reviewable transactions) entered into by the company before the commencement of the liquidation where the contract places an unconscionable burden on the company to perform the contract; or where an officer of the company disposes of the company's assets fraudulently knowing that the company is insolvent, twelve (12) months before the commencement of the liquidation.

Reviewable transactions in liquidation

Transaction at an undervalue: A transaction is deemed to be at an undervalue if a company enters into a transaction on terms where the company receives no consideration or the value of the consideration is significantly less than the value of the consideration provided by the company. If the transaction is entered into in good faith to carry on the company's business and there are reasonable grounds for believing that it will benefit the company, then no liability will be incurred.

To be vulnerable to challenge, the transaction must have been entered into during the period of two (2) years ending with the onset of insolvency (broadly, the commencement of the winding up or administration). If a transaction is found to be at an undervalue, the court has very wide powers to restore the parties to the position they were both in before the transaction was entered into, although there is a protection for a third party that has acquired some benefit or interest, if they acted in good faith and for the purpose of carrying out its business.

Preference transaction: A company gives a preference if it does anything or suffers anything to be done that has the effect of putting a creditor or a guarantor of its debts in a position that, if it were to go into insolvent liquidation or administration, would be better than the position that person would have been in if the thing had not been done. The company must have been influenced by a desire and/or intention to produce the preferential effect in order for the transaction to be deemed vulnerable.

Any such transaction will be set aside, in the case of an unconnected person, if it was entered into in the six (6) month period before the commencement of the winding up of the company or its entry into administration. This period extends to two years in the case of a person connected to the company. For the transaction to be set aside, the company must have been insolvent at the time it was entered into or to have become so as a result of entering into it. As with a transaction at an undervalue, if a transaction is found to be a preference, the court has powers to set aside the transaction and restore the parties to the position they were in before the transaction was entered into.

Extortionate credit transactions- The court has powers to set aside extortionate transactions. A transaction is deemed to be extortionate if, it occurs within the last 3 years before a company's insolvency, the transaction required the company to make exorbitant payments without any valuable return or it otherwise grossly contravened ordinary principles of fair dealing.

Disclaimer of onerous contracts-Under the Insolvency Act, a liquidator can disclaim a contract but may not disclaim part of a contract. Under section 476 (1) of the Insolvency Act, a liquidator has the power to disclaim onerous property which is described in section 476 (2) of the Insolvency Act as; (i) an unprofitable contract; or (ii) other property of the company that is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. What constitutes an unprofitable contract is not defined in law and this would depend on the court's interpretation. The effect of the disclaimer by a liquidator would be that the person sustaining loss or damage by the disclaimer would be deemed to be a creditor to the extent of the loss or damage and can prove for that amount in the company's liquidation.

A company that is eligible to obtain a moratorium under the Insolvency Act may, if its directors wish to make a proposal for a voluntary arrangement, obtain a moratorium by lodging certain prescribed documents in court. While a moratorium is in effect, certain actions are restricted. These include enforcement of security over the company's property without the approval of the court or disposal of any property or payment of any debts and liabilities except where there are reasonable grounds to believe that the disposal or the payment will benefit the company or where the disposal is approved by the provisional supervisor or the moratorium committee.

The Notes are being secured by inter alia, the Guarantee and the Kenyan collateral which for purposes of Kenyan Insolvency law, could be voided and/or rescinded and any payments made pursuant to them ordered to be refunded if a court were to determine that: the issuance of the Guarantee and the Kenyan collateral was tantamount to preference, extortionate or undervalue transaction and the directors knew or ought to have known that Liquid Telecommunications Kenya Limited was insolvent; or disbursements payable under the Guarantee and Kenyan collateral were unconscionable and did not reflect the true and/or fair value supposed to be paid. If a competent court were to order that the Guarantee and/or the Kenyan collateral be voided for any reason holders of the Notes would have to prove their debts as unsecured creditors.

Receivership

The legal position in Kenya stemming from common law and practice is that a receiver's powers and obligations are governed by the security document under which the receiver is appointed. The concept of receivership is not enshrined in the Insolvency Act. Corporate receivership is founded on the contractual relationship between the parties and derives its force from the principles of common law and the rules of equity.

Receivers appointed pursuant to a contract will generally only act on behalf of the secured creditor that appointed them and will realise the assets specifically covered by the security document. The contractually-appointed receiver is appointed to take possession of and sell or liquidate the assets secured by the security agreement in order to repay the outstanding debt. In a receivership, a secured creditor may also appoint a receiver manager to operate and manage the business until it is sold as a going concern.

The receiver is tasked with selling the assets secured under the security agreement and, after deducting the receivership's fees and expenses, distributing the proceeds from the sale to creditors on a priority basis. In situations where the proceeds from the sale of assets are not sufficient to fully repay the liabilities of the secured creditor, none of the proceeds will be available for distribution to the unsecured creditors.

ZAMBIA

Validity

In respect of guarantees, such as the guarantee to be provided by the Zambian Guarantor, it has become common practice in Zambia to ensure that the guarantor has obtained independent legal advice before guaranteeing the liabilities of the debtor. This is in light of the Supreme Court in Nkongolo Farms Limited v Zambia National Commercial Bank Limited and Kent Choice Limited (In Receivership) Charles Huruperi (2007) Z.R. 149 at page 175 in which the Supreme Court stated that: "Now the question is whether or not the 1st respondent shared in the wrong doings of the 3rd respondent. In the case of Credit Lyonnais Bank Nederlands NV v Burch (16), the facts already quoted and the ruling by the court which we already quoted, the court placed the responsibility on the Bank lending money to take reasonable steps to explain to the surety, the extent, and the implications of the transaction and to make sure that the surety independently sought independent legal advice before committing itself to the transaction. In that same case the court held that it was not sufficient for the bank lending money just to have causal contact with the guarantor. According to these English authorities, the bank had a duty to make sure that the surety sought independent legal advice. The ratio of this English case is that, the creditor has the obligation to inform itself as to whether or not there is a relationship of trust and confidence between the borrower and guarantor, and the attendant risk to abuse that, relationship. The bank has an obligation to ensure that the guarantee did not in any way exercise undue influence on the guarantor."

As such, the creditor has the obligation to ensure that the debtor did not exercise undue influence over the guarantor. For this reason, the creditor ought to ensure that the guarantor has obtained independent legal advice on the implications of the transaction giving rise to the guarantee. Accordingly, it has become standard in guarantor resolutions for the board/shareholders of the guarantor to include provision in the resolutions confirming that the guarantor has sought independent legal advice as to its obligations under the guarantee.

Perfection of security interests is done by registration of the security documents in the relevant registries, being Companies Registration Agency ("**PACRA**"), the collateral registry of PACRA in respect of security interests over movable property (including tangible and intangible assets) and the Lands and Deeds Registry where the security involves security over real property.

Further, please also note that agreements, including security documents, that are executed outside Zambia ought to comply with the Zambian Authentication of Documents Act Chapter 75 of the Laws of Zambia (the "**Zambia Authentication Act**"). Under the Zambia Authentication Act before a document signed outside of Zambia can be used in Zambia it must be "authenticated" as set out in the Zambia Authentication Act which is defined as follows: "Authentication when applied to a document, means the verification of any signature thereon."

The Authentication Act applies to all documents which under the act are defined as "any deed, contract, power of attorney, affidavit, or other writing, but does not include an affidavit sworn before a Commissioner of the High Court."

The procedure for authentication is as follows:

(a) in the case of a document executed in Great Britain or Ireland it be duly authenticated by a notary public under his signature and seal of office;

(b) in the case of a document executed in any part of Her Britannic Majesty's dominions outside the United Kingdom it be duly authenticated by the signature and seal of office of the mayor of any town or of a notary public or of the permanent head of any Government Department in any such part of Her Britannic Majesty's dominions;

(c) in the case of document executed in any of Her Britannic Majesty's territories or protectorates in Africa it be duly authenticated by the signature and seal of office of any notary, magistrate, permanent head of a Government Department, Resident Commissioner or Assistant Commissioner in or of any such territory or protectorate;

(d) in the case of a document executed in any place outside Her Britannic Majesty's dominions (hereinafter referred to as a "foreign place") it be duly authenticated by the signature and seal of office-

(i) of a British Consul-General, Consul or Vice-Consul in such foreign place; or

(ii) of any Secretary of State, Under-Secretary of State, Governor, Colonial Secretary, or of any other person in such foreign place who shall be shown by the certificate of a Consul or Vice-Consul of such foreign place in Zambia to be duly authorized under the law of such foreign place to authenticate such document.

Unfortunately, there is no judicial decision as to what constitutes "Her Britannic Majesty's dominions" as stated in the Authentication Act. By way of practice it is assumed that it only applies to those countries which still recognize the Queen of England.

Failure to authenticate under the Authentication Act makes the agreement unenforceable in Zambia.

In a situation where the lender/security trustee is outside Zambia and the borrower or person granting security is in Zambia, it is prudent that only the borrower executes the security document in Zambia by itself. This is because a unilateral execution of a security document by the borrower/security provider binds such borrower/security provider without the signature of the lender/security trustee.

Lastly, in accordance with a recent Supreme Court decision, a document/agreement will be properly authenticated where the last party to sign the agreement signs the document in Zambia. Accordingly, to ensure valid execution, the parties to the transaction documents must ensure that the last party to sign signs the agreement last in Zambia. If this is done, it will not be necessary to follow the authentication modalities set out above.

For purposes of this transaction, there is need to ensure that the transaction agreements which may be required to be enforced in or used in Zambia are properly authenticated as per the advice set out above.

Zambian law insolvency considerations

The Corporate Insolvency Act No. 7 of 2017 (the "**Zambia Insolvency Act**") is the principal statute regulating corporate insolvency in Zambia.

Receivership

The Zambia Insolvency Act makes provision for the appointment of a receiver. The first mode of appointment is by an order of the Court, when the charge over the property of a company is enforceable, upon an application by a chargee.

The court may also appoint a receiver over the property and undertaking of the company, upon an application of the charge over a floating charge, irrespective of whether the charge has become enforceable. However, the court has to be satisfied that events have occurred or are likely to occur and the company retaining the power to dispose of the assets would be unjust to the chargee.

Section 4(3) of the Zambia Insolvency Act also permits the appointment of a receiver under a deed of appointment.

The Zambia Insolvency Act in section 16 imposes a duty on a receiver to manage the assets to realize the money owed to the secured creditor without disposing of it. However, an asset may be sold if management of the asset will further deplete the asset or is insufficient to satisfy the debt.

If an asset is to be sold, it is to be disposed of by public tender, at the highest possible amount and in the most transparent manner in the circumstances. To ensure further transparency, 21 days prior to the sale, the Registrar must be notified of the intention to dispose of the asset.

Section 8 of the Act prescribes that when a receiver is appointed on behalf of a person holding a debenture secured by a floating charge, the priority of debts in winding up shall be followed (despite the company not being wound-up), to repay claims using the assets held by the receiver, before repaying the debenture claim. The date of appointment of the receiver is considered to be the date of commencement of the winding up.

Business rescue proceedings

The Zambia Insolvency Act, which a fairly recent statute also introduces Business Rescue Proceedings to Zambia. Business rescue proceedings are aimed at facilitating the rehabilitation of a company that is financially distressed by providing for;

(i) the temporary supervision of the company and management of affairs, business and property by a Business Rescue Administrator ("BRA");

(ii) a temporary moratorium (suspension) on the rights of claimants against the company in respect of property in its possession; and

(iii) the development and implementation of a plan (if approved) to rescue the company by restructuring its business, debt and liabilities to maximize the chances of the company operating as a going concern.

There are two ways in which a company can be placed under business rescue. The first is by way of a voluntary resolution of the company. Secondly, an affected person may apply to Court for an order to place the company under supervision and begin business rescue proceedings, unless the company has commenced voluntary business rescue proceedings.

Section 25 of the Zambia Insolvency Act generally suspends legal proceedings against a company during rescue proceedings, with some exceptions.

Liquidation and winding up

Under the Zambia Insolvency Act there are three types of Liquidation namely: - (i) a winding up by the Court (ii) a members voluntary winding up and (iii) a creditors voluntary winding up.

Section 57 of the Zambia Insolvency Act provides for the circumstances under which the Court may wind up a company. A company can be wound-up when the company has by special resolution resolved to be wound-up by Court, the company is unable to pay its debts, any period fixed for the duration of the company by the articles expires or an event dissolving the company in the articles occurs, number of members is reduced below two, the incorporation of the company was fraudulently obtained or, in the opinion of the Court, it is just and equitable that the company should be wound-up.

A company is unable to pay its debts under the Zambia Insolvency Act: (i) there is due to a creditor a prescribed fee; and the creditor has more than 30 days previously served a written demand requiring payment of the amount due, and, the company has failed to pay it to the reasonable satisfaction of the creditor; or (ii) Execution on an order or judgment of Court is returned unsatisfied wholly or partly; or (iii) the company is unable to pay its debts as they become due.

Section 60 of the Act provides that the court on hearing a winding up petition may dismiss the petition with or without costs, adjourn the hearing conditionally or unconditionally or make any interim order or other order that it thinks fit. Additionally, The court may not refuse to make a winding up order on the ground only that the assets of the company have been mortgaged to an equal amount to or in excess of those assets or that the company has no assets or in the case of a petition by a member that there will be no assets available for distribution amongst the members.

Sections 62 and 63 of the Zambia Insolvency Act has the effect of protecting the assets and property of the company, by regarding dispositions of the property, transfer of shares, attachment/distress/execution of the assets after commencement of winding up by the Court, as void.

In terms of voluntary winding-up, a company may be wound-up by way of special resolution of the members or the creditors. Within 14 days of the passing of a resolution, the company shall lodge a copy of the resolution with the Registrar who then has 7 days from lodgment to cause the notice to be published in the gazette, according to section 88 of the Act. The voluntary winding-up commences at the time of passing the resolutions.

In terms of section 99 of the Zambia Insolvency Act, the assets of a company must be distributed in equal priority and distributed amongst members according to their rights and interests in the company.

Section 127of the Zambia Insolvency Act sets out the priority of payment of debt on winding up in priority to all other unsecured debts, as follows:

(i) Costs of the winding-up which includes remuneration of the liquidator, taxed cost of a petitioner and the costs of carrying out an audit (s127(1)(a) of the Zambia Insolvency Act);

(ii) Tax/duty/rate payable by the company before commencement of the winding-up (s127 (1) (e)) of the Zambia Insolvency Act. Also, Government rents less than 5 years in arrears at the start of the winding-up (s127(1)(f)) of the Zambia Insolvency Act); and, rates payable to a local authority that were due within 3 years before date of commencement of the winding-up (s127(1)(g) of the Zambia Insolvency Act);

(iii) Amounts due under s127(1)(b) of the Zambia Insolvency Act which include, wages or salaries accruing to each employee within 3 months of commencement of winding-up, leave accruing to each employee within 2 years prior to commencement of winding-up, paid absence within 3 months commencement of winding-up and recruitment or other expenses repayable under a contract of employment. Section 127(1) (c) of the Zambia Insolvency Act covers severance pay to each employee equal to 3 months wages/salary. This category also includes Section 127(1) (d) of the Zambia Insolvency Act which relates to amounts due for workers compensation accrued before commencement of winding-up;

(iv) All secured creditors or lenders of the company; and

(v) Lastly, all unsecured creditors.

It is noteworthy that debts in the same priority rank equally between themselves and must be paid in full. Where the assets of a company are insufficient to meet the debts within each priority, section 127(4) of the Zambia Insolvency Act provides that the debt shall decrease in equal proportions between themselves.

If the assets are insufficient to meet preferential debts and priority debts, debenture holders under any floating charge have priority over creditors and are paid with the priority ranking in the Moveable Property (Security Interest) Act, 2016.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement (the "**Purchase Agreement**") to be dated as of the date of this offering memorandum, among the Issuer, the Guarantors, and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase, the Notes from the Issuer.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all the Notes if they purchase any of them.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. The Initial Purchasers may change the price at which the Notes are offered and other selling terms of the Notes at any time without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates (as defined under Rule 501(b) of the U.S. Securities Act). To the extent the Initial Purchasers intend to effect any sales of the Notes in the United States, they will do so through their respective selling agents, or through one or more U.S. registered broker dealers or as otherwise permitted by applicable U.S. law.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchasers may be increased or, in some cases, the Offering may be terminated.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer will pay each of the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes. The Issuer, the Guarantors and subsidiaries or other affiliates of the Guarantors have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, any debt (including, without limitation, any debt securities, loans or other instruments) of, or guaranteed by, the Issuer or the Guarantors and having a tenor of more than one year during the period from the date of the Purchase Agreement through and including the date 90 days after the date of the Purchase Agreement, in each case, without the prior written consent of the Initial Purchasers.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Notice to Investors*."

Each Initial Purchaser, severally and not jointly, has represented, warranted and agreed that it:

i. has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and the Guarantors; and
ii. has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Notice to Investors*."

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agents, to list the Notes on the Official List of the Exchange. The Exchange is an exchange regulated market and not a regulated market for the purposes of Directive 2014/65/EU. There is no assurance that the Notes will be listed and admitted to trading on the Exchange or that any such listing or admission will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you. See "*Risk Factors—Risks relating to the Notes and the Guarantees—There is no established trading market for the Notes and no assurance that the holders of the Notes will be able to sell them*."

We expect that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be the sixth business day (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes. Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding two business days will be required, by virtue of the fact that the Notes initially will settle T+6, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding seven business days should consult their advisors.

In connection with the offering of the Notes, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase the Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks relating to the Notes and the Guarantees—There is no established trading market for the Notes and no assurance that the holders of the Notes will be able to sell them*."

The Initial Purchasers or their respective affiliates (as defined under Rule 501(b) of the U.S. Securities Act) from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. The Initial Purchasers or their respective affiliates (as defined under Rule 501(b) of the U.S. Securities Act) may also receive allocations of the Notes. J.P. Morgan Securities plc will not receive any fee for acting as Development Finance Structuring Agent. The Initial Purchasers (including the Development Finance Structuring Agent) and their respective affiliates (as defined under Rule 501(b) of the U.S. Securities Act) may be currently advising us or other interested parties, and may advise us or other interested parties from time to time on other transactions in the future. In particular, certain of the Initial Purchasers or their affiliates (as defined under Rule 501(b) of the U.S. Securities Act) act as arrangers, lenders or other counterparties to certain of our financing arrangements, for which they have received, or may in the future receive, customary fees, commissions and payments. In particular, certain of the Initial Purchasers have credit exposure via credit facilities outstanding to which the Company or its subsidiaries are borrowers, and such Initial Purchasers will receive from the proceeds of the Notes funds sufficient to repay and cancel such facilities. The Standard Bank of South Africa Limited has credit exposure through its affiliate Stanbic Zambia as the lender to CEC Liquid Telecommunication Ltd (now Liquid Telecommunications Zambia Limited) under a US$22.30 million facility, of which US$2.9 million and ZMW 148.3 million will be outstanding following completion of the Transactions. Each of the Initial Purchasers has credit exposure as a joint mandated lead arranger. See *"Summary—The Transactions," "Use of Proceeds" and "Capitalization".*

The Standard Bank of South Africa Limited will act as security agent under the Indenture and the New Senior Facilities Agreement, pursuant to the terms thereof.

EAIF INVESTMENT

We entered into an agreement (the "**EAIF Investment Agreement**"), dated February 19, 2021, with the Emerging Africa Infrastructure Fund Limited ("**EAIF**"), under which EAIF agreed to purchase a portion of the Notes from the Initial Purchasers as part of the initial distribution of the Notes. EAIF will be allocated US$15.0 million in principal amount of the Notes. EAIF's obligation to purchase Notes is, among other conditions, subject to a minimum issue size and net yield threshold with respect to the Notes. In consideration of the EAIF commitment, we have agreed to pay a fee to EAIF and we have made certain representations and covenants in the EAIF Investment Agreement with respect to our compliance with certain international and EAIF policy standards related to environmental, social, antimony laundering, corruption and sanctions by which any entity in which EAIF invests must agree to be bound. In addition, we agreed to spend an amount at least equivalent to EAIF's allocation of Notes on capital expenditures relating to the expansion of our network.

The EAIF Investment Agreement will not restrict the ability of EAIF to buy or sell Notes in the future (or to buy additional Notes as part of the distribution of the Notes by the Initial Purchasers) and, as a result, EAIF may buy or sell the Notes in open market transactions at any time following the consummation of the Offering. EAIF is owned by the Private Infrastructure Development Group Trust, a platform developed by the Members of the Private Infrastructure Development Group ("**PIDG**") for mobilizing private sector investment in infrastructure in developing countries. The PIDG Members provide funding to the PIDG Trust for the support of PIDG activities in the form of grants and loans. PIDG is funded by donors from seven countries (the United Kingdom, Switzerland, Australia, Norway, Sweden, the Netherlands, the United Kingdom and Germany). EAIF was established to conduct investment business for the purpose of improving the provision of infrastructure in Sub-Saharan Africa in order to assist with the elimination of poverty, in particular by underpinning economic growth. EAIF aims to address the lack of available long-term foreign currency debt finance and to support projects that promote economic growth, reduce poverty and benefit broad-based population groups.

DEG INVESTMENT

We entered into an agreement (the "**DEG Investment Agreement**") dated December 22, 2020 with DEG-Deutsche Investitions- und Entwicklungsgesellschaft mbH ("**DEG**") under which, subject to certain conditions set forth therein, DEG agreed to purchase a portion of the Notes from the Initial Purchasers as part of the initial distribution of the Notes. DEG will be allocated not less than US$25.0 million and not more than US$28.0 million in principal amount of the Notes for a purchase price of not more than US$28.0 million. DEG's obligation to purchase Notes is, among other conditions, subject to a minimum issue size and net yield threshold with respect to the Notes. In consideration of the DEG commitment, we have agreed to pay a fee to DEG and we have made certain representations and covenants in the DEG Investment Agreement with respect to our compliance with certain international and DEG policy standards related to environmental, social, anti-money laundering, corruption and sanctions by which any entity in which DEG invests must agree to be bound. DEG is a wholly owned subsidiary of Kreditanstalt für Wiederaufbau and a member of the KfW Bankengruppe.

IFC INVESTMENT

We entered into an agreement (the "**IFC Investment Agreement**"), dated February 19, 2021, with the International Finance Corporation ("**IFC**") under which IFC agreed to purchase a portion of the Notes from the Initial Purchasers as part of the initial distribution of the Notes. IFC will be allocated up to US$100.0 million in principal amount of the Notes. IFC's obligation to purchase Notes is, among other conditions, subject to a minimum issue size and net yield threshold with respect to the Notes. In consideration of the IFC commitment, we have agreed to pay a fee to IFC and we have made certain representations and covenants in the IFC Investment Agreement with respect to our compliance with certain international and IFC policy standards related to environmental, social, anti-money laundering, corruption and sanctions by which any entity in which IFC invests must agree to be bound.

The IFC Investment Agreement will not restrict the ability of IFC to buy or sell Notes in the future (or to buy additional Notes as part of the distribution of the Notes by the Initial Purchasers) and, as a result, IFC may buy or sell the Notes in open market transactions at any time following the consummation of the Offering. IFC is a member of the World Bank Group.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes *offered hereby.*

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes and the Guarantees will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes and the Guarantees are being offered and sold only (i) to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) ("**QIBs**") in compliance with Rule 144A; and (ii) outside the United States in offshore transactions in accordance with Regulation S. The terms "offshore transaction" and "United States" have the meanings given to them in Regulation S.

Each purchaser of the Notes hereunder (other than each of the Initial Purchasers) will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

1. It understands and acknowledges that the Notes (and the Guarantees) have not been registered under the U.S. Securities Act or any applicable state securities law; are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A; and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

2. It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on behalf of the Issuer and it is either:
    - a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of another QIB; or
    - person purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

3. It acknowledges that none of us, the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges that (i) it has been afforded an opportunity to request from us and the Initial Purchasers and to review and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information provided to it and (ii) that it has not relied on the Initial Purchasers or any person affiliated (as defined under Rule 501(b) of the U.S. Securities Act) with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained in this offering memorandum, and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

4. It is purchasing the Notes and the Guarantees for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

5. It acknowledges that each Note issued pursuant to Rule 144A will contain a legend substantially to the following effect:

   THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND, ACCORDINGLY, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS ACQUIRING THE SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) (THE "RESALE RESTRICTION TERMINATION DATE") ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT.

   Each purchaser will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

6. It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

7. It acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth therein have been complied with.

8. It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify the Initial Purchasers. If it is acquiring any Notes

as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

9. It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*."

10. Each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of any employee benefit plan subject to Title I of ERISA, any plan, individual retirement account or other arrangement subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of similar law, or any entity whose underlying assets are considered to include "plan assets" of any such plan or account, or (ii) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Fried, Frank, Harris, Shriver & Jacobson (London) LLP, with respect to U.S. federal, New York and English law, BLC Robert & Associates with respect to Mauritian law, Cliffe Dekker Hofmeyr Inc, with respect to South African law, Anjarwalla & Khanna, with respect to Kenyan law and Musa Dudhia & Company, with respect to Zambian law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, with respect to U.S. federal, New York and English law, Appleby (JV) Ltd & Cie, with respect to Mauritian law, Webber Wentzel, with respect to South African law, Coulson Harney LLP, with respect to Kenyan law and Eric Silwamba, Jalasi & Linyama Legal Practitioners with respect to Zambian law.

INDEPENDENT AUDITORS

The Annual Financial Statements included in this offering memorandum have been audited by Deloitte, Mauritius, independent auditors, as stated in their reports appearing therein.

The condensed consolidated financial statements of the Liquid Group as of and for the nine months ended November 30, 2020 included in this offering memorandum have been reviewed by Deloitte, Mauritius, independent auditors, as stated in their review report appearing herein. Deloitte, Mauritius, is a registered audit firm with oversight by The Mauritius Institute of Professional Accountants.

Deloitte's reports on the audit for the years ended February 28, 2018, February 28, 2019 and February 29, 2020 and the review report for the nine months ended November 30, 2020 state that the respective reports were made solely to the Company and its shareholders as a body; that the independent auditor's work was undertaken so that the independent auditor might state to the shareholders of the Company those matters that were required to be stated to them in an auditor's report and review report and for no other purpose; and that Deloitte does not accept or assume responsibility to anyone other than the Company and shareholders of the Company as a body for its audit and review work, for its report or review report or the opinions it has formed.

Deloitte LLP, based in the United Kingdom, is an independent auditor with respect to the Issuer and its subsidiary.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

i. such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
ii. such person has not relied on the Initial Purchasers or any person affiliated (as defined under Rule 501(b) of the U.S. Securities Act) with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
iii. except as provided pursuant to point (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirement of Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. All of the above documents will be available at the offices of the Issuer.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a public company limited by shares organized under the laws of England and Wales and the Guarantors of the Notes are incorporated under the laws of Mauritius, South Africa, Kenya and England and Wales. All of their directors and executive officers are non-residents of the United States and all of the Issuer's and Guarantors' assets and those of such persons are located outside the United States. Although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action under U.S. securities laws, you may not be able to effect service of process on such persons or the Issuer or the Guarantors within the United States in any action, including actions predicated on civil liability provisions of the U.S. federal and state securities laws or other laws.

Under the terms of the Indenture, the Issuer, the Guarantors (including the Company) and the Trustee agree that any dispute, controversy or cause of action against the Issuer, the Company, the Guarantors and/or the Trustee arising out of the Indenture or any transaction contemplated therein, the Notes or other deposited securities, will be referred to and resolved by the courts of New York, as more fully described in the Indenture.

If a judgment is obtained in a U.S. court against the Issuer, the Guarantors (including the Company) or any directors or officers, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Mauritius, South Africa, Kenya and England and Wales, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

ENGLAND AND WALES

The following is a discussion with respect to the enforceability of certain U.S. court judgments in England and Wales and is based upon advice provided to the Issuer by its English counsel. The United States and the United Kingdom do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and the United Kingdom are both parties to the New York Convention on Arbitral Awards). Any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in England and Wales. In order to enforce any such judgment in England and Wales, proceedings must be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in England and Wales. In this type of action, an English court generally will not (subject to the matters identified below) reinvestigate the merits of the original matter decided by a U.S. court if:

- the relevant U.S. court had jurisdiction (under English rules of private international law) to give the judgment and;
- the judgment is final and conclusive on the merits and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a U.S. law that an English court considers to be a penal, revenue or other public law).

An English court may refuse to enforce such a judgment, however, if it is established that:

- the enforcement of such judgment would contravene public policy or statute in England and Wales (including, for the avoidance of doubt, the European Convention of Human Rights);
- the enforcement of the judgment is prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);
- the English proceedings were not commenced within the relevant limitation period;
- before the date on which the U.S. court gave judgment, the issues in question had been the subject of a final judgment of an English court or of a court of another jurisdiction whose judgment is enforceable in England;
- the judgment has been obtained by fraud or in proceedings in which the principles of natural justice were breached;

- the bringing of proceedings in the relevant U.S. court was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in that court (to whose jurisdiction the judgment debtor did not submit); or

- an order has been made and remains effective under section 9 of the U.K. Foreign Judgments (Reciprocal Enforcement) Act 1933 applying that section to U.S. courts including the relevant U.S. court.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available for this purpose. These methods generally permit the court discretion to prescribe the manner of enforcement. In addition, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor. Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters obtained from U.S. federal or state courts in the manner described above using the methods available for enforcement of a judgment of an English court.

It is, however, uncertain whether an English court would impose liability on the Issuer, the Company or other persons in an action predicated upon the U.S. federal securities law brought in England and Wales.

MAURITIUS

The United States and Mauritius do not currently have a treaty providing for reciprocal recognition and enforcement of court judgments (other than arbitration awards) in civil and commercial matters (although the United States and Mauritius are both parties to the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards). As a result, any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in Mauritius. In order to enforce any such judgment in Mauritius, proceedings must be initiated by way of Exequatur in accordance with article 546 of the Code de Procedure Civile. In this type of action, the Supreme Court of Mauritius will register and enforce the original judgment without reconsideration of the merits, if;

a. the foreign judgment is still valid, final and capable of execution in the United States, notwithstanding that an appeal may be pending against it or it may still be subject to an appeal in such the United States;
b. the foreign judgment is not contrary to any principle affecting public policy in Mauritius;
c. the courts of the United States which delivered the said judgment had jurisdiction to hear the claim;
d. the Mauritian conflict of laws rules were respected;
e. there has not been any fraude à la loi, i.e. any malice, bad faith and fraud on and in the choice of law and jurisdiction clauses;
f. the Company had been regularly summoned to attend the proceedings before the foreign court; and
g. the foreign judgment is duly registered with the relevant authority in Mauritius, in circumstances in which its registration is not liable, thereafter, to be set aside.

The Supreme Court of Mauritius has discretion to stay or decline to hear an action on the foreign judgment if the foreign judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action as the foreign judgment.

Currency of judgment

The courts in Mauritius will only render judgment for a sum of money in Mauritian currency. If a foreign judgment is in a foreign currency, the courts in Mauritius will give a judgment in the Mauritian currency equivalent of such foreign currency; conversion will be calculated on the date which the Mauritian courts consider the most appropriate to fully compensate the judgment creditor.

SOUTH AFRICA

The following is a discussion with respect to the enforceability of certain U.S. court judgments in South Africa and is based upon advice provided to the Issuer by its South African counsel.

Choice of Law

In any proceedings for the enforcement of the obligations of any South African party, the South African courts will generally give effect to the choice of foreign law as contemplated in the Notes as the governing law thereof.

Jurisdiction

Any party's (i) irrevocable submission under the Indenture to the jurisdiction of a New York court; and (ii) agreement not to claim any immunity to which it or its assets may be entitled, is generally legal, valid, binding and enforceable under the laws of South Africa and, subject to the qualifications referred to below, any judgment obtained in the foreign jurisdiction will be recognized and be enforceable by the courts of South Africa without the need for re-examination of the merits. The appointment by any party of an agent in a New York court to accept service of process in respect of the jurisdiction of the New York courts is generally valid and binding on that party.

Under South African law, a court will not accept a complete ouster of jurisdiction, although generally it recognizes party autonomy and gives effect to choice of law and choice of jurisdiction provisions. However, jurisdiction remains within the discretion of the court and a court may, in certain instances, assume jurisdiction provided there are sufficient jurisdictional connecting factors. South African courts may, in rare instances, choose not to give effect to a choice of jurisdiction clause, if, for example, such choice is contrary to public policy. Proceedings before a court of South Africa may be stayed if the subject of the proceedings is concurrently before any other court.

Recognition of foreign judgments

The consent of the South African Minister of Trade and Industry may in certain circumstances specifically be required in respect of judgments, orders, directors or arbitration awards given outside of South Africa in connection with, among others, mining activities or the use or sale of ownership of any matter or material. Subject to obtaining the permission of the South African Minister of Trade and Industry under the South African Protection of Businesses Act No. 99 of 1978 (the "**SA PB Act**"), if required, an authenticated judgment obtained in a competent court of jurisdiction other than South Africa will be recognized and enforced in accordance with procedures ordinarily applicable under South African law for the enforcement of foreign judgments, namely a provisional sentence summons, application or action claiming enforcement of the foreign judgment; provided that the judgment was pronounced by a proper court of law, was final and conclusive (in the case of a judgment for money, on the face of it), has not become stale, and has not been obtained by fraud or in any manner opposed to natural justice or contrary to the international principles of due process and procedural fairness, the enforcement thereof is not contrary to South African public policy and the foreign court in question had jurisdiction and competence according to the applicable South African rules on international competence. South African courts will not enforce foreign revenue or penal laws (such as fines or governmental levy (distinct from private judgments)) and South African courts have, as a matter of public policy, generally not enforced awards for multiple or punitive damages. Permission from the Minister of Trade and Industry will similarly not be granted if it would result in the recovery of punitive damages.

Where obligations are to be performed in a jurisdiction outside South Africa they may not be enforceable under the laws of South Africa to the extent that such performance would be illegal or contrary to public policy under the laws of South Africa or the foreign jurisdiction, or to the extent that the law precludes South African courts from granting extra-territorial orders. South African courts have the discretion of refusing the granting of orders with extra-territorial effect if the granting of such order would be ineffectual.

Under the South African Recognition and Enforcement of Foreign Arbitral Awards Act, No. 40 of 1977 (the "**SA Enforcement Act**"), any foreign arbitral award may, subject to the provisions of sections 3 and 4 thereof, be made an order of court. Any such award which has been made an order of court pursuant to the provisions of the SA Enforcement Act may be enforced in the same manner as any judgment or order to the same effect (subject to the provisions of the SA PB Act, which apply *mutatis mutandis* to foreign arbitral awards).

Effect of liquidation on civil proceedings

In general and subject to certain exceptions, civil proceedings (including arbitration proceedings) instituted by or against a company are automatically stayed upon the winding-up of the company until the appointment of a final liquidator. Execution against the company in liquidation's assets is similarly stayed. A plaintiff wishing to continue with such proceedings against the company in liquidation must give the final liquidator three weeks' notice of its intention to do so within a period of four weeks from the date on which that liquidator is finally appointed, failing which, the proceedings are deemed to be abandoned. However, where the court finds that there was a reasonable excuse for a failure to give the requisite notice, it has discretion to allow a plaintiff to continue with proceedings on such conditions as it deems fit. Any attachment or execution put in force against the estate or assets of the company after the commencement of the winding-up (i.e. the date upon which the application for the winding-up was lodged with the Court or a resolution to voluntarily wind-up the company was filed) shall be void.

KENYA

Choice of law and jurisdiction

Choice of law is a well-recognized principle in Kenyan law. Courts in Kenya will normally uphold a clause in which parties have agreed to be governed by a particular law.The rationale for this is founded on the common law principle of freedom of contract between parties on that a court is to hold the parties to their bargain rather than re-write the terms of the contract. The governing law of the contract will therefore be the proper law of the contract provided that the selection is bona fide and reasonable and there is no objection on the grounds of public policy even where the law has no real connection with the contract.

However, where parties to a contract agree that in the event of a dispute that they will submit exclusively to the courts of another country, Kenyan Courts will determine whether or not to uphold the foreign exclusive jurisdiction by taking into account the circumstances of the case. The following are issues that Kenyan courts have held, need to be considered on questions relating to an exclusive jurisdiction clause:

- in what country the evidence on the issues of fact is situated or more readily available and the effect of that on the relative convenience and expense of trial as between the court of the country and the court of the foreign country. The rationale here being that it would not be proper in all reasonableness to have a matter heard in a different country whereas all the evidence is situated in a different country and that it would be expensive and inconvenient to try the matter in a different country;

- whether the law of the foreign court applies, and if so, whether it differs from the law of the country in any material respects;

- with what country either party is connected and how closely;

- whether either of the parties to the dispute genuinely desires trial in the foreign country or is only seeking a procedural advantage. The rationale here being that it would not be proper to allow forum shopping where the only objective it to defeat a claim by the other party; or

- whether either of the parties would be prejudiced by having to sue in the foreign court because they would be deprived of security for their claim, be unable to enforce any judgment obtained or be faced with a time bar not applicable in their country.

For the purposes of the issuance of the Notes, Guarantee and Collateral, choice of law will be respected by Kenyan courts subject to the above tests being applied in the event of a dispute. It should be noted that the choice of law or legal system is construed as referring to the substantive law of that state and not to its conflict of laws rules or procedural rules. Therefore, if a contract stipulates, for example, that English law is to apply and that a dispute shall be submitted to the exclusive jurisdiction of English courts, a Kenyan court would uphold English law in determining the rights and liabilities of the parties but apply Kenyan conflict of laws and procedural rules in considering whether the matter will be resolved in the English courts.

Recognition of foreign judgments

Foreign judgments are enforceable in Kenya if they originate from countries whose courts are recognized under the Foreign Judgments (Reciprocal Enforcement) Act (Chapter 43, Laws of Kenya) (the "**FJEA"**) as "designated courts". A designated court is defined in section 2 of the FJEA as a superior court of a reciprocating country which is a Commonwealth country, a superior court of any other reciprocating country which is specified in an order made under section 13 of the FJEA or a subordinate court of a reciprocating country which is specified in an order made under section 13. The foreign judgments enforceable under the FJEA are set out in sub-sections 3(1) and 3(2) of the FJEA and include:

- a judgment or order of a designated court in civil proceedings whereby a sum of money is made payable;

- a judgment or order of a designated court in civil proceedings under which movable property is ordered to be delivered to any person;

- a judgment given in any court on appeal against a judgment or order of a designated court;

- a judgment of a designated superior court for the costs of an appeal from a subordinated court, whether or not a designated court, or from an award in arbitration proceedings ; and

- an award in arbitration proceedings, if the award has become enforceable (under the laws in force in the country where it was made) in the same manner as a judgment given by a designated court in that country.

The FJEA however applies to a foreign judgment in instances where the judgment requires the judgment debtor to make an interim payment of a sum of money to the judgment creditor; or the judgment is final and conclusive as between the parties thereto. It should be noted that a judgment is deemed to be final and conclusive notwithstanding that an appeal may be pending against it, or that it may still be subject to appeal, in the courts of the country of the original court.

Once a judgment is obtained in a foreign jurisdiction, the judgment needs to be registered in the High Court of Kenya upon the making of an application. The application must comply strictly with the requirements set out in section 5 of the FJEA. Elaborate rules are set out under the FJEA setting out how the application for registration is to be made, how the order is to be drawn up, notice of registration to the judgment debtor, how an application to set aside registration is to be made and for appeal.

Once the judgment has been registered it will be recognized by Kenyan courts, and it will have the same force and effect as if the judgment was entered in Kenya. The enforcement thereof will then follow the same procedure set out in the Civil Procedure Act (Cap 21, Laws of Kenya). The registration of the judgment must however be done within six (6) years from the date of the judgment save where it is subject to appeal in which case the six year period is from the date of the determination of the appeal. Judgments registered in Kenya for enforcement are payable in the Kenyan shilling equivalent of the currency in which the judgment was entered at the exchange rate prevailing at the date of registration of that judgment. Where the High Court is satisfied that the judgment is partially satisfied in the country in which it was made, the judgment may be registered only in respect of the sums or the items of movable property remaining payable or deliverable in the proceedings. Kenyan courts may also reserve jurisdiction over some peripheral matters or on issues dealing with immovable property located in Kenya even though parties have settled on the laws of another country as the choice of law.

With respect to the finality of the foreign judgment, section 9 of the Kenyan Civil Procedure Act provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the parties or between parties under whom they or any of them was claiming. What this means is that Kenyan courts will not seek to revise and/or review the foreign judgment on its merits or seek to review the facts and will enforce it as it was passed in the foreign court.

However there are certain instances when the Kenyan courts will not recognize a foreign judgment. These instances include:

- where a foreign court lacked jurisdiction to adjudicate on the matter the subject of its judgment;

- where the merits of the case were not considered by the foreign court;

- where the proceedings in the foreign court were based on an incorrect view of Kenyan law in cases where such law is applicable;

- where the proceedings in the foreign court were in contravention of the rules of natural justice;

- where the judgment was obtained by fraud; and

- where the judgment sustains a claim founded on a breach of any law in force in Kenya.

Enforceability of U.S. judgments in Kenya

The United States is not a reciprocating country under the FJEA. In addition, New York courts are not designated courts for purposes of enforcing reciprocal judgments. Kenyan courts have on various occasions been faced with instances where parties have sought to enforce judgments from non-reciprocating countries. In the absence of a reciprocal enforcement arrangement, a foreign judgment is enforceable in Kenya as a claim in common law. Under English common law, which has the force of law in Kenya, a judgment of a competent foreign court condemning a party to pay a certain sum constitutes a good cause of action and is regarded as creating a debt in respect of which a suit may be filed in Kenyan courts. The process entails instituting a claim in a competent court with the resultant effect of obtaining a judgment from a Kenyan court based on using the foreign judgment. The Court of Appeal in Kenya has previously held that the following requirements must be fulfilled before enforcement in such a case:

- The party seeking to enforce the foreign judgment must file a plaint at the High Court of Kenya providing a concise statement of the nature of the claim, claiming the amount of the judgment debt, supported by a verifying affidavit, list of witnesses and bundle of documents intended to be relied upon. A certified copy of the foreign judgment should be exhibited to the plaint. It is open to a defendant to challenge the validity of the foreign judgment under the grounds set out in Section 9 of the Civil Procedure Act (set out in our analysis above paragraph 2.6).

- A judgment creditor is entitled to summary judgment under Order 36 of the Civil Procedure Rules unless the defendant judgment debtor can satisfy the Court that there is a real prospect of establishing at trial one of the grounds set out in Section 9 of the Civil Procedure Act.

- If the foreign judgment creditor is successful after trial, they will have the benefit of a High Court judgment and will be entitled to use the procedures of Kenyan courts to enforce the foreign judgment that will now be executed as a Kenyan judgment.

- The money judgment in the foreign judgment must be final and conclusive and must be enforced in Kenya within six (6) years from the date of judgment. It may be final and conclusive even though it is subject to an appeal;

- The foreign court must have had jurisdiction (according to the Kenyan rules on conflict of laws) to determine the subject matter of the dispute and the parties to the foreign court's judgment and the enforcement proceedings must be the same or must derive their title from the original parties.

The Kenya High Court will generally consider the foreign court to have had jurisdiction where the person against whom the judgment was given:

- was, at the time the proceedings were commenced, habitually resident or incorporated in or having a principal place of business in the foreign jurisdiction;

- was the claimant or counter-claimant in the foreign proceedings;

- willingly submitted to the jurisdiction of the foreign court; or

- agreed, before commencement, in respect of the subject matter of the proceedings to submit to the jurisdiction of the foreign court.

Where the above requirements are established to the satisfaction of the Kenya High Court, it will not re-examine the merits of the foreign court judgment. The foreign judgment will be enforced on the basis that the defendant has a legal obligation as a matter of common law, recognized by the High Court, to satisfy the money decree.

Effect of insolvency on civil proceedings

Under the Insolvency Act, where the High Court finds that a company (registered in Kenya) is insolvent and issues a liquidation or administration order, no court proceedings (including debt recovery proceedings) can be commenced against the company without approval of the High Court. Similarly any enforcement of securities, execution and/or attachment of the company's assets will only be commenced or continued with the approval of the High Court. If a company is liquidated and/or wound up, the claims of the beneficiary of a guarantee will rank *pari passu* with the claims of an unsecured creditor. It should be noted that the Insolvency Act requires that 20% of the realisations of a floating charge be set aside to settle unsecured claims meaning that floating charge holders will only get 80% value of their securities. It should also be noted that floating charge holders rank after preferential creditors but in priority to unsecured creditors. Schedule 2 of the Insolvency Act sets out the preferential debtors in priority as being (i) expenses of the liquidation; (ii) wages and other employee costs; (iii) certain taxes and other levies due in law; (iv) floating charge holders (if applicable); and (v) unsecured creditors to be paid *pari passu*.

Assets pledged as security do not form part of the insolvency estate in Kenya and the secured creditor has a right to realise the security and set off debts due to it but must account for any excess funds from the realization which must be remitted to the liquidator for distribution.

ZAMBIA

Choice of law

The express choice of law which has been made by the relevant parties, including the Zambian Guarantor, as the governing law of the Notes will be recognized by the Zambian Courts. However, Zambian case law now provides that foreign jurisdiction clauses are not in themselves decisive of the legal point on jurisdiction. This was decided in the case of Chansa Chipili & Powerflex (Z) Limited v Wellingtone Kanshimike & Wilson Kalumba SCZ No. 27 of 2012 where the Zambian Supreme Court held that in business transactions with foreign jurisdiction clauses, where business is partly conducted in foreign countries, settlement of the legal question on jurisdiction is based on circumstances supported by the evidence available. Thus, while parties may agree on foreign jurisdiction clauses, in an attempt to oust the jurisdiction of the state or country where they have business activities, such state or country may rightly claim jurisdiction depending on the circumstances in a given case. The Court further held that in deciding whether to recognize foreign jurisdiction clauses, courts will look at the jurisdiction with which the action has the most real and substantial connection. Factors such as the residence of the parties, places where business is conducted, convenience in terms of expenses and availability of witnesses should be canvassed.

Registration of a foreign judgment-New York court judgments

The registration and enforcement of foreign Judgments in Zambia is provided in the Foreign Judgments (Reciprocal Enforcement) Act Chapter 76 of the Laws of Zambia (the "**Zambia Foreign Judgments Act**"). The Zambia Foreign Judgments Act only applies to countries in respect of which Zambia has passed an order for the registration and enforcement of judgments and which foreign country has also passed an equivalent reciprocal order for the registration and enforcement of Zambian judgments. Zambia has not passed such order for the registration and enforcement of judgments from the Courts of the State of New York. As such, for a New York judgment to be registered and enforced in Zambia, such judgment has to be re-litigated on the merits in Zambia with the judgment obtained in the State of New York as a cause of action.

Registration of Foreign Arbitral Awards

Conversely, the High court for Zambia regularly recognizes and enforces foreign arbitral awards. Zambia has ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and this is domesticated into Zambian Legislation. Sections 30 and 31 of the Arbitration Act No. 19 of 2000 provides as follows:

> "30. For the purposes of this Part, an award shall not be deemed final if any proceedings for the purpose of contesting the validity of the award are pending in the country in which it was made.
>
> 31. Nothing in this Part shall-
>
> (a) prejudice any rights which any person would have had of enforcing in Zambia any award or of availing himself in Zambia of any award if this Part had not been enacted; or
> (b) apply to any award made on an arbitration agreement governed by the law of Zambia."

Further, Section 2 (2) and (3) of the Arbitration Act provides as follows:

> "(2) In the First Schedule, reference to "this State" be construed shall be construed as a reference to Zambia.
>
> (3) In interpreting this Act, an arbitral tribunal or a court may refer to the documents relating to the Model Law on International Commercial Arbitration adopted by the United Nations Commission on International Trade Law on the 21st June, 1985 set out in the First Schedule and, subject to the other provisions of this Act, to the documents of the Commission's working group, namely the travaux preparatoires; and in interpreting the provisions of the First Schedule, regard shall be had to its international origin and to the desirability of achieving international uniformity in its interpretation and application."

LISTING AND GENERAL INFORMATION

Liquid Telecommunications Financing plc is a public company limited by shares incorporated under the laws of England and Wales. Liquid Telecommunications Financing plc was incorporated on May 8, 2017, and is registered under company number 10759673. Liquid Telecommunications Financing plc's registered office is located at 9th Floor, 6 New Street Square, London EC4A 3BF, and its telephone number is +44 20 7101 6100. The Issuer is a finance company and the only subsidiary of the Issuer as of the Issue Date will be Liquid Telecommunications Investments Limited.

The issue of the Notes was authorized by the written resolutions of the general meeting of shareholders of the Issuer dated February 21, 2021 and the written resolutions of the board of directors of the Issuer dated February 21, 2021.

The Notes will be guaranteed by the following Guarantors:

a. The Company (Liquid Telecommunications Holdings Limited), a private company limited by shares incorporated on 26 January 2007 under the laws of Mauritius, registered under company number C068355 C2/GBL, with registered address 10th Floor, Standard Chartered Tower, 19, Cybercity, Ebene, 72201, Republic of Mauritius;
b. Liquid Telecommunications Operations Limited, a private company limited by shares incorporated on 12 February 2007 under the laws of Mauritius, registered under company number 068753, with registered address 10th Floor, Standard Chartered Tower, 19, Cybercity, Ebene, 72201, Republic of Mauritius;
c. Liquid Telecommunications Limited, a private company limited by shares incorporated under the laws of England and Wales, registered under company number 04946019, with registered address 9th Floor, 6 New Street Square, London EC4A 3BF;
d. Liquid Telecommunications Kenya Limited, a limited company incorporated on 13 November 1989 under the laws of Kenya under company number C41705, with registered address Sameer Business Park, Block A, Mombasa Road, Nairobi, Kenya (with a postal address of Post Office Box Number 62499-00200, Nairobi, Kenya);
e. Liquid Telecommunications Holdings South Africa (Pty) Limited, a limited company incorporated on 23 June 2016 under the laws of the Republic of South Africa under company number 2016/272836/07, with registered address 401 Old Pretoria Main Road, Halfway House, Midrand, 1685, Gauteng, South Africa;
f. Liquid Telecommunications South Africa (Pty) Limited, a limited company incorporated on 24 February 2004 under the laws of the Republic of South Africa under company number 2004/004619/07, with registered address 401 Old Pretoria Main Road, Halfway House, Midrand, 1685, Gauteng, South Africa; and
g. Liquid Telecommunications Zambia Limited, a limited company incorporated on 12 May 2011 under the laws of Zambia under company number is 120110092298, with registered address 3rd Floor, Elunda II, Stand 4648, Addis Ababa Roundabout, Long Acres, Lusaka, Zambia.

Each of the Guarantors provides telecommunications and related services as described above in "*Business*."

The Group is not aware of any encumbrances on the assets of the Guarantors not disclosed in this Offering Memorandum that could materially affect the Guarantors' ability to meet their obligations under the Guarantees.

For a description of certain risks relating to the Guarantors and their guarantees, see *"Risk Factors*."

The table below provides further information about those Guarantors which accounted for 20.0% or more our net assets or EBITDA as of and for the year ended February 29, 2020

	As of and for the year ended 29 Feb 2020			
	EBITDA (US$ millions)	**EBITDA (%)**	**Net assets (US$ millions)**	**Net assets (%)**
Company (Liquid Telecommunications Holdings Limited)	-	-	281.6	75.9%

Liquid Telecommunications Operations Limited	68.3	27.6%	-	-
Liquid Telecommunications South Africa (Pty) Limited	132.7	53.7%	568.6	116.8%
Liquid Telecommunications Holdings South Africa (Pty) Limited	-	-	184.7	50.5%
Liquid Telecommunications Kenya Limited	-	-	140.9	27.8%

Our non-guarantor subsidiaries comprised 5.6% (or US$13.8 million) of our EBITDA and 9.3% (or US$33.9 million) of our net assets as of and for the year ended February 29, 2020.

Application has been made to list the Notes on the Official List of Euronext Dublin and to admit them for trading on the Global Exchange Market thereof.

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the admission of the Notes to the Official List of Euronext Dublin and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market thereof.

Notes sold pursuant to Regulation S in this Offering have been accepted for clearance through the facilities of Euroclear and Clearstream under the common code 227847492. Notes sold pursuant to Rule 144A in this Offering have been accepted for clearance through the facilities of DTC under the common code 228050563 and have been assigned CUSIP number 536333 AB3. The international securities identification number (ISIN) for the Notes sold pursuant to Regulation S is XS2278474924 and the ISIN for the Notes sold pursuant to Rule 144A is US536333AB32.

The Notes will be fully and unconditionally guaranteed by certain of our subsidiaries, as described elsewhere in this listing particulars, on a joint and several basis. The Financial Statements included in this Listing Particulars include consolidated financial information for our subsidiaries guaranteeing the Notes and our non-guarantor subsidiaries.

As of and for the year ended February 29, 2020, the Guarantors represented (i) 94.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 90.7% of our net assets, after adjusting for intercompany payables and receivables. In the nine months ended November 30, 2020, the Guarantors represented (i) 76.4% of our Adjusted EBITDA, excluding dividend income and profit from the sale of subsidiaries and (ii) 84.9% of our net assets, after adjusting for intercompany payables and receivables.

Other than Liquid Telecommunications Kenya Limited, as described below, each of the Guarantors is a wholly-owned subsidiary of the Group. In order to comply with local shareholding requirements, 196,164 ordinary shares, representing approximately 20% of the share capital of Liquid Telecommunications Kenya Limited, are held by Stamford TC Limited, an employee benefit trust vehicle. In addition, as of the date of this offering memorandum, RBH holds 30% of the voting rights in Liquid Telecommunications Holdings South Africa (Pty) Limited (the remaining 70% being held by the Company). RBH holds no economic interest in Liquid Telecommunications Holdings South Africa (Pty) Limited.

We have appointed The Standard Bank of South Africa Limited as Security Agent, and BNY Mellon Corporate Trustee Services Limited, as Trustee.

We have appointed The Bank of New York Mellon SA/NV, Dublin Branch, as Registrar, The Bank of New York Mellon, London Branch, as Transfer Agent, and The Bank of New York Mellon, London Branch, as Paying Agent.

Electronic or physical copies of the following documents will be available for inspection free of charge, during normal business hours on any weekday, at our offices located at 9th Floor, 6 New Street Square, London EC4A 3BF from the date of publication of this offering memorandum for as long as the securities are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market:

- the offering memorandum;
- the articles of association of the Issuer and each of the Guarantors;
- the Guarantees;
- the Indenture;

- the Intercreditor Agreement and the documents creating the security interests in the Collateral as contemplated by the Indenture;

- the reviewed consolidated financial statements of the Liquid Group as of and for the nine-month period ended November 30, 2020, together with the auditors' review report and including the related notes thereto; and

- the audited consolidated financial statements of the Liquid Group as of and for the years ended February 28, 2018, February 28, 2019 and February 29, 2020, together with the auditors' report and including the related notes thereto.

There has been no material adverse change in the prospects of the Group since February 29, 2020, the end of the period to which our audited financial statements relate.

There has been no significant change in the Group's financial or trading position since November 30, 2020, the end of the last financial period for which interim financial information has been published, except as set forth in the sections entitled "*Summary—Recent Developments*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments*."

The results of the Offering will be made public by us through a press release promptly upon the closing of the Offering.

Holders of the Notes may contact the Transfer Agent with questions relating to the transfer of Notes on the books of the Registrar, which shall be maintained at the Trustee's principal office at One Canada Square, London E14 5AL, United Kingdom.

Although the Issuer does not currently contemplate making any applications to list the Notes and have them admitted to trading on a regulated market for the purposes of Directive 2014/65/EU, such application may be made in the future. If any such application is made, there will be no assurance that the Notes will be so listed or admitted to trading.

GLOSSARY OF TECHNICAL TERMS

“**ACE**” means Africa Coast to Europe;

“**ARPTC**” means Post and Telecommunications Regulatory Authority;

“**CA**” means Communications Authority of Kenya;

“**CTV**” means Cable Television Network;

“**DSS**” means Data Security Standards;

“**DARE1**” means Djibouti Africa Regional Express 1;

“**DFA**” means Dark Fiber Africa;

“**EASSy**” means East Africa Submarine Cable System;

“**EFT**” means electronic funds transfer;

“**FTTB**” means Fiber to the Business;

“**FWA**” means Fixed Wireless Access;

“**GIS**” means Geographic Information System;

“**GPON**” means Gigabit Passive Optical Networks;

“**IOT**” means Internet of Things;

“**IRU**” means indefeasible right of use;

“**ISPs**” means Internet Services Providers;

“**LTE**” means Long Term Evolution;

“**METISS**” means Melting Pot Indian Oceanic Submarine System;

“**MNO**” means most notably mobile;

“**MSAs**” means master service agreements which the Group has entered into;

“**MVNOs**” means Mobile Virtual Network Operators;

“**NGA**” means next generation access;

“**NICTBB**” means National ICT Broadband Infrastructure;

“**NLD**” means National Long Distance;

“**NOC**” means network operating enters;

“**NOFBI**” means National Optic Fiber Backbone;

“**OTT**” means over-the top;

“**PCI**” means Payments Card Industry;

“**PEACE**” means Pakistan & East Africa Connecting Europe;

“**PoPs**” means Points of Presence;

"**POTRAZ**" means the Postal and Telecommunications Regulatory Authority, the regulator for the telecommunications industry in Zimbabwe, which is a body corporate capable of suing and being sued in its corporate name and, subject to the Postal Act, of performing all acts that bodies corporate may by law perform.

"**PSTN**" means Public Switched Telephone Network;

"**SACS**" means South Atlantic Cable System;

"**SAFE**" means the South Atlantic 3 submarine cable serving SSA prior to 2009;

"**SAIL**" means the South Atlantic Inter Link;

"**SAT-3**" means the South Africa Far East submarine cable serving SSA prior to 2009;

"**SCPT**" means Societe Congolaise des Postes et Telecommunication;

"**SEAS**" means Seychelles East Africa System;

"**TCRA**" means Tanzania Communications Regulatory Authority;

"**TEAMS**" means the East African Marine Systems;

"**VSAT**" means very small aperture terminal, a data transmission technology used for many types of data management;

"**VoIP** " means Voice-over-Internet Protocol networks;

"**WACS**" means West Africa Capable System; and

"**ZICTA**" means the Zambia Information and Communications Authority.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Interim Financial Statements for the Liquid Group as of and for the nine months ended November 30, 2020

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Report on review of Condensed Consolidated Interim Financial Statements to the Board of Directors of Liquid Telecommunications Holdings Limited

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of **Liquid Telecommunications Holdings Limited** (the "Group") set out on pages 1 to 24 which comprise the condensed consolidated statement of financial position of the Group as at 30 November 2020 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34- Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Liquid Telecommunications Holdings Limited for the nine months ended 30 November 2020 is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34- Interim Financial Reporting.

Deloitte.

Deloitte

Chartered Accountants

27 JAN 2021

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 9 months and 3 months ended 30 November 2020

	Notes	9 months ended 30/11/2020 USD'000 (Reviewed)	9 months ended 30/11/2019 USD'000 (Unreviewed)	3 months ended 30/11/2020 USD'000 (Reviewed)	3 months ended 30/11/2019 USD'000 (Unreviewed)
Revenue	3	535,279	547,936	188,738	214,918
Interconnect related costs		(81,693)	(89,956)	(21,028)	(27,533)
Data and network related costs		(181,270)	(166,137)	(70,206)	(71,896)
Other income		379	2,134	288	1,430
Selling, distribution and marketing costs		(12,618)	(9,561)	(2,543)	(5,021)
Administrative expenses		(34,970)	(35,637)	(13,740)	(12,644)
Staff costs		(66,897)	(74,090)	(24,466)	(27,443)
Depreciation, impairment and amortisation		(86,746)	(111,252)	(37,082)	(35,033)
Operating profit		**71,464**	**63,437**	**19,961**	**36,778**
Dividend received		292	-	-	-
Restructuring costs	4	(5,139)	(465)	(223)	(5)
Acquisition and other investment costs		(466)	(349)	(396)	(15)
Interest income	5	1,493	2,262	538	495
Finance costs	6	(58,970)	(58,706)	(20,033)	(20,906)
Foreign exchange loss	2.2	(334,310)	(471,889)	(30,833)	(208,737)
Hyperinflation monetary gain*	2.2	327,586	236,240	60,193	102,354
Share of profits of associate		7	17	5	9
Profit / (loss) before taxation		1,957	(229,453)	29,212	(90,027)
Tax expense	7	(13,988)	19,908	(6,335)	(6,114)
(Loss) / Profit for the period		**(12,031)**	**(209,545)**	**22,877**	**(96,141)**
Other comprehensive (loss) / profit					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / profit on accounting for foreign entities		(8,184)	(59,874)	44,063	16,920
Impact of application of Hyperinflation accounting on opening balances	2.2.2	9,443	219,384	1,511	(59,602)
Other comprehensive (loss) / profit for the period		1,259	159,510	45,574	(42,682)
Total comprehensive (loss) / profit for the period		**(10,772)**	**(50,035)**	**68,451**	**(138,823)**
(Loss) / Profit attributable to:					
Owners of the company		(11,821)	(209,685)	23,401	(96,229)
Non-controlling interest		(210)	140	(524)	88
		(12,031)	**(209,545)**	**22,877**	**(96,141)**
Total comprehensive (loss) / profit attributable to:					
Owners of the company		(10,412)	(49,938)	69,082	(138,965)
Non-controlling interest		(360)	(97)	(631)	142
		(10,772)	**(50,035)**	**68,451**	**(138,823)**
Earnings per share					
Basic (Cents per share)	24	(9.54)	(171.54)	18.87	(78.72)

* In the period ended 30 November 2020 the group recognised USD 9.4 million of the Hyperinflation monetary gain in Other comprehensive profit / (loss) for the period. This amount represents the Hyperinflation monetary gain on the opening balances at 1 March 2020, as calculated from 1 October 2018.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 November 2020

	Notes	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Non-current assets			
Goodwill	8	127,924	125,770
Intangible assets	9	125,086	127,325
Property, plant and equipment	10	753,961	741,380
Right-of-Use assets	11	113,113	97,342
Investment in associate		549	528
Investments	22	10,814	10,814
Deferred tax assets		32,286	31,708
Investments at amortised cost		51	193
Other Long-term receivables		13	61
Total non-current assets		**1,163,797**	**1,135,121**
Current assets			
Inventories		27,826	27,049
Trade and other receivables	13	189,042	221,373
Taxation		2,158	966
Cash and cash equivalents	12	80,936	83,492
Restricted cash and cash equivalents	12	1,240	1,511
Total current assets		**301,202**	**334,391**
Total assets		**1,464,999**	**1,469,512**
Equity and liabilities			
Capital and reserves			
Share capital		3,716	3,638
Share premium		276,714	251,446
Convertible preference shares		180,000	180,000
Accumulated loss		(118,503)	(56,607)
Foreign currency translation reserve		(14,050)	(15,560)
Total equity attributable to owners of the parent		**327,877**	**362,917**
Non-controlling interests		1,309	2,026
Total equity		**329,186**	**364,943**
Non-current liabilities			
Long term borrowings	14	731,380	732,515
Long term lease liabilities	15	67,524	65,492
Long term provisions		1,430	1,396
Other long-term payables		10,388	12,324
Deferred revenue	17	50,001	52,898
Deferred tax liabilities		24,577	17,638
Total non-current liabilities		**885,300**	**882,263**
Current liabilities			
Short term portion of long-term borrowing	14	27,672	12,211
Short term portion of long-term lease liabilities	15	42,814	29,922
Trade and other payables	16	134,647	154,687
Short-term provisions		19,860	16,353
Deferred revenue	17	21,135	6,690
Taxation		4,385	2,443
Total current liabilities		**250,513**	**222,306**
Total equity and liabilities		**1,464,999**	**1,469,512**

Approved by the Board of Directors and authorised for issue on 27 January 2021.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 9 months and 3 months ended 30 November 2020

Group

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated loss) / Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD	USD'000	USD'000	USD'000	USD'000
At 1 March 2019 (as previously reported)		3,638	251,446	-	(20,793)	7,008	10,458	251,757
Adjustments - IFRS 16*		-	-	-	-	992	-	992
At 1 March 2019		3,638	251,446	-	(20,793)	8,000	10,458	252,749
Issue of convertible preference shares		-	-	180,000	-	-	-	180,000
(Loss) / Profit for the period		-	-	-	-	(209,685)	140	(209,545)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	219,384	-	-	219,384
Foreign exchange loss		-	-	-	(59,637)	-	(237)	(59,874)
At 30 November 2019 (unreviewed)		**3,638**	**251,446**	**180,000**	**138,954**	**(201,685)**	**10,361**	**382,714**
At 1 March 2020		3,638	251,446	180,000	(15,560)	(56,607)	2,026	364,943
Issue of share capital and share premium		78	25,268	-	-	-	-	25,346
Acquisition of subsidiary	23	-	-	-	101	(9,440)	(190)	(9,529)
Change in ownership		-	-	-	-	-	(167)	(167)
Loss for the period		-	-	-	-	(11,821)	(210)	(12,031)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	9,443	-	-	9,443
Foreign exchange loss		-	-	-	(8,034)	-	(150)	(8,184)
Dividend paid	21	-	-	-	-	(40,635)	-	(40,635)
At 30 November 2020 (reviewed)		**3,716**	**276,714**	**180,000**	**(14,050)**	**(118,503)**	**1,309**	**329,186**

* The 'Adjustments - IFRS 16' was reduced from USD 3.8 million (as reported and published in the condensed consolidated interim financial statements for the 9 months ended 30 November 2019) to USD 1.0 million following a re-classification in line with the presentation of the audited consolidated annual financial statements for the year ended 29 February 2020.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 9 months and 3 months ended 30 November 2020

	Notes	9 months ended 30/11/2020 USD'000 (Reviewed)	9 months ended 30/11/2019 USD'000 (Unreviewed)	3 months ended 30/11/2020 USD'000 (Reviewed)	3 months ended 30/11/2019 USD'000 (Unreviewed)
Cash flows from operating activities:					
Profit before tax		1,957	(229,453)	29,212	(90,027)
Adjustments for:					
Depreciation, impairment and amortisation		86,746	111,252	37,082	35,033
Dividend received		(292)	-	-	-
Bad debts provision / (Reversal)		(1,536)	48	4,652	366
Decrease in provisions		2,101	(6,265)	5,105	(4)
Foreign exchange loss		334,786	471,532	31,417	209,383
Hyperinflation monetary gain		(327,586)	(236,240)	(60,193)	(102,354)
Profit on disposal of fixed assets		(29)	(155)	(5)	(114)
Interest income	5	(1,493)	(2,262)	(538)	(495)
Finance costs	6	58,970	58,706	20,033	20,906
Share of profit from associate		(7)	(17)	(5)	(9)
		153,617	167,146	66,760	72,685
Working capital changes:					
(Increase) / decrease in inventories		(5,481)	347	(5,078)	(1,339)
Increase in trade and other receivables		(20,527)	(62,867)	(25,675)	(34,050)
Increase / (decrease) in trade and other payables		7,022	(3,588)	21,207	11,792
Increase / (decrease) in deferred revenue		12,382	(8,110)	5,522	1,267
Increase / (decrease) in accruals		2,521	3,918	(6,610)	(3,039)
Decrease in unfavourable contracts		(448)	(427)	(151)	(145)
Cash generated from operations		149,086	96,419	55,975	47,171
Income tax paid		(7,296)	(4,468)	(4,995)	(1,867)
Net cash generated from operating activities		141,790	91,951	50,980	45,304
Cash flows from investing activities:					
Interest income		1,484	2,262	529	494
Dividend received		292	-	-	-
Acquisition of subsidiary companies		1,442	-	-	-
Purchase of property, plant and equipment	10	(61,565)	(81,751)	(20,750)	(34,149)
Proceeds on disposal of property, plant and equipment		4,255	433	4,057	362
Purchase of intangible assets	9	(2,167)	(11,427)	(1,391)	(1,164)
Proceeds on disposal of intangible assets		10	194	10	-
Net cash used in investing activities		(56,249)	(90,289)	(17,545)	(34,457)
Cash flows from financing activities:					
Dividend paid		(289)	-	-	-
Finance costs		(35,286)	(33,471)	(1,767)	(13)
Issue of convertible preference shares		-	180,000	-	-
Decrease in lease liabilities		(27,702)	(27,337)	(9,727)	(10,184)
Decrease in long-term loan borrowings		(3,841)	(76,897)	(42,900)	(2,873)
Net cash (used in) / generated from financing activities		(67,118)	42,295	(54,394)	(13,070)
Net increase / (decrease) in cash and cash equivalents		18,423	43,957	(20,959)	(2,223)
Cash and cash equivalents at beginning of the period		85,003	95,082	105,700	100,885
Translation of cash with respect to foreign subsidiaries		(21,250)	(42,797)	(2,565)	(2,420)
Cash and cash equivalents at end of the period	12	82,176	96,242	82,176	96,242
Represented by:					
Cash and cash equivalents	12	80,936	94,592	80,936	94,592
Restricted cash and cash equivalents	12	1,240	1,650	1,240	1,650
		82,176	96,242	82,176	96,242

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior period.

These consolidated interim financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, United Arab Emirates Dirham and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

New holding company

During the previous financial year, a new company was formed, Liquid Telecommunications (Jersey) Limited ("LTJ"). In the current financial year, the shareholders of Liquid Telecommunications Holdings Limited have agreed to a share for share exchange to become the new shareholders of the LTJ entity, which will then become the new immediate holding company.

Response to COVID-19 pandemic

As the COVID-19 pandemic continues, the group is taking every precaution to protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring the ongoing delivery of its communications solutions. The directors are monitoring the advice of the health organisations in each of the territories in which the group operates and are adjusting the group's operating procedures as necessary.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 30 November 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the consolidated interim financial statements. Taking into account the available cash position as at 30 November 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

The going concern assumption is supported by the following key considerations:

Funding facilities

The group is currently funded from a combination of equity, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) and USD 23.3 million of locally provided term loans (maturity in the financial year 2022 and 2025) in Zambia, of which USD 10.9 million is outstanding at 30 November 2020. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic. The USD 40.0 million was fully repaid in November 2020.

Cash position

As at 30 November 2020, the group has an unrestricted cash position of USD 80.9 million (29 February 2020: USD 83.5 million). Of this amount, USD 30.0 million (29 February 2020: USD 22.5 million) is held in Zimbabwe. The group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 81.8:1 (29 February 2020: 18.0:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

2. Accounting policies (continued)

2.1 Going concern (continued)

Operational performance

For the 9 months ended 30 November 2020, the group reported an operating profit of USD 71.5 million (30 November 2019: USD 63.4 million) and a net cash inflow from operating activities of USD 141.8 million (30 November 2019: USD 92.0 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the period ended 30 November 2020 is appropriate.

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has therefore adopted hyperinflation accounting during the period ended 30 November 2020, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

More details on the currency changes and the adoption of hyperinflation accounting are set out in note 2.2.1 and 2.2.2 below.

2.2.1 Zimbabwean currency

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the US dollar represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5. The Zimbabwean currency is now denominated as the Zimbabwean Dollar (ZWL$).

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the interbank level of ZWL$:USD 25.0:1. Following an announcement on 8 June 2020, the fixed rate ended on 23 June 2020.

In the 9 month period to 30 November 2020, the group has used a rate of ZWL$:USD 81.8:1 to translate both the statement of profit or loss and the statement of financial position at 30 November 2020. This rate is the official rate of exchange and also commensurate with the rate obtained by the group in the weekly currency auctions for USD. As such the rate is the group's best estimate of the appropriate spot rate for use in the preparation of these condensed consolidated interim financial statements. Of the USD 334.3 million of net foreign exchange loss in the condensed consolidated statement of profit and loss, Zimbabwe contributed USD 329.1 million. The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

2.2.2 Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the prior year, the group observed that the conditions in Zimbabwe were indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe were met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has applied the requirements of IAS 29 in its consolidated financial statements, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2020 of USD 9.4 million have been recognised in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 30 November 2020.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains on the net monetary position of USD 327.6 million have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on the 30 November CPI of 2,374.24.

2. Accounting policies (continued)

2.2.2 Hyperinflation accounting (continued)

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 81.8:1 has been used.

The directors continue to monitor the economic conditions in Zimbabwe.

2.2.3 Comparatives

The CPI is published one month in arrears and so the financial results for the period to 30 November 2019 were prepared and published using an estimated CPI for November 2019 of 423.5. The comparatives have now been restated using the actual November 2019 CPI of 473.3. Below is a comparison between the published figures and restated figures for the nine months and quarter ended 30 November 2019. Note that the the actual CPI for November 2020 has been applied to the current period.

	9 months ended 30 November 2019		
	Published	Restated[1]	IAS 29 impact
	USD'000	USD'000	USD'000
Revenue	540,436	547,936	7,500
Operating profit[2]	81,527	63,437	(18,090)
Foreign exchange loss	(425,753)	(471,889)	(46,136)
Hyperinflation monetary gain	405,555	236,240	(169,315)
Adjusted EBITDA[2]	171,796	174,689	2,893
Profit / (loss) before taxation	4,791	(229,453)	(234,244)
Profit / (loss) after taxation	1,842	(209,545)	(211,387)
Impact of application of Hyperinflation accounting on opening balances[3]	–	219,384	219,384

	3 months ended 30 November 2019		
	Published	Restated[1]	IAS 29 impact
	USD'000	USD'000	USD'000
Revenue	200,807	214,918	14,111
Operating profit[2]	39,473	36,778	(2,695)
Foreign exchange loss	(67,436)	(208,737)	(141,301)
Hyperinflation monetary gain	405,555	102,354	(303,201)
Adjusted EBITDA[2]	67,382	71,811	4,429
Profit / (loss) before taxation	358,922	(90,027)	(448,949)
Profit / (loss) after taxation	359,095	(96,141)	(455,236)
Impact of application of Hyperinflation accounting on opening balances[3]	–	(59,602)	(59,602)

[1] *Disclosed as comparative figures in the consolidated statement of profit or loss and other comprehensive income for the 9 months and 3 months ended 30 November 2020.*

[2] *See note 25.2 Reconciliation of Operating Profit to Adjusted EBITDA*

[3] *The impact of application of Hyperinflation accounting on opening balances has been reclassified to the consolidated statement of other comprehensive income. It was previously disclosed through 'Hyperinflation monetary gain' in the consolidated statement of profit or loss.*

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 29 February 2020.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements and critical estimates applied by the group in the preparation of these condensed consolidated interim financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 29 February 2020. In addition, the following significant accounting judgements and critical estimates have also been made:

2. Accounting policies (continued)

2.4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Material judgements

Revenue Recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 "Revenue from Contracts with Customers" and whether the group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current period is appropriate.

Classification and measurement of financial instruments

• Classification of financial assets: The group uses judgement in the assessment of the business models within which the non-equity financial assets are held and the assessment of whether the contractual terms of such financial assets are solely payments of principal and interest on the principal amounts outstanding.

• Valuation of investments: IFRS 9 "Financial Instruments" observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

• Impairment: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Identification of leases and lease term

In making their judgement, the directors considered the detailed criteria for the recognition of leases as set out in IFRS 16 "Leases". The group, at the inception of the contract, assesses whether the contract contains a lease by considering if the contract conveys a right of control to use the identified asset for a period of time in exchange for consideration. The group considers whether the contract involves the use of an identified asset, whether the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and also if the group has the right to direct the use of the asset.

Further, judgements are made when determining the appropriate lease term and whether it is reasonably certain that a termination or extension option will be exercised, and in relation to any incremental borrowing rate used.

The directors are satisfied that leases have been appropriately identified and that the lease terms have been correctly measured.

Material estimates

Royal Bafokeng Holdings - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 30 November 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agreed price, an additional USD 2.2 million of share value will be issued to RBH.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the company to obtain tax deductions in future periods.

2. Accounting policies (continued)

2.4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Material estimates (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of the recoverable amount.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values which, in compliance with IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Segment information

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Following the group's strategic re-positioning, the group categorises its revenue streams as shown below:

Previous revenue streams:
- Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
- Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
- Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
- Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

New revenue streams:
- Network - primarily revenue from long haul and metro networks;
- Undersea Cables - primarily revenue from undersea assets;
- Digital Solutions - primarily revenue from cloud services, managed services and cybersecurity services;
- Technologies - primarily revenue from roaming services and other innovation;
- Voice Traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
- Data Centre - primarily revenue from the group's data centres.

The new revenue streams have also been reflected in the comparatives.

The measure of reporting profit for each operating segment, which also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

Adjusted EBITDA is defined as earnings before profit before interest, taxation, depreciation, impairment, and amortisation, and is also presented before recognising the following items:

- Restructuring costs
- Acquisition and other investment costs
- Net foreign exchange loss
- Hyperinflation monetary gain
- Share of profits / (loss) of associate

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	94,335	74,430	80,229	75,281	-	(47,288)	276,987
Undersea Cables	3,598	495	11,312	3,142	-	(4,671)	13,876
Digital Solutions	22,457	6,303	2,134	3,734	-	(3,090)	31,538
Technologies	99,300	387	166	-	-	-	99,853
Voice Traffic	4,773	-	708	92,769	-	(2,230)	96,020
Data centre	12,961	-	4,070	233	-	(259)	17,005
Inter-segmental revenue	(5,696)	(1,141)	(6,811)	(43,890)	-	57,538	-
Group External Revenue	**231,728**	**80,474**	**91,808**	**131,269**	**-**	**-**	**535,279**
Adjusted EBITDA	49,932	35,967	29,244	51,082	(15,550)	7,827	158,502
Depreciation, impairment and amortisation							(86,746)
Restructuring costs							(5,139)
Acquisition and other investment costs							(466)
Interest income							1,493
Finance costs							(58,970)
Foreign exchange loss							(334,310)
Hyperinflation monetary gain							327,586
Share of profits of associate							7
Profit before taxation							**1,957**
Tax expense							(13,988)
Loss for the period							**(12,031)**

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 2019.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	133,916	51,827	68,759	62,169	-	(46,592)	270,079
Undersea Cables	5,399	467	10,826	3,161	-	(4,169)	15,684
Digital Solutions	35,158	2,721	664	1,325	-	(1,095)	38,773
Technologies	95,343	233	239	-	-	-	95,815
Voice Traffic	9,916	-	146	102,401	-	(4,506)	107,957
Data centre	14,849	74	4,737	235	-	(267)	19,628
Inter-segmental revenue	(9,530)	(773)	(6,168)	(40,158)	-	56,629	-
Group External Revenue	**285,051**	**54,549**	**79,203**	**129,133**	**-**	**-**	**547,936**
Adjusted EBITDA	98,098	17,976	27,296	51,687	(18,324)	(2,044)	174,689
Depreciation, impairment and amortisation							(111,252)
Restructuring costs							(465)
Acquisition and other investment costs							(349)
Interest income							2,262
Finance costs							(58,706)
Foreign exchange loss							(471,889)
Hyperinflation monetary gain							236,240
Share of profits of associate							17
Loss before taxation							**(229,453)**
Tax credit							19,908
Loss for the period							**(209,545)**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	35,914	40,243	24,934	27,327	-	(16,037)	112,381
Undersea Cables	890	245	3,628	1,051	-	(1,461)	4,353
Digital Solutions	7,994	3,878	838	1,619	-	(1,273)	13,056
Technologies	31,757	(138)	47	-	-	-	31,666
Voice Traffic	1,470	-	391	19,830	-	(711)	20,980
Data centre	4,939	(48)	1,392	78	-	(59)	6,302
Inter-segmental revenue	(1,699)	(115)	(2,148)	(15,579)	-	19,541	-
Group External Revenue	**81,265**	**44,065**	**29,082**	**34,326**	**-**	**-**	**188,738**
Adjusted EBITDA	16,214	21,970	6,463	16,876	(2,988)	(1,492)	57,043
Depreciation, impairment and amortisation							(37,082)
Restructuring costs							(223)
Acquisition and other investment costs							(396)
Interest income							538
Finance costs							(20,033)
Foreign exchange loss							(30,833)
Hyperinflation monetary gain							60,193
Share of profits of associate							5
Profit before taxation							**29,212**
Tax expense							(6,335)
Profit for the period							**22,877**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 2019.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	52,519	24,342	22,741	20,451	-	(15,667)	104,386
Undersea Cables	1,826	217	3,557	1,014	-	(1,488)	5,126
Digital Solutions	9,636	1,662	230	468	-	(417)	11,579
Technologies	54,182	45	105	-	-	-	54,332
Voice Traffic	2,515	-	48	31,310	-	(1,316)	32,557
Data centre	5,333	32	1,581	80	-	(88)	6,938
Inter-segmental revenue	(2,972)	(252)	(2,081)	(13,671)	-	18,976	-
Group External Revenue	**123,039**	**26,046**	**26,181**	**39,652**	**-**	**-**	**214,918**
Adjusted EBITDA	50,921	6,589	7,158	15,124	(6,208)	(1,773)	71,811
Depreciation, impairment and amortisation							(35,033)
Restructuring costs							(5)
Acquisition and other investment costs							(15)
Interest income							495
Finance costs							(20,906)
Foreign exchange loss							(208,737)
Hyperinflation monetary gain							102,354
Share of loss of associate							9
Loss before taxation							**(90,027)**
Tax expense							(6,114)
Loss for the period							**(96,141)**

A reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA (see above) is shown in note 25.2 - *Reconciliation.*

4. Restructuring costs

During the 9 months period to 30 November 2020, the group continued to restructure its operations, primarily in Liquid Telecommunications South Africa (Pty) Ltd, due to the development of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Redundancy costs	3,943	450	199	20
Employee support costs	357	-	8	-
Legal fees	210	-	1	-
Other costs	629	15	15	(15)
	5,139	465	223	5

5. Interest income

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Interest received - bank / external	1,149	1,968	477	391
Interest received - inter-group (note 18)	344	294	61	104
	1,493	2,262	538	495

6. Finance costs

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Interest on bank overdraft and loans	2,934	2,447	1,331	1,860
Finance cost on Senior Secured Notes	46,538	46,538	15,513	15,513
Finance arrangement fees	2,653	2,653	884	884
Interest expense on lease liabilities	6,845	7,068	2,305	2,649
	58,970	58,706	20,033	20,906

7. Taxation

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Current taxation	6,329	3,684	3,957	1,313
Deferred taxation	5,391	(25,500)	1,512	4,154
Withholding taxation	2,268	1,908	866	647
Total taxation	13,988	(19,908)	6,335	6,114

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Profit / (loss) before taxation	1,957	(229,453)	29,212	(90,027)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	6,578	(56,720)	13,000	(24,736)
Tax effect of non-deductible expenses	81,352	102,280	27,031	86,552
Tax effect of non-taxable income	(1,925)	2,435	(717)	(332)
Foreign tax credit	(4,176)	(4,556)	(1,610)	(1,252)
Effect of tax losses not recognised as deferred tax assets	9,619	2,582	(19,913)	(21,706)
Tax effect of utilised unrecognised tax losses	(2,615)	(8,631)	(371)	(8,102)
Tax effect on IAS 29 adjustments	(77,113)	(59,206)	(11,951)	(24,957)
Withholding taxation	2,268	1,908	866	647
	13,988	(19,908)	6,335	6,114

7. Taxation (continued)

The company, being the holder of a GBL2 licence is not liable to income tax in Mauritius. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

	30/11/2020 USD'000 (Reviewed)	30/11/2019 USD'000 (Unreviewed)
Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	26%	26%

8. Goodwill

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Cost		
Opening balance	125,770	137,341
Foreign exchange loss	(290)	(15,100)
Adjustments - IAS 29	2,444	3,529
Closing balance	127,924	125,770

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGU's) that are expected to benefit from that business combination.

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,304	3,922
Liquid Telecommunications Holdings South Africa (Pty) Limited	112,299	109,527
HAI Telecommunications Limited*	-	2,201
Liquid Telecommunications Zambia Limited*	2,201	-
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	127,924	125,770

* HAI Telecommunications Limited (HAI) is a 100% subsidiary of Liquid Telecommunications Zambia Limited and was merged into its parent on 1 March 2020 resulting in a reallocation of the goodwill.

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period.

The following key assumptions were used for the value in use calculations:

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 0.5% to 5.0%.
• Discount rates: discount rates ranged from 11.0% to 14.4%. The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

9. Intangible assets

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2019 (Audited)	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases	534	2,493	9,495	-	976	-	-	13,498
Disposals	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from Property, plant and equipment (note 10)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-	-	-	8,207
At 29 February 2020 (Audited)	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries	-	176	-	-	-	-	-	176
Purchases	63	1,234	685	-	185	-	-	2,167
Transfers from Property, plant and equipment (note 10)	350	-	-	-	-	-	8,712	9,062
Foreign exchange differences	(5,755)	(438)	61	1,085	-	1	(174)	(5,220)
Adjustments - IAS 29	4,546	892	-	-	-	-	-	5,438
At 30 November 2020 (Reviewed)	27,575	43,226	113,191	34,037	3,271	25	50,010	271,335
Accumulated amortisation:								
At 1 March 2019 (Audited)	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,851	3,286	8,105	3,398	-	-	8,202	24,842
Disposals	-	(172)	-	-	-	-	-	(172)
Transfers from property, plant and equipment (note 10)	-	(45)	-	-	-	2	-	(43)
Foreign exchange differences	(1,748)	(3,835)	(1,410)	(783)	-	-	(2,333)	(10,109)
Adjustments - IAS 29	1,720	862	-	-	-	-	-	2,582
At 29 February 2020 (Audited)	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Acquisition of subsidiaries (note 23)	-	104	-	-	-	-	-	104
Amortisation	1,410	2,228	6,215	2,254	-	-	331	12,438
Transfers from property, plant and equipment (note 10)	-	-	-	-	-	-	428	428
Foreign exchange differences	(1,821)	(259)	148	393	-	-	177	(1,362)
Adjustments - IAS 29	1,618	626	-	-	-	-	-	2,244
At 30 November 2020 (Reviewed)	10,724	36,212	59,378	14,121	-	2	25,812	146,249
Carrying amount:								
At 29 February 2020 (Audited)	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325
At 30 November 2020 (Reviewed)	16,851	7,014	53,813	19,916	3,271	23	24,198	125,086

During the year ended 29 February 2020, the following major transactions took place with respect to Intangible assets:

- the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited. This transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million representing the capital contributed by the minority interest.
- the group acquired a 20 year Fibre Optical - IRU, through Liquid Telecom DRC S.A., in the Democratic Republic of Congo ("DRC") for USD 7.6 million. This acquisition extends the group's fibre network across DRC.

10. Property, plant and equipment

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Data centres USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:									
At 1 March 2019 (Audited)	80,565	12,142	38,467	93,808	9,656	60,173	-	1,032,619	1,327,430
Additions	2	463	1,342	1,471	121	37,009	7,395	57,058	104,861
Disposals	-	(774)	(656)	(1,693)	(201)	(2,711)	-	(23,458)	(29,493)
Impairment	-	-	-	-	-	(2,284)	-	-	(2,284)
Transfers	(20,477)	(120)	(5,052)	2,729	-	(29,854)	94,711	(41,937)	-
Transfer from to intangible assets (note 9)	-	-	-	-	-	-	(14)	(26)	(40)
Foreign exchange differences	(6,244)	(2,950)	(3,925)	(8,462)	(4,804)	(13,661)	(6,323)	(306,567)	(352,936)
Adjustments - IAS 29	3,785	3,431	2,231	7,228	6,044	8,227	-	359,128	390,074
At 29 February 2020 (Audited)	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Acquisition of subsidiaries	-	52	206	-	47	-	-	-	305
Additions	10	317	985	1,826	1,405	11,081	8,481	37,460	61,565
Disposals	-	-	(38)	-	(42)	(4,120)	-	(86)	(4,286)
Write offs	-	(5)	(71)	(3)	3	-	-	9	(67)
Transfers	2,610	-	70	2,061	-	(11,553)	(435)	7,247	-
Transfer to intangible assets (note 9)	-	-	-	-	-	(350)	-	(8,712)	(9,062)
Transfer from inventory	-	-	2	-	-	-	-	-	2
Foreign exchange differences	(825)	(3,281)	(1,900)	(10,636)	(5,449)	(8,792)	(2,578)	(306,202)	(339,663)
Adjustments - IAS 29	2,501	2,485	1,505	4,495	3,897	6,072	-	234,002	254,957
At 30 November 2020 (Reviewed)	61,927	11,760	33,166	92,824	10,677	49,237	101,237	1,040,535	1,401,363
Accumulated depreciation									
At 1 March 2019 (Audited)	16,807	8,550	28,337	76,429	6,423	(2,257)	-	406,545	540,834
Depreciation	649	1,250	4,412	9,935	1,339	-	5,986	63,385	86,956
Disposals	-	(753)	(531)	(1,763)	(190)	-	-	(2,133)	(5,370)
Transfers	(3,439)	(159)	(5,085)	(393)	-		23,528	(14,452)	
Transfer from intangible assets (note 9)	-	-	-	-	-	-	45	(2)	43
Foreign exchange differences	(1,093)	(1,218)	(2,942)	(4,738)	(2,633)	-	(2,002)	(82,093)	(96,719)
Adjustments - IAS 29	-	2,493	1,282	5,452	4,839		-	156,422	170,488
At 29 February 2020 (Audited)	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Acquisition of subsidiaries	-	48	186	-	32	-	-	-	266
Depreciation	819	541	2,453	6,154	499		4,942	36,212	51,620
Disposals	-	-	-	-	(23)		-	(38)	(61)
Write offs	-	(5)	(71)	(3)	3		-	9	(67)
Transfers	136	(4)	-	(7)	-	-	(125)	-	-
Transfer to intangible assets (note 9)	-	-	-	-	-	-	-	(428)	(428)
Foreign exchange differences	881	(2,718)	(1,356)	(9,420)	(5,015)		225	(143,209)	(160,612)
Adjustments - IAS 29	-	1,277	922	4,217	3,062	-	-	50,974	60,452
At 30 November 2020 (Reviewed)	14,760	9,302	27,607	85,863	8,336	(2,257)	32,599	471,192	647,402
Carrying amount:									
At 29 February 2020 (Audited)	44,707	2,029	6,934	10,159	1,038	59,156	68,212	549,145	741,380
At 30 November 2020 (Reviewed)	47,167	2,458	5,559	6,961	2,341	51,494	68,638	569,343	753,961

Refer to note 14 for securities on property, plant and equipment.

During the period ended 30 November 2020:

- In line with the reclassification of Data Centre assets done in the prior year, it is noted that USD 31.7 million (29 February 2020: 26.7 million) of Data Centre real estate is reported under the Land and buildings category to ensure appropriate IFRS classification.

During the year ended 29 February 2020:

- assets relating to the Data Centre line of business were re-classified to a single category to better present the use of assets. Of the USD 94.7 million transferred, USD 6.8 million relates to additions during the year within the transfer line.
- Work-in-progress was impaired by USD 2.3 million relating to redundant technology and is disclosed in 'Depreciation, impairment and amortisation'.

11. Right-of-Use assets

	Land and buildings	Computer equipment	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	35,180	1,759	15,424	108,386
Additions	7,597	-	3,312	14	3,729	14,652
Disposals	(13)	-	-	-	-	(13)
Impairment	(2,551)	-	-	-	-	(2,551)
Foreign exchange differences	(2,637)	-	(11)	(95)	(1,092)	(3,835)
Adjustments - IAS 29	11,986	-	-	-	-	11,986
At 29 February 2020 (Audited)	70,382	23	38,481	1,678	18,061	128,625
Additions	28,708	-	9,954	-	453	39,115
Disposals	(8)	-	(1,721)	-	-	(1,729)
Foreign exchange differences	(10,517)	(2)	(24)	25	348	(10,170)
Adjustments - IAS 29	11,773	-	-	-	-	11,773
At 30 November 2020 (Reviewed)	100,338	21	46,690	1,703	18,862	167,614
Accumulated depreciation:						
Depreciation	11,284	-	12,769	591	7,474	32,118
Disposals	(13)	-	-	-	-	(13)
Foreign exchange differences	(383)	-	(2)	(25)	(426)	(836)
Adjustments - IAS 29	14	-	-	-	-	14
At 29 February 2020 (Audited)	10,902	-	12,767	566	7,048	31,283
Depreciation	7,658	8	9,023	359	5,347	22,395
Disposals	(8)	-	(72)	-	-	(80)
Foreign exchange differences	(197)	-	(5)	30	636	464
Adjustments - IAS 29	439	-	-	-	-	439
At 30 November 2020 (Reviewed)	18,794	8	21,713	955	13,031	54,501
Carrying amount:						
At 29 February 2020 (Audited)	59,480	23	25,714	1,112	11,013	97,342
At 30 November 2020 (Reviewed)	81,544	13	24,977	748	5,831	113,113

12. Cash and cash equivalents, and restricted cash and cash equivalents

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Cash and bank balances	80,445	81,257
Money market deposits	491	2,235
Cash and cash equivalents	**80,936**	**83,492**
Restricted cash and cash equivalents	**1,240**	**1,511**
Total cash and cash equivalents	**82,176**	**85,003**

The cash and cash equivalents are mainly denominated in USD, GBP, KES, ZAR and RTGS and are located in Mauritius, United Kingdom, Kenya, South Africa and Zimbabwe.

Cash and cash equivalents include USD 30.0 million (29 February 2020: USD 22.5 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 81.8:1 (29 February 2020: ZWL$:USD 18.0:1). See note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.

13. Trade and other receivables

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Trade receivables	144,104	150,886
Allowance for doubtful debts	(42,104)	(41,692)
Affiliated entities (note 18)	19,657	39,631
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**121,657**	**148,825**
Short-term inter-company receivables (note 18)	17	-
Sundry debtors	33,677	44,489
Deposits paid	4,785	4,565
Prepayments	28,906	23,494
	189,042	**221,373**

The average credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group makes use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group assesses the recoverability on both a collective and individual basis.

Before accepting any new customer, the group ascertains the creditworthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be filled in by any new customer. The creditworthiness of customers is reviewed throughout the period.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within six months.

In addition to the current items not yet due of USD 40.8 million (29 February 2020: USD 81.0 million) for the group, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts. Taking into account undertakings received, management considers that there has been no significant change in the assumptions about risk and probability of default and as such the amounts are still considered recoverable. The ageing of these items is shown in the table below.

	Ageing of past due but not impaired	
	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
31 - 60 days	23,508	10,594
61 - 90 days	8,090	9,895
91 - 120 days	6,090	8,030
121 + days	43,135	39,298
Total ageing of past due but not impaired	**80,823**	**67,817**
Current items	40,834	81,008
Total trade and affiliated entities receivables, net of allowance for doubtul debts	121,657	148,825

13. Trade and other receivables (continued)

Included in the above amounts past due but not impaired are amounts due from customers totaling USD 28.1 million to whom longer credit terms have been contractually extended. Due to the timing of these contracts, these amounts fall across all ageing categories.

Included in amounts past due but not impaired are USD 19.3 million (29 February 2020: USD 39.6 million) of receivables from the Econet Group. Refer to note 18 for the total breakdown of Econet Group trade receivables.

14. Long term borrowings and short term portion of long-term borrowings

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	7,070	10,859
USD 730 million 8.5% Senior Secured Notes	724,310	721,656
	731,380	732,515
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,813	3,813
USD 730 million 8.5% Senior Secured Notes	23,786	8,273
USD 73 million revolving credit facility	73	125
	27,672	12,211

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, a further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 30 November 2020, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility agreement between the company, The Mauritius Commercial Bank (participation previously owned by Citibank, N.A.), Standard Bank of South Africa, Standard Finance (Isle of Man) Limited and Standard Chartered Bank. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. In March 2020, the group drew USD 40.0 million as a precautionary measure in light of the COVID-19 pandemic. The USD 40.0 million was fully repaid in November 2020.

Liquid Telecommunications Zambia Limited, previously, had a USD 15.3 million term loan and a USD 8.0 million of Revolving Credit Facility with Stanbic Bank of Zambia. Liquid Telecommunications Holding Limited guaranteed up to USD 13.0 million in aggregate of these facilities. The facility agreement also included a first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The Revolving Credit Facilities were extended in May 2020 and converted to terms loans, now denominated in local currency (Zambian Kwacha). As at 30 November 2020, the outstanding balance on all term loans are USD 10.9 million.

15. Lease liabilities

	31/08/2019 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Long term portion of lease liabilities	67,524	65,492
Short term portion of lease liabilities	42,814	29,922
	110,338	95,414

16. Trade and other payables

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Trade accounts payable	62,065	80,568
Payable balance to affiliated entities (note 18)	815	3,315
Total trade and affiliated entities payables	62,880	83,883
Accruals	53,873	53,177
Staff payables	2,514	2,147
Transaction taxes due in various jurisdictions	3,377	3,660
Unfavourable contracts	695	633
Senior secured notes premium	1,930	1,930
Other short term payables	9,378	9,257
	134,647	154,687

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

The directors consider the carrying amount of trade and other payables to approximate their fair value.

Amount payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

Accruals mainly relate to wholesale voice carrier amounts accrued for in the ordinary course of business and major capital expenditures for on-going fibre related projects.

17. Deferred revenue

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Long term portion of deferred revenue	50,001	52,898
Short term portion of deferred revenue	21,135	6,690
	71,136	59,588

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services which includes deferred revenue on the Indefeasible-Right-of-Use (IRU) which will be amortised over a period of 10 to 15 years and other advanced billings which will be amortised over a period of 1 to 3 years.

18. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Econet Global Limited (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Media Limited (Zambia), EcoCash (Pvt) Ltd (Zimbabwe), Cassava Fintech (Pty) Ltd (South Africa), Econet South Africa (Pty) Limited, Steward Bank Limited and Cumii Kenya Limited and are referred to as "Econet Global related group companies". The following are also related parties: Africa Data Centres Holdings Ltd and is referred to as Africa Data Centres related group companies" . They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the note. During the period, the group entered into the following trading transactions with related parties:

18. Related party transactions and balances (continued)

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Sales of goods and services				
Econet Global related group companies	45,203	34,403	22,553	8,734
Purchase of goods and services				
Econet Global related group companies	26,739	20,397	14,109	6,890
Management fees paid and expensed				
Econet Global related group companies	180	180	60	60
Management fees received				
Econet Global related group companies	45	4	21	1
Scrip dividend paid				
Econet Global related group companies	18,078	-	-	-
Other shareholders	22,557	-	-	-
	40,635	-	-	-
Interest income				
Econet Global related group companies	344	294	61	104
Administration fees paid				
DTOS Limited	253	100	141	-

The group has the following balances at the period / year end:

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Reviewed)	(Audited)
Short term intercompany receivables		
Liquid Telecommunications (Jersey) Ltd	17	-
Receivables balances from affiliated entities		
Econet Global Related Group Companies	19,312	39,631
Africa Data Centres related group companies	345	-
	19,657	39,631
Payable balance to affiliated entities		
Econet Global related group companies	815	3,315

19. Capital commitments

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Reviewed)	(Audited)
At 30 November 2020 the group was committed to making the following capital commitments:		
Authorised and contracted	27,847	53,754

The capital expenditure is to be financed from internal cash generation and existing funding facilities.

20. Post balance sheet events

Data Centre restructuring

As part of their ongoing review of the group's strategy, the directors consider the Data Centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the prior year, to a restructure of the group during financial year 2021, to allow greater operational focus and additional fund-raising for this sector. In financial year 2021, a new company, Liquid Telecommunications (Jersey) Limited, was formed which holds Africa Data Centre Holdings Limited, a company registered in the United Kingdom. The shareholders of Liquid Telecommunications Holdings Limited have agreed to a share for share exchange to become new shareholders of Liquid Telecommunications (Jersey) Limited. Upon completion of the exchange, Liquid Telecommunications (Jersey) Limited will be the new holding company of Liquid Telecommunications Holdings Limited

USD 73.0 million revolving credit facility

In December 2020, the group drew USD 40.0 million as a precautionary measure to preserve liquidity in light of the COVID-19 pandemic.

21. Dividend paid

Of the USD 40.6 million dividend paid, USD 40.3 million relates to a scrip dividend that, on 8 June 2020, Liquid Telecommunications Holdings Limited declared a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability. Of the USD 40.3 million (30 November 2019: Nil) value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

22. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
30 November 2020				
Investments	-	-	10,814	10,814
Unfavourable contracts	-	-	9,893	9,893
Total (Unaudited)	-	-	**20,707**	**20,707**
29 February 2020				
Investments	-	-	10,814	10,814
Unfavourable contracts	-	-	10,320	10,320
Total (Audited)	-	-	**21,134**	**21,134**

Investments

As of 30 November 2020, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value. Accordingly, the investments are classified under level 3 of the fair value hierarchy.

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Reviewed)	(Audited)
Closing balance	10,814	10,814

No impairment was required following the review of the carrying value of the investments by the directors for the period ended 30 November 2020 (29 February 2020: nil).

22. Fair value measurements recognised in the consolidated statement of financial position (continued)

Unfavourable contracts

The company purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess O&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the O&M for an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the committed contract price and for the excess O&M charges as at acquisition.

	30/11/2020 USD'000 (Reviewed)	28/02/2020 USD'000 (Audited)
Opening balance	10,320	11,058
Adjustment	499	-
Unwinding of interest	43	869
Charge to Data and network related costs	(990)	(1,451)
Foreign exchange loss	21	(156)
Closing balance	9,893	10,320

23. Non-cash transactions

During the current financial period, the group entered in the following non-cash investing and financing activites which are not reflected in the consolidated statement of cash flows:

• In the current financial period, the non-cash portion of finance costs consists of USD 2.7 million (30 November 2019: USD 2.7 million) of amortised arrangement fees relating to the USD 730 million 8.5% Senior Secured Notes. Accrued interest of USD 23.8 million (30 November 2019: USD 23.8 million) has been excluded from the borrowings as at 30 November 2020.

• Liquid Telecommunications Holdings Limited declared a dividend in shares. See note 21 - Dividend for more details.

• On 10 June 2020, the group entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from Econet Global Limited for a non-cash consideration of USD 9.0 million. The acquisition was made through a common control transaction and recorded at cost.

24. Earnings per share

	9 months ended 30/11/2020 USD'000 (Reviewed)	9 months ended 30/11/2019 USD'000 (Unreviewed)	3 months ended 30/11/2020 USD'000 (Reviewed)	3 months ended 30/11/2019 USD'000 (Unreviewed)
Basic (loss) / profit per share (Cents per share)	(9.54)	(171.54)	18.87	(78.72)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Loss) / profit attributable to owners of the company	(11,821)	(209,685)	23,401	(96,229)

	30/11/2020 USD'000 (Reviewed)	30/11/2019 USD'000 (Unreviewed)
Weighted average number of ordinary shares for the purpose of basic loss per share for the period/year ended	123,945,435	122,236,964

At 30 November 2020, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (30 November 2019: USD 3.6 million representing 122,236,964 ordinary shares).

On 8 June 2020 Liquid Telecommunications Holdings Limited declared a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability. Of the USD 40.3 million (30 November 2019: Nil) value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

25. Reconciliation

25.1 Reconciliation of consolidated statement of profit or loss to management profit or loss

The group has standardised its consolidated statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in reclassification from Data and network related costs to Administrative expenses .

A reconciliation of the consolidated statement of profit or loss and management profit or loss is included below:

	Consolidated statement of profit or loss	Reclassification of network costs	Revised statement of profit or loss
	USD'000	USD'000	USD'000
	(Reviewed)	(Reviewed)	(Reviewed)
9 months ended 30 November 2020:			
Revenue	535,279	-	535,279
Interconnect related costs	(81,693)	-	(81,693)
Data and network related costs	(181,270)	22,959	(158,311)
Gross Profit			295,275
Other income	379	-	379
Dividend received	292		292
Selling, distribution and marketing costs	(12,618)	-	(12,618)
Administrative expenses	(34,970)	(22,959)	(57,929)
Staff costs	(66,897)	-	(66,897)
Adjusted EBITDA	**158,502**	**-**	**158,502**
9 months ended 30 November 2020:			
Revenue	547,936	-	547,936
Interconnect related costs	(89,956)	-	(89,956)
Data and network related costs	(166,137)	27,517	(138,620)
Gross Profit			319,360
Other income	2,134	-	2,134
Selling, distribution and marketing costs	(9,561)	-	(9,561)
Administrative expenses	(35,637)	(27,517)	(63,154)
Staff costs	(74,090)	-	(74,090)
Adjusted EBITDA	**174,689**	**-**	**174,689**
3 months ended 30 November 2020:			
Revenue	188,738	-	188,738
Interconnect related costs	(21,028)	-	(21,028)
Data and network related costs	(70,206)	8,180	(62,026)
Gross Profit			105,684
Other income	288	-	288
Selling, distribution and marketing costs	(2,543)	-	(2,543)
Administrative expenses	(13,740)	(8,180)	(21,920)
Staff costs	(24,466)	-	(24,466)
Adjusted EBITDA	**57,043**	**-**	**57,043**
3 months ended 30 November 2019:			
Revenue	214,918	-	214,918
Interconnect related costs	(27,533)	-	(27,533)
Data and network related costs	(71,896)	8,448	(63,448)
Gross Profit			123,937
Other income	1,430	-	1,430
Selling, distribution and marketing costs	(5,021)	-	(5,021)
Administrative expenses	(12,644)	(8,448)	(21,092)
Staff costs	(27,443)	-	(27,443)
Adjusted EBITDA	**71,811**	**-**	**71,811**

25. Reconciliation (continued)

25.2 Reconciliation of Operating profit to Adjusted EBITDA

Below is a reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA reported in note 3 - *Segment information*.

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
Operating profit	71,464	63,437	19,961	36,778
Add back:				
Depreciation, impairment and amortisation	86,746	111,252	37,082	35,033
Dividend received	292	-	-	-
Adjusted EBITDA (note 3)	**158,502**	**174,689**	**57,043**	**71,811**

26. Contingent liability

Raha Limited - Fine

On 28 August 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS 11.9 billion (approximately USD 5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on 21 August 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited (the "company") (a subsidiary in Tanzania), which the company disagrees with. The findings and fines result from a hearing held on 25 August 2020. The company has made an appeal, on 23 October 2020, against the outcome of the hearing and the directors consider that the company has a robust position and as a result of the appeal process, do not consider that the full fines will be due and payable. The company has therefore not provided for these fines at this stage. The directors continue to keep the position under review.

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General review

The results of the company's and the group's operations for the year ended 29 February 2020 are fully disclosed in the accompanying audited annual financial statements.

The company's main activity is to carry on the business of a holding company in respect of subsidiary companies all over the world.

Liquid Telecommunications is a leading communications solutions provider across 13 countries primarily in Southern, Central and Eastern Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. Liquid Telecommunications has built Africa's largest independent fibre network, over 73,000km, and operates state-of-the-art data centres in Johannesburg, Cape Town, Nairobi and Kigali, with a combined potential capacity of 19,000 square metres of rack space.

Group revenue increased by 17.5% from last year to USD 785.7 million (2019: USD 668.9 million). The group continues to show growth in revenue with the closure of key deals throughout the year, despite the impact of the currency changes in Zimbabwe (see below and note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure) and the challenging global economic conditions.

The revenue growth rate of the group is analysed into the following 4 streams: Wholesale data, Enterprise, Retail and Wholesale voice traffic.

Wholesale data - Revenue increased by 63.6% mainly due to good performance in South Africa. A new agreement was signed and delivered with a large global technology company (see major transactions below) and another 20 year roaming agreement concluded with a major operator in South Africa. The group also benefitted from the annualisation of revenues from the 4G roaming contract signed at the end of the previous financial year.

Enterprise - Revenue decreased by 2.9% mainly due to weaker exchange rates in South Africa, Zimbabwe and Zambia.

Retail - Revenue decreased by 16.1% due to the closure of our CDMA business in South Africa and the impact of weaker exchange rates in Zimbabwe and Zambia.

Wholesale voice traffic - During the year the global trend for declining voice minutes continued resulting in a decrease in revenue of 3.7% in this stream. The group was able to mitigate this by offering connections to less digitally enabled and well served geographies.

In addition, Property, Plant and Equipment decreased to USD 741.4 million (2019: USD 786.6 million) as the impact of the weaker exchange rates offset the investment in the fibre network and the expansion of our data centre footprint, which allows us to provide our customers with a full-service offering of connectivity, hosting and digital services. More detail on the currency movement is given in note 1.1 - *Zimbabwean currency and Hyperinflation accounting* .

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue in the coming financial year to further increase our coverage with a specific focus on building out the East to West links. Where acquisitions make commercial sense, these will be considered as an alternative way of expanding our network and customer reach.

It is the group's aim to develop telecommunications and technology opportunities in Africa and to continue to develop the technical services supplied, both of which will contribute to increasing the value of the group.

As part of their ongoing review of the group's strategy, the directors consider the Data Centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the year, to a future restructure of the group to allow greater operational focus and additional fund-raising for this sector. A new holding company for the Liquid Telecommunications group was formed during the period which will hold both Liquid Telecommunications Holdings Limited and the new Data Centre holding company. The ownership of these two entities has not yet transferred to the new holding company. The new Data Centre holding company will then be used to acquire any new data centre assets as the opportunity arises. As part of this exercise, it has identified a data centre it wishes to purchase in Midrand, South Africa. This transaction will proceed subject to the new Data Centre holding company arranging the necessary funding. The current intention is for the Data Centre holding company to be initially funded by a rights issue. The directors consider this restructure to be the optimum way to drive growth in the Data Centre line of business in a way that protects the rights of bond holders, comply with the group's existing borrowing requirements and enables the execution of the group strategy.

Response to COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments.

Response to COVID-19 pandemic (continued)

The group's top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic.

The group believes that 'every individual on the African continent has the right to be connected'. This enduring belief is guiding the group's response to the current crisis.

The health and safety of our people and those of our customers, suppliers and other business partners is paramount. The group has implemented robust contingency planning across the business to protect the health of our people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources.

As the situation evolves, the group continues to work closely with our employees, partners and suppliers to support ongoing business operations and serve our customers' needs.

As a strategic supplier to our customers, the group has been executing plans to ensure network and system continuity as the situation evolves over time. The group has remote working capability in place for all major processes and systems for our key personnel. All personnel are able to work remotely at short notice when necessary while maintaining full business functionality.

The group regards the economic impact of COVID-19 to be a non-adjusting post balance sheet. As of 29 February 2020, there has not been any direct or indirect impact of the pandemic on operations or state imposed restrictions on individual movements in the geographies where the group operates. These measures were noted mainly in March 2020.

Management has provided information on the financial effects of COVID-19 pandemic in note 3.

Major transactions

On 13 November 2019, the group launched the fastest direct land-based fibre link connecting East to West Africa. This breakthrough coast-to-coast digital corridor follows the completion of the group's new high-capacity fibre link running 2,600 kilometre across the Democratic Republic of Congo (DRC).

On 20 January 2020, the group announced the first 5G wholesale roaming service in South Africa. Available from early 2020 in all major South African cities, this latest fifth generation of mobile internet connectivity will enable wholesale operators to create innovative, ultra-fast and scalable digital services for their customers. The 5G wholesale network will also help accelerate the evolution of the Fourth Industrial Revolution (4IR) in South Africa. Reliable connectivity up to 10 times faster than 4G will allow businesses to harness trends such as the Internet of Things (IoT), robotics and artificial intelligence (AI) to innovate transformative new services, increase productivity and deliver more connected customer experiences.

On 26 February 2020, Liquid Telecommunications Rwanda Limited launched affordable super-fast broadband in Rwanda which also coincides with the re-branding of our retail business from Hai (in Zambia) to Liquid Home. With Liquid Home, users get unlimited high-speed internet, significant price reductions and free installation across all of our packages

On 28 February 2020, the group entered into a 20 year agreement with a large global technology company in which the group will provide access to its terrestrial backbone network across the African continent.

Going concern

The directors have reviewed the consolidated cash flow projections of the Liquid Telecommunications group and Liquid Telecommunications Holdings Limited for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 29 February 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

Going concern (continued)

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2021. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account; instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

The going concern assumption is supported by the following key considerations:

<u>Funding facilities</u>

The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in financial years 2020 and 2021 which has been extended to financial year 2025) and term loans (maturity in financial years 2020 to 2022) in Zambia, of which USD 14.7 million is outstanding at the statement of financial position date. The USD 73.0 million RCF was still undrawn at the statement of financial position date. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic.

<u>Impact of IFRS 16 "Leases"</u>

The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which became effective for the first time in financial year 2020 and are of the opinion that it will not have any material impact on the going concern of the group.

<u>Cash position</u>

As at 29 February 2020, the group has an unrestricted cash position of USD 83.5 million (28 February 2019: USD 93.3 million). Of this amount, USD 22.5 million (28 February 2019: USD 49.1 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 18.0:1 (28 February 2019: 2.5:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

<u>New equity finance</u>

On 11 December 2018, CDC Group Plc (“CDC”) agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money was used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

<u>Operational performance</u>

For the year ended 29 February 2020, the group reported an operating profit of USD 97.5 million (28 February 2019: 81.5 million) and a net cash inflow from operating activities of USD 136.5 million (28 February 2019: USD 152.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 29 February 2020 is appropriate.

Post balance sheet events

<u>Zimbabwean currency</u>

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the current interbank level of ZWL$:USD 25:1. Further to an announcement on 8 June, the RBZ has indicated that this fixed rate will end on 23 June 2020.

Post balance sheet events (continued)

COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments. The evolution of the pandemic in the various territories in which the group operates is being closely monitored by the directors and they have to date assessed a number of potential scenarios to understand the potential financial impact of COVID-19 on the group. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the group. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility in exchange rates.

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 29 February 2020 and results of operations for the year (see note 3 - Critical accounting judgements and key sources of estimation uncertainty for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

Disposal of shares in Liquid Telecommunications Kenya Limited

On 1 March 2020, the company entered into an agreement with Stamford TC Limited whereby the company disposed 20% of its shareholding in Liquid Telecommunications Kenya Limited to Stamford TC Limited for a consideration of USD 2.3 million. This transfer is made to satisfy the 20% local equity participation required of telecommunication companies in Kenya.

Dividend

Following the year end, on 8 June 2020 the company declared a dividend in shares, or where a shareholder had an outstanding liability to the company, by offset of that liability. Of the USD 40.3 million value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

Acquisition of shares in Worldstream (Pty) Ltd

On 10 June 2020, the company entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from EGL for a non-cash consideration of USD 9.0 million.

Statement of directors' responsibility in respect of the annual financial statements

The directors are required to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business, and
- maintain adequate accounting records and an effective system of internal controls and risk management.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Chairman's and CEO's statement

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We are implementing and enforcing effective systems to counter bribery and corruption.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius and holds a Category 2 – Global Business Licence.

Dividends

No dividends were declared during the 2020 financial year (28 February 2019: USD 13.5 million). The dividends in 2019 financial year were paid pursuant to the Econet Strategic Support agreement ("SSA"). The SSA payment was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

Share capital

The issued share capital represents 122,236,964 (2019: 122,236,964) ordinary shares with a par value of USD 0.0297541580 each. Refer to note 22 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates and other investments are disclosed in notes 13 to 15, and 17 of the financial statements.

Directors and secretary

The directors of the company during the year under review and up to the date of this report were as follows:

Name:	Appointed on:	Resigned on:	
Strive Masiyiwa [1]	13-May-08	-	*[1] Zimbabwean*
Nicholas Trevor Rudnick [2]	22-Oct-07	-	*[2] German*
Eric Venpin [3]	26-Jan-07	-	*[3] Mauritian*
Gaetan Lan Hun Kuen [3]	30-Jan-07	-	*[4] British*
Mike Mootien (as alternate to Gaetan Lan) [3]	14-Apr-14	-	*[5] South African*
Hardwork Pemhiwa Njodzi [1]	04-Nov-16	-	*[6] American*
Vassi Naidoo [5]	04-Nov-16	-	*[7] Nigeria*
Anil Dua [4]	01-Jan-17	-	*[8] Rwandan*
Rahul Goswamy (as alternate to Anil Dua) [10]	01-Jan-17	-	*[9] Cape Verdean*
Donald Henry Gips [6]	20-Jun-17	-	*[10] Singaporean*
Omobola Olubusola Johnson [7]	16-Aug-18	-	*[11] Indian*
Nathalie Wong (as alternate to Eric Venpin) [3]	12-Jun-18	07-Oct-19	
David Ronald Wilson [5]	06-Dec-17	25-Feb-20	
Donald Kaberuka [8]	16-Aug-18	-	
Christina Duarte [9]	16-Aug-18	-	
Philip David Moses [4]	16-Aug-18	04-Oct-19	
Richard Wilson [4]	03-Apr-19	-	
Abhinav Sinha (as alternate to Richard Wilson) [11]	22-Jul-19	-	
Udo Hermann Lucht [5]	25-Feb-20	-	
Kate Eleanor Maria Hennessy [4]	04-Oct-19	-	
Katlego Kobue (as alternate to Udo Hermann Lucht) [5]	25-Feb-20	-	

Secretary

DTOS Ltd
10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Registered office

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Liquid Telecommunications Holdings Limited under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 29 February 2020.

mong

For DTOS
Secretary

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebene, 72201
Republic of Mauritius

Date: 22 JUN 2020

Deloitte.

7th–8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebene 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")** set out on pages 9 to 73, which comprise the consolidated and separate statements of financial position as at 29 February 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 29 February 2020, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements of the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors and Certificate from the secretary, but does not include consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's and the Group's financial reporting process.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited (cont'd)

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

Our objectives are to obtain reasonable assurance about whether the consolidated and 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and 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 and the Group'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 the directors' 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 and the Group'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 consolidated and 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 and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, 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.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Deloitte.	Agrawal.
Deloitte	**Vishal Agrawal, FCA**
Chartered Accountants	**Licensed by FRC**
22 June 2020	

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 29 February 2020

		Group		Company	
	Notes	**29/02/20**	**28/02/19**	**29/02/20**	**28/02/19**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Revenue	4	785,741	668,910	-	-
Interconnect related costs		(123,560)	(119,875)	-	-
Data and network related costs		(242,414)	(178,413)	-	-
Other income	5	4,583	1,832	6,101	1,536
Selling, distribution and marketing costs		(27,032)	(18,787)	(545)	(783)
Administrative expenses		(50,659)	(57,362)	(11,237)	(20,383)
Staff costs		(99,319)	(115,428)	(2,418)	(3,376)
Depreciation, impairment and amortisation	5	(149,889)	(99,414)	(509)	(2,299)
Operating profit / (loss)		**97,451**	**81,463**	**(8,608)**	**(25,305)**
Dividend received		-	629	35,000	30,629
Restructuring costs	5	(455)	(5,757)	-	(58)
Acquisition and other investment costs	5	(921)	(5,269)	(906)	(5,159)
Interest income	6	2,979	5,589	17,661	17,686
Finance costs	7	(79,427)	(73,528)	(38,950)	(38,525)
Net foreign exchange (loss) / gain *	5	(599,078)	(91,780)	370	1,267
Hyperinflation monetary gain	1.1	458,507	-	-	-
Share of profits of associate	14	105	62	-	-
Profit /(Loss) before taxation		**(120,839)**	**(88,591)**	**4,567**	**(19,465)**
Tax credit / (expense)	8	57,511	(27,540)	(1,414)	(338)
Profit / (Loss) for the year		**(63,328)**	**(116,131)**	**3,153**	**(19,803)**
Other comprehensive income / (loss) for the year					
Items that may be reclassified subsequently to profit or loss:					
Translation loss on accounting for foreign entities		(95,462)	(100,964)	-	-
Impact of application of Hyperinflation accounting on opening balances	1.1	100,338			
Other comprehensive income / (loss) for the year		**4,876**	**(100,964)**	**-**	**-**
(Loss) / Profit and other comprehensive (loss) / income for the year		**(58,452)**	**(217,095)**	**3,153**	**(19,803)**
(Loss) / Profit attributable to:					
Owners of the company		(63,120)	(72,739)	3,153	(19,803)
Non-controlling interest		(208)	(43,392)	-	-
		(63,328)	**(116,131)**	**3,153**	**(19,803)**
(Loss) / Profit and other comprehensive income attributable to:					
Owners of the company		(57,887)	(173,363)	3,153	(19,803)
Non-controlling interest		(565)	(43,732)	-	-
		(58,452)	**(217,095)**	**3,153**	**(19,803)**
Loss per share					
Basic (Cents per share)	39	(51.64)	(65.20)		

* Net foreign exchange (loss) / gain, in financial year ended 28 February 2019, includes USD 93.3 million for the adjustment of assets and liabilities in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group on initial application of the change in functional currency in Zimbabwe on 1 October 2018. See note 1.1 for more details.

The following information is presented as additional information and does not form part of the audited financial statements.

	Group		Company	
Reconciliation of Operating profit to Adjusted EBITDA	**29/02/20**	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Operating profit / (loss)	97,451	81,463	(8,608)	(25,305)
Add back:				
Depreciation, impairment and amortisation	149,889	99,414	509	2,299
Dividend received	-	629	35,000	30,629
	247,340	181,506	26,901	7,623
Impact of retrospective change in functional currency in Zimbabwe **	-	29,583	-	-
Impact of application of IFRS 16 "Leases" ***	(37,346)	-	-	-
Adjusted EBITDA	209,994	211,089	26,901	7,623

** The impact of retrospective change in functional currency in Zimbabwe represents the difference in Adjusted EBITDA for the period from 1 October 2018 to 22 February 2019 translated at a ZWL$:USD rate of 2.5:1 compared to the original rate of 1:1 for reporting results in Zimbabwe in financial year 28 February 2019.
*** Excluding the increase in Adjusted EBITDA relating to the impact of application of IFRS 16 "Leases". See note 1.2 for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 29 February 2020

	Notes	Group 29/02/20 USD'000	Group 28/02/19 USD'000	Company 29/02/20 USD'000	Company 28/02/19 USD'000
Non-current assets					
Goodwill	9	125,770	137,341	-	-
Intangible assets	10	127,325	153,126	2,348	1,483
Property, plant and equipment	11	741,380	786,596	56	52
Right-of-Use assets	12	97,342	-	-	-
Investment in subsidiaries	13	-	-	711,406	681,170
Investment in associate	14	528	480	-	-
Investments	15	10,814	10,814	10,810	10,810
Deferred tax assets	16	31,708	34,938	-	-
Investments at amortised cost	17	193	1,384	-	-
Long-term receivables	18	61	437	197,382	181,234
Total non-current assets		1,135,121	1,125,116	922,002	874,749
Current assets					
Inventories	19	27,049	11,701	-	-
Trade and other receivables	20	221,373	172,586	142,063	100,473
Taxation	8	966	451	-	-
Cash and cash equivalents	21	83,492	93,275	13,033	781
Restricted cash and cash equivalents	21	1,511	1,807	-	-
Total current assets		334,391	279,820	155,096	101,254
Total assets		1,469,512	1,404,936	1,077,098	976,003
Equity and liabilities					
Capital and reserves					
Share capital	22	3,638	3,638	3,638	3,638
Share premium	22	251,446	251,446	251,446	251,446
Convertible preference shares	22	180,000	-	180,000	-
(Accumulated losses) / Retained earnings		(56,607)	7,008	173,595	170,442
Foreign currency translation reserve		(15,560)	(20,793)	-	-
Total equity attributable to owners of the parent		362,917	241,299	608,679	425,526
Non-controlling interests	13.2	2,026	10,458	-	-
Total equity		364,943	251,757	608,679	425,526
Non-current liabilities					
Long term borrowings	23a	732,515	732,790	-	-
Long term lease liabilities	29	65,492	-	-	-
Long term intercompany borrowings	24	-	-	444,761	443,651
Long term provisions	27	1,396	1,831	-	-
Other long term payables	25	12,324	15,046	-	-
Deferred revenue	28	52,898	54,422	-	-
Deferred tax liabilities	16	17,638	62,909	-	-
Total non-current liabilities		882,263	866,998	444,761	443,651
Current liabilities					
Short term portion of long term borrowings	23b	12,211	87,246	125	73,083
Short term portion of long term lease liabilities	29	29,922	-	-	-
Trade and other payables	26	154,687	151,812	23,515	33,725
Short term provisions	27	16,353	20,801	-	-
Deferred revenue	28	6,690	21,960	18	18
Taxation	8	2,443	4,362	-	-
Total current liabilities		222,306	286,181	23,658	106,826
Total equity and liabilities		1,469,512	1,404,936	1,077,098	976,003

Approved by the Board of Directors and authorised for issue on 22 June 2020.

Eric Venpin
Director

Gaetan Lan
Director

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 29 February 2020

Group

	Notes	Share Capital	Share Premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / Retained earnings	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2018*		**3,319**	**116,765**	**-**	**79,831**	**225,465**	**92,422**	**517,802**
Issue of share capital	22	319	134,681	-	-	-	-	135,000
Change in ownership	13	-	-	-	-	(133,893)	(36,557)	(170,450)
Loss for the year		-	-	-	-	(72,739)	(43,392)	(116,131)
Translation loss on accounting for foreign entities		-	-	-	(100,624)	-	(340)	(100,964)
Dividend	37	-	-	-	-	(13,500)	-	(13,500)
Reclassification		-	-	-	-	1,675	(1,675)	-
At 28 February 2019		**3,638**	**251,446**	**-**	**(20,793)**	**7,008**	**10,458**	**251,757**
Effect of change in accounting policy for IFRS 16		-	-	-	-	992	-	992
At 1 March 2019 - restated		3,638	251,446	-	(20,793)	8,000	10,458	252,749
Issue of convertible preference shares**		-	-	180,000	-	-	-	180,000
Change in ownership	13.3	-	-	-	-	(1,487)	(7,867)	(9,354)
Loss for the year		-	-	-	-	(63,120)	(208)	(63,328)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	100,338	-	-	100,338
Translation loss on accounting for foreign entities		-	-	-	(95,105)	-	(357)	(95,462)
At 29 February 2020		**3,638**	**251,446**	**180,000**	**(15,560)**	**(56,607)**	**2,026**	**364,943**

Company

	Notes	Share capital	Share premium	Convertible preference shares	Retained earnings	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2019		3,319	116,765	-	203,745	323,829
Loss and other comprehensive loss for the year		-	-	-	(19,803)	(19,803)
Dividend	37	-	-	-	(13,500)	(13,500)
Issue of share capital		319	134,681	-	-	135,000
At 28 February 2019		**3,638**	**251,446**	**-**	**170,442**	**425,526**
Issue of convertible preference shares**		-	-	180,000	-	180,000
Profit and other comprehensive income for the year		-	-	-	3,153	3,153
At 29 February 2020		**3,638**	**251,446**	**180,000**	**173,595**	**608,679**

* Restated for the effect of change in accounting policy (net of deferred tax) for IFRS 15 and IFRS 9.
** Issue of convertible preference shares with same par value as the ordinary shares. See note 22.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 29 February 2020

	Notes	Group 29/02/20 USD'000	Group 28/02/19 USD'000	Company 29/02/20 USD'000	Company 28/02/19 USD'000
Cash flows from operating activities:					
Cash generated from / (used in) operations	30	145,989	170,805	(27,270)	30,104
Income tax paid	8	(9,447)	(18,395)	(1,414)	(338)
Net cash generated from / (used in) operating activities		136,542	152,410	(28,684)	29,766
Cash flows from investing activities:					
Interest income		2,979	5,278	17,661	17,686
Additional investment in subsidiary	13	-	-	(29,735)	(99,180)
Acquisition of other investments	15	-	(310)	-	-
Recovery of related party balance		-	60,000	-	60,000
Purchase of property, plant and equipment		(104,861)	(173,966)	-	(216)
Proceeds on disposal of property, plant and equipment		14,191	9,973	-	179
Purchase of intangible assets		(13,498)	(14,393)	(45)	(2,567)
Proceeds on disposal of intangible assets		194	256	7	256
Increase in long term receivables	18	-	-	(16,154)	(29,473)
Net cash used in investing activities		(100,995)	(113,162)	(28,266)	(53,315)
Cash flows from financing activities:					
Dividend paid	37	-	(13,500)	-	(13,500)
Finance costs paid		(66,365)	(64,819)	(38,950)	(38,525)
Issue of convertible preference shares		180,000	-	180,000	-
Acquisition of minority interests in foreign operations	13.2	-	(35,000)	-	-
(Decrease) / Increase in borrowings		(78,802)	65,263	(72,958)	73,084
Decrease in lease liabilities		(36,445)	-	-	-
Decrease in intercompany equity loans		-	-	(390)	(753)
Increase in long term intercompany loan		-	-	1,500	3,824
Net cash (used in) / generated from financing activities		(1,612)	(48,056)	69,202	24,130
Net increase / (decrease) in cash and cash equivalents		33,935	(8,808)	12,252	581
Cash and cash equivalents at beginning of the year		95,082	163,655	781	200
Translation of cash with respect to foreign operations		(44,014)	(59,765)	-	-
Cash and cash equivalents at end of the year		**85,003**	**95,082**	**13,033**	**781**
Represented by:					
Cash and cash equivalents	21	83,492	93,275	13,033	781
Restricted cash and cash equivalents	21	1,511	1,807	-	-
		85,003	**95,082**	**13,033**	**781**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior year.

These financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, Sudanese Pound, United Arab Emirates Dirham and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

1.1 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has therefore adopted hyperinflation accounting during the year ended 29 February 2020, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

Zimbabwean currency

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the US dollar represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5 and this was the rate on 28 February 2019. The Zimbabwean currency is now denominated as the Zimbabwean Dollar (ZWL$).

During the year ended 29 February 2020, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 18.0:1 to translate both the statement of profit or loss and the statement of financial position at 29 February 2020. Of the USD 599.1 million of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 595.6 million. The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the year, the group has observed that the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe have been met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has applied the requirements of IAS 29 in its consolidated financial statements for the year to 29 February 2020, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2019 of USD 100.3 million have been recognised directly in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 29 February 2020.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains on the net monetary position of USD 458.5 million have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 640.2.

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 18.0:1 has been used.

The comparative amounts in the consolidated financial statements have not been restated as the presentation currency of the group is that of a non-hyperinflationary economy.

The directors continue to monitor the economic conditions in Zimbabwe.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the company and group have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2019.

New and revised IFRSs and IFRICs applied with material effect on the financial statements

Impact of initial application of IFRS 16 "Leases"

IFRS 16 “Leases” was issued in January 2016 to replace IAS 17 “Leases”. The standard was effective for accounting periods beginning on or after 1 January 2019 and was adopted by the group on 1 March 2019.

IFRS 16 primarily changed lease accounting for lessees; lease agreements give rise to the recognition of an asset representing the right to use the leased item (a "Right-of-Use asset") and a lease obligation ("Lease Liabilities") for future lease payables. Lease costs are recognised in the form of depreciation of the Right-to-Use asset and interest on the Lease Liability.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and did not have a material impact for the group.

The group has assessed the impact of the accounting changes under IFRS 16 with effect from 1 March 2019 and notes the following:

• Right-of-Use assets have been recorded for assets that were leased, measured at the present value of future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which includes future lease periods for which the group has extension options. Previously, no leased assets were included in the group‘s consolidated statement of financial position for operating leases. Under IFRS 16, Right-of-Use assets are tested for impairment in accordance with IAS 36 “Impairment of Assets”. This replaces the previous requirement to recognise a provision for onerous lease contracts. The group has recognised a Right-Of-Use asset at the date of initial application for leases previously classified as an operating lease under IAS 17 "Leases". The group has elected, on a lease-by-lease basis, to measure that Right-Of-Use asset at either:

(a) its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application; or
(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

After the commencement date, the Right-Of-Use asset has been measured applying a cost model. To apply a cost model, the entity shall measure the Right-Of-Use asset at cost:

(a) less any accumulated depreciation and any accumulated impairment losses; and
(b) adjusted for any remeasurement of the Lease Liability.

• At commencement date, Lease Liabilities have been recorded at the present value of future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which includes future lease periods for which the group has extension options. Previously, Lease Liabilities were generally not recorded for future operating lease payments and were, instead, disclosed as commitments. After the commencement date, the Lease Liability has been measured by:

(a) increasing the carrying amount to reflect interest on the Lease Liability;
(b) reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

• At the commencement date, the rate implicit in the lease has been used as the discount rate. If this rate cannot be readily determined, the group uses incremental borrowing rates applicable to each entity and class of lease. The group’s weighted average incremental borrowing rate is 8.5% as per the practical expedient provided by IFRS 16.

If the group is required to revise the discount rate due to changes in conditions related to the lease, the interest rate implicit in the lease will be used, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

• Lease expenses are now recorded through depreciation for Right-of-Use assets and interest on Lease Liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Previously, operating lease rentals were expensed on a straight-line basis over the lease term and disclosed as part of administrative expenses.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

Impact of initial application of IFRS 16 "Leases" (continued)

• Operating lease cash outflows were previously included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these are recorded as cash flows from financing activities reflecting the repayment of Lease Liabilities (borrowings) and related interest.

• An operating lease under IAS 17 "Leases" may have had asset and service components and both parts would have been expensed. As a practical expedient under IFRS 16, the group has elected that any existing lease comprising both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead accounts for each lease component and the associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors.

For short term leases (lease term of 12 months or less) and leases of low-value assets, the group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss. Additionally, the group has elected to apply this expedient to leases for which the lease term ends within 12 months of the date of initial application of IFRS 16. In this case, the group has accounted for those leases in the same way as short-term leases and included the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

On adoption of IFRS 16, the group had a choice between applying the fully retrospective approach or the modified retrospective approach for initial recognition of Right-of-Use assets. The group chose to apply the modified retrospective approach under which the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application (1 March 2019).

IFRS 16 has impacted a high volume of transactions and material judgements were required in identifying and accounting for leases. At 1 March 2019, the group has assessed the impact of these and other accounting changes that arose under IFRS 16 and the amount of adjustment for each financial statement line item affected by the implementation of IFRS 16 is illustrated below.

	Group		
	Previously Reported	IFRS 16 Impact	Adjusted
	USD'000	USD'000	USD'000
Consolidated Statement of Financial Position			
Non-current assets			
Right-of-Use assets (note 12)	-	108,386	108,386
Impact on total non-current assets	-	108,386	108,386
Equity and liabilities			
Capital and reserves			
Retained earnings	7,008	992	8,000
Impact on total equity	7,008	992	8,000
Non-current liabilities			
Long term lease liabilities	-	76,032	76,032
Impact on total non-current liabilities	-	76,032	76,032
Current liabilities			
Trade and other payables	151,812	(3,825)	147,987
Short term portion of long-term lease liabilities	-	35,187	35,187
Impact on total current liabilities	151,812	31,362	183,174

The Company is not impacted by IFRS 16 as it does not have any leases.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

Impact of initial application of IFRS 16 "Leases" (continued)

The following table shows the operating lease commitments disclosed applying IAS 17 at 28 February 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the consolidated statement of financial position at the date of initial application, 1 March 2019.

	USD'000
Operating lease commitments at 28 February 2019	102,257
Short-term leases and leases of low-value assets	(37,691)
Effect of change in operating lease terms	18,754
Effect of discounting the above amounts	(25,072)
Present value of the variable lease payments that depend on a rate or index	648
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	54,353
Foreign exchange differences	(2,030)
Lease liabilities recognised at 1 March 2019	111,219

The impact of IFRS 16 on the consolidated statement of profit or loss for the year ended 29 February 2020 is as follows:

	29/02/20 USD'000
Increase in Adjusted EBITDA	37,346
Increase in Depreciation, impairment and amortisation (note 12)	(34,669)
Increase in Operating profit	2,677
Increase Finance costs (note 7)	(9,524)
Net impact on loss for the year	(6,847)

The application of IFRS 16 for the year ended 29 February 2020 had a negative impact on the consolidated statement of profit or loss of USD 6.8 million. Adjusted EBITDA (as defined in note 4.1) increased by USD 37.3 million as operating lease rentals were previously expensed on a straight line basis over the lease term and were disclosed under administrative expenses. Under IFRS 16 depreciation of the Right-of-Use asset and interest costs associated with the Lease Liability are recorded in the consolidated statement of profit or loss under depreciation, impairment and amoritisation and finance costs, respectively.

New and revised IFRSs and IFRICs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 12 Income taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends).

IAS 19 Employee benefits - Amendments regarding plan amendments, curtailments or settlements.

IAS 23 Borrowing Costs - Amendments resulting from Annual Improvements 2015 - 2017 Cycle (borrowing costs eligible for capitalisation).

IAS 28 Investment in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures.

IFRS 3 Business combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest).

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.

IFRS 16 Leases – Original issue (see below for impact on the financial statements).

IFRIC 23 Uncertainty over Income Tax Treatments issued.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2022).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020).
IAS 16	Property, plant and equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022).
IAS 17	Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2020).
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022).
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020).
IFRS 3	Business combinations - Amendments to clarify the definition of a business (effective 1 January 2020).
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020).
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020).
IFRS 9	Financial instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2020).
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely).
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020).

2. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

2. Summary of significant accounting policies (continued)

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
• Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Even when the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

• the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholder's meetings.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in the consolidated statements of profit or loss and other comprehensive income as a bargain purchase gain.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profits or losses and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRSs). The fair value of any investment retained in the former subsidiary as at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. Summary of significant accounting policies (continued)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

• deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Common controlled transactions

Common controlled transactions are recorded at book value. Any difference between cost and book value is taken directly to equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

Land and buildings	2 % - 5 %
Furniture and fittings	10 % - 20 %
Computer equipment	10 % - 50 %
Satellite equipment	20 %
Switching and network equipment	20 %
Leasehold improvements	10 % - 20 %
Motor vehicles	20 % - 25 %
Data centres	5 % - 20 %
Fibre infrastructure	4 % - 20 %
Fibre equipment	20 %
POS terminals	25 %

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the consolidated statements of profit or loss and other comprehensive income.

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase. Once the asset is fully developed and available for use, depreciation will start.

Investment in associate

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the method of equity accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Project costs

Project costs are recognised as assets only if all of the following conditions are met:

- An asset is created that can be identified; and
- It is probable that the asset created will generate future economic benefits.

A provision for impairment against project costs asset is raised when appropriate.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

2. Summary of significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the items to their present location and condition. The selling cost of inventory is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets are classified into the following specified categories:

• Amortised cost; or
• Fair Value Through Other Comprehensive Income (FVTOCI).
• Fair Value Through Profit or Loss (FVTPL).

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

<u>(i) Amortised cost and effective interest method</u>

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

• the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
• the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss after Operating profit.

All financial assets on the consolidated statement of financial position, with the exception of investments, cash and cash equivalents, and restricted cash and cash equivalents, are classified at amortised cost.

<u>(ii) Equity instruments designated as at FVTOCI</u>

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
• it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, that is dividends are recognised when the entity’s right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in statement of profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in statement of other comprehensive income.

The group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

However, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value for these investments in equity *(see Critical accounting judgements and key sources of estimation uncertainty in note 3 on valuation of investments)* .

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

• for financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss in the ‘Foreign exchange (loss) / gain’ line item (note 5);
• for equity instruments measured at FVTOCI, exchange differences are recognised in the statement of other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the receivable, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the receivable's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the receivable;
• significant increases in credit risk on other financial instruments of the same receivable;
• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the receivable's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days (credit term) past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss.

(v) Measurement and recognition of expected credit losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group makes provision on the following basis, which falls under stage 3 of the ECL model:

• 100% of all non-intercompany trade debts aged 90 days or older (see exception below),
• 100% of the balance due from a client who has a publicised case of either Curatorship, Judicial Management, Liquidation, Scheme of Arrangement and Insolvency and its operations might have ceased or are being wound up, and
• 100% of any disputed balances

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The following are exceptions to guidelines and no provision is provided unless management assess that the credit risk has increased:

• Payment plans - A signed acknowledgment of debt with a payment plan and/or a set-off agreement exists and the client is abiding by the terms of these agreements. If the client does not comply with the payment plans, the services are stopped. If they still do not pay, the group will engage legal counsel to pursue recovery from the client. Historically and in most cases, customers do pay when legal letters are issued. When the client is unable to pay due to cash flow issues (hence, increased credit risk), a provision is made.
• Payment history – The customer's payment trend is in intervals, say quarterly, bi-annually or annually and its history is evidenced on their customer statement. This is usually applicable to government bodies and strategic clients.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised when the proceeds are received, net of direct issue costs.

A repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Share capital and share premium are classified as equity.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities comprise of long and short term borrowings, other long term payables and trade and other payables.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Net foreign exchange (losses) / gains' line item (note 5) in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

2. Summary of significant accounting policies (continued)

Tax (continued)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Unfavourable contracts

Present obligations arising under unfavourable contracts are recognised and measured as provisions. An unfavourable contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Revenue recognition

The group recognises revenue from the following major sources:

• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

Revenue is measured based on the consideration to which the group expects to be entitled from a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Depending on whether certain criteria are met, revenue is recognised:

• Over time, in a manner that best reflects the delivery of the company's performance obligations; or
• At a point in time, when control of the goods or services is transferred to the customer.

The group accounts for a contract with a customer only when; there is evidence of an arrangement, the group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

• Wholesale data and other services: The performance obligation relating to these service contracts consists of two parts; firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

Generally, these contracts only have one performance obligation, the provisioning of a monthly service that is satisfied over time. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

Wholesale data and other services also include the construction and sale of long-haul fibre infrastructure. At the completion of each stage, control is transferred to the customer once they have accepted this completion of the stage and therefore the performance obligation is satisfied. There is generally also a maintenance aspect to these contracts, which is recognised over the term of the contract once obligations are met. Once transferred to the customer and accepted by the customer, revenue is recognised and a receivable is raised for any outstanding payments. The transaction price is determined by the signed contract.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

• Enterprise data and other services: These contracts consist of two parts; firstly the installation of the equipment and/or connection of the service and secondly the provisioning of monthly services. The installation of equipment performance obligation is satisfied on completion of installation as ownership is transferred. The provisioning of a monthly service is recognised monthly as the service is delivered monthly. Unused data cannot be transferred to a following month. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Retail data and other services: These contracts consist of two parts; firstly the installation of the equipment and/or connection of the service and secondly the provisioning of monthly services. The installation of equipment performance obligation is satisfied on completion of installation as ownership is transferred. The provisioning of a monthly service is recognised monthly as the service is delivered monthly. Unused data cannot be transferred to a following month. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Wholesale voice traffic: The performance obligation relating to wholesale voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to wholesale voice is recognised at the point the call is terminated, as this is the point the service is delivered to the customer. Customers are invoiced monthly based for their voice usage and a receivable is raised as the service has been delivered.

Revenue recognition is applied to individual contracts with customers. However, the International Accounting Standards Board (IASB) recognised that there may be situations in which it may be more practical for an entity to combine contracts for revenue recognition purposes rather than attempt to account for each contract separately.

In addition to revenue recognition for revenue streams mentioned above, based on the nature of the group's business operations, from time to time management enters into contracts with customers that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. Such contracts are considered dynamic in nature and encapsulate other performance obligations which are not in line with the group's main business operations. These contracts are entered into on an ad-hoc basis for larger contracts and as a result are accounted for separately.

Management fees

Management fees are recognised when the right to receive payment has been established.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date.

2. Summary of significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences arising on translation of foreign operations, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate on the losing date.

Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a Right-of-Use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, which are short term and low value, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Lease Liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the Lease Liability comprise:

• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The amount expected to be payable by the lessee under residual value guarantees;
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Lease Liability is presented as a separate line in the consolidated statement of financial position.

The Lease Liability is subsequently measured by increasing the carrying amount to reflect interest on the Lease Liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group 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.
• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the Lease Liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• 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 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 group 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 recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". To the extent that the costs relate to a Right-of-Use asset, the costs are included in the related Right-of-Use asset, unless those costs are incurred to produce inventories.

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 group 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.

2. Summary of significant accounting policies (continued)

Leases (continued)

The Right-of-Use assets are presented as a separate line in the consolidated statement of financial position.

The group applies IAS 36 "Impairment of Assets" to determine whether a Right-of-Use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the Right-of-Use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Administrative expenses' in the consolidated statement of profit or loss.

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 group has elected that any existing lease comprising of both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead account for each lease component and associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors and therefore accounted in accordance with other applicable accounting standards.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Fibre optical – IRU	4 % - 20 %
Computer Software	12.5 % - 50 %
Customer relationships	20 % - 33.3 %
Operating Licence	4 % - 10 %
Other Intangible Assets	10% - 33.3 %

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited, Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, treasury bills and deposits held, all of which are available for use by the company unless otherwise stated.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in equity on the date of acquisition.

Restructuring costs

Restructuring costs are recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of the restructuring costs includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the group's accounting policies (note 2), management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

Key judgements

Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 "Revenue from Contracts with Customers" and whether the group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Classification and measurement of financial instruments

• Classification of financial assets: The group uses judgement in the assessment of the business models within which the non-equity financial assets are held and assessment of whether the contractual terms of such financial assets are solely payments of principal and interest on the principal amounts outstanding.

• Valuation of investments: IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

• Impairment: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Identification of leases and lease terms

In making their judgement, the directors considered the detailed criteria for the recognition of leases as set out in IFRS 16. The group, at the inception of the contract, assesses whether the contract contains a lease by considering if the contract conveys a right of control to use the identified asset for a period of time in exchange for consideration. The group considers whether the contract involves the use of an identified asset, whether the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and also if the group has the right to direct the use of the asset.

Further, judgements are made when determining the appropriate lease term and whether it is reasonably certain that a termination or extension option will be exercised, and in relation to any incremental borrowing rate used.

The directors are satisfied that leases have been appropriately identified and that the lease terms have been correctly measured.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or provision or disclosed as a contingent liability. Refer to note 40 for Contingent liabilities disclosure.

Key estimates

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 29 February 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price, the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.3 million of share value will be issued to RBH.

3. Critical accounting judgements and key sources of estimation uncertainty

Key estimates (continued)

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the recoverable amount.

Impact of COVID-19 pandemic

Due to the unpredictable financial outcome of the COVID-19 pandemic, management has made the following estimates:

1. Expected credit loss assessment on Trade and affiliated entities receivables

Of the USD 16.1 million of expected credit loss provision as of 29 February 2020, (see note 20 - *Trade and other receivables*), approximately USD 2.0 million relates to the expected credit loss for the potential impact of the pandemic on the recoverability of the trade and affiliated entities receivables.

2. Impairment assessment on Intangible assets, Property, plant and equipment, and Right-of-Use assets

Considering the nature of the group's business (see note 1 - *General information*), management considers that there is no current indication of future impairment as telecommunications is a key resource during this pandemic.

3. Operating activities

None of the group's operations have been suspended or are expected to be suspended. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity. Management is confident that the business is sufficiently capitalised with the appropriate level of liquidity and profitability and remains a going concern. As such, the group is able to meet its known obligations in the ordinary course of business for the next twelve months from date of signing of the financial statements and has therefore adopted the going concern assumption in the preparation of these financial statements.

Management also continues to monitor the business for any further impact including volatility of exchange rates. Additional considerations relating to going concern are disclosed in note 42.

4. Fair value measurement

As described in our accounting policies on financial instruments *(see note 2 - Summary of significant accounting policies)* and note 38 on fair value measurements recognised in the consolidated statement of financial position, the fair value of our financial assets and financial liabilities are based on unobservable inputs which are not market dependent.

Further, the directors consider the financial assets and financial liabilities stated at amortised cost in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

As such, appropriate fair value measurement has been applied at 29 February 2020 and management estimates that the pandemic would have little to no impact on the fair value measurements applied in the near future.

4. Revenue and segment information

4.1 Segment revenue and results

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Group revenue can be classified into four revenue streams:

• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

The measure of reporting profit for each operating segment, that also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

Adjusted EBITDA is defined as earnings before profit before interest, taxation, depreciation, amortisation and impairment, and is also presented before recognising the following items:

- Restructuring costs
- Acquisition and other investment costs
- Net foreign exchange (loss) / gain (see note 5)
- Impact of retrospective change in functional currency in Zimbabwe (see note 1.1)
- Impact of application of IFRS 16 "Leases" (see note 1.2)
- Hyperinflation monetary gain (see note 1.1)
- Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the year to 29 February 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	249,020	39,998	46,866	84,761	-	(66,713)	353,932
Enterprise	157,659	27,862	58,603	2,600	-	-	246,724
Retail	2,453	28,881	8,780	-	-	-	40,114
Wholesale voice traffic	10,718	-	14	147,778	-	(13,539)	144,971
Inter-segmental revenue	(11,949)	(1,031)	(8,342)	(58,930)	-	80,252	-
Group External Revenue	**407,901**	**95,710**	**105,921**	**176,209**	**-**	**-**	**785,741**
EBITDA including impact of application of IFRS 16 "Leases"	132,894	33,437	27,761	68,822	(8,098)	(7,476)	247,340
Impact of application of IFRS 16 "Leases"	(17,457)	(962)	(7,664)	(11,263)	-	-	(37,346)
Adjusted EBITDA	**115,437**	**32,475**	**20,097**	**57,559**	**(8,098)**	**(7,476)**	209,994
Impact of application of IFRS 16 "Leases"							37,346
Depreciation, impairment and amortisation							(149,889)
Restructuring costs							(455)
Acquisition and other investment costs							(921)
Interest income							2,979
Finance costs							(79,427)
Net foreign exchange loss							(599,078)
Hyperinflation monetary gain							458,507
Share of profits of associate							105
Loss before taxation							**(120,839)**
Tax credit							57,511
Loss after taxation							**(63,328)**

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The following is an analysis of the group's revenue and results by reportable segment for the year to 28 February 2019, and includes the impact of the currency changes in Zimbabwe.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	86,334	60,776	42,151	77,195	-	(50,125)	216,331
Enterprise	170,790	25,066	52,893	5,453	-	-	254,202
Retail	9,359	31,077	7,404	-	-	-	47,840
Wholesale voice traffic	17,854	-	11	163,993	-	(31,321)	150,537
Inter-segmental revenue	(14,081)	(916)	(5,910)	(60,539)	-	81,446	-
Group External Revenue	**270,256**	**116,003**	**96,549**	**186,102**	**-**	**-**	**668,910**
EBITDA including impact of retrospective change in functional currency	65,136	53,623	19,627	76,299	(23,005)	(10,174)	181,506
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	-	29,583	-	-	-	-	29,583
Adjusted EBITDA	65,136	83,206	19,627	76,299	(23,005)	(10,174)	211,089

Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	(29,583)
Depreciation, impairment and amortisation	(99,414)
Restructuring costs	(5,757)
Acquisition and other investment costs	(5,269)
Interest income	5,589
Finance costs	(73,528)
Net foreign exchange loss	(91,780)
Share of profits of associate	62
Loss before taxation	**(88,591)**
Tax expense	(27,540)
Loss after taxation	**(116,131)**

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

For the year ended 29 February 2020, there is only 1 major customer* comprising more than 10% of the total group revenue (2019: only 1 major customer - Econet Group, details of which can be seen in note 32 - *'Related party transactions').*

** the customer name and revenue have not been disclosed due to confidentiality of information.*

4. Revenue and segment information (continued)

4.2 Segment assets and liabilities

	29/02/20	28/02/19
	USD'000	USD'000
Segment assets		
South Africa	697,726	681,481
Zimbabwe	302,370	339,824
Rest of Africa	286,506	235,956
Rest of the World	182,910	147,675
Total segment assets	1,469,512	1,404,936
Consolidated total assets	**1,469,512**	**1,404,936**
Segment liabilities		
South Africa	145,336	120,264
Zimbabwe	31,622	76,343
Rest of Africa	105,505	74,481
Rest of the World	92,177	155,700
Total segment liabilities	374,640	426,788
Group Borrowings (Senior Secured Notes - note 23)	729,929	726,391
Consolidated total liabilities	**1,104,569**	**1,153,179**

For the purpose of monitoring segment performance and allocating resources between segments:
• all assets are allocated to reportable segments.
• all liabilities are allocated to reportable segments other than group borrowings.

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment, Right-of-Use assets and intangible assets	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
South Africa	72,813	55,486	82,752	75,744
Zimbabwe	29,368	14,095	3,465	55,517
Rest of Africa	27,778	20,528	39,312	60,260
Rest of the World	19,930	9,305	7,482	12,841
	149,889	**99,414**	**133,011**	**204,362**

Note that the above figures for the year ended 29 February 2020 are after the application of IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe as detailed in note 1.1 - *'Zimbabwean currency and Hyperinflation accounting'* and the adoption of IFRS 16 "Leases" as detailed in note 1.2 - *'Impact of initial application of IFRS 16 "Leases"'* .

5. Profit / (loss) before taxation

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before taxation is arrived at after taking the following into account:				
Auditor's fees	2,280	1,696	184	142
Non-audit services	200	271	116	210
Consultancy fees	5,270	6,827	143	2,877
Bad debts recovered (note 20)	(88)	(211)	-	(192)
Increase in allowance for doubtful debts (note 20)	16,114	7,890	-	-
Depreciation, impairment and amortisation				
Impairment loss on investment (note 15)	-	1,943	-	-
Depreciation (note 11)	86,956	69,996	28	44
Amortisation of intangible assets (note 10)	24,842	26,983	475	92
Right-of-Use assets depreciation (note 12)	32,118	-	-	-
Inventory written off (note 19)	475	388	-	-
Provision for obsolete inventory (note 19)	186	104	-	-
Impairment of other receivables	477	-	-	-
Impairment of Right-of-Use assets (note 12)	2,551	-	-	-
Impairment of Property, plant and equipment (note 11)	2,284	-	-	-
Impairment loss on loans	-	-	6	2,163
	149,889	**99,414**	**509**	**2,299**

Restructuring costs:

On 30 March 2019, the group commenced restructuring of its operations, primarily in Liquid Telecommunications Zambia Limited (2019: costs related to restructuring of Liquid Telecommunications South Africa (Pty) Ltd, Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) Limited), due to the introduction of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	Group 29/02/20	Group 28/02/19	Company 29/02/20	Company 28/02/19
Redundancy costs	406	4,685	-	-
Employee support costs	-	441	-	-
Legal fees	23	175	-	-
Other costs	26	456	-	58
	455	**5,757**	**-**	**58**
Acquisition and other investment costs:				
Legal fees	60	594	60	594
Professional fees	841	3,345	826	3,345
Consultancy and advisory fees	6	560	6	560
Other investment costs	14	770	14	660
	921	**5,269**	**906**	**5,159**
Other income:				
Profit on disposal of property, plant and equipment	675	54	-	-
Management fees received (note 32)	26	9	5,395	1,467
Management fees received - External	4	-	-	-
Sundry income	3,878	1,769	706	69
	4,583	**1,832**	**6,101**	**1,536**
Net foreign exchange (losses) / gains:				
Exchange losses - unrealised	(608,483)	(7,838)	-	-
Exchange losses - realised	(2,129)	(3,968)	-	-
Exchange gains - unrealised	6,109	8,317	370	1,267
Exchange gains - realised	5,425	5,016	-	-
Exchange loss arising on change in functional currency in Zimbabwe	-	(93,307)	-	-
	(599,078)	**(91,780)**	**370**	**1,267**

6. Interest income

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Interest received - bank / external	2,554	5,251	1,053	-
Interest received - inter-group (note 32)	425	338	16,608	17,686
	2,979	**5,589**	**17,661**	**17,686**

7. Finance costs

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Interest on bank overdraft and loans	4,315	7,940	1,893	1,525
Finance cost on Senior Secured Notes	62,050	62,050	-	-
Finance arrangement fees amortised	3,538	3,538	-	-
Interest on lease liabilities	9,524	-	-	-
Interest paid - inter-group (note 32)	-	-	37,057	37,000
	79,427	**73,528**	**38,950**	**38,525**

8. Tax

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Current taxation	6,953	11,760	-	-
Deferred taxation (credit)/charge (note 16)	(67,547)	14,088	-	-
Withholding taxation	3,083	1,692	1,414	338
Total taxation	**(57,511)**	**27,540**	**1,414**	**338**

The charge for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Profit / (Loss) before taxation	(120,839)	(88,591)	4,567	(19,465)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(37,777)	(28,591)	-	-
Tax effect of non-deductible expenses	(6,326)	64,638	-	-
Tax effect of non-taxable income	(374)	(5,667)	-	-
Tax effect of foreign tax credit	(7,533)	(7,997)	-	-
Effect of tax losses not recognised as deferred tax assets	3,784	4,147	-	-
Tax effect of utilised unrecognised tax losses	(12,368)	(682)	-	-
Withholding taxation	3,083	1,692	1,414	338
	(57,511)	**27,540**	**1,414**	**338**

The company, being the holder of a Category 2 - Global Business Licence is not liable to income tax in Mauritius. The majority of the losses incurred by the company were at the holding company level, which resulted in a nil benefit due to the GBL 2 license. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

8. Tax (continued)

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Taxation asset:				
Opening balance	451	957	-	-
Provision for the year	18	4	-	-
Payment/(refund) during the year	540	(483)	-	-
Foreign exchange differences	(43)	(27)	-	-
Closing balance	**966**	**451**	**-**	**-**
Taxation liability:				
Opening balance	(4,362)	(9,851)	-	-
Restatement	-	292	-	-
Provision for the year	(10,036)	(13,452)	(1,414)	(338)
Payment during the year	8,907	18,878	1,414	338
Foreign exchange differences	3,048	(229)	-	-
Closing balance	**(2,443)**	**(4,362)**	**-**	**-**

9. Goodwill

	Group	
	29/02/20	**28/02/19**
	USD'000	**USD'000**
Cost		
Opening balance	137,341	162,069
Foreign exchange differences	(15,100)	(24,728)
Adjustments - IAS 29	3,529	-
Closing balance	**125,770**	**137,341**

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGUs) that are expected to benefit from that business combination.

Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,922	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	109,527	122,199
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	125,770	**137,341**

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period.

The following key assumptions were used for the value in use calculations:

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 2.0% to 5.0%.

• Discount rates: discount rates ranged from 11.0% to 13.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

10. Intangible assets

Group

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2018	24,467	44,741	114,139	65,868	2,858	-	31,209	283,282
Purchases during the year	5,622	3,698	2,616	-	3,928	-	-	15,864
Disposals during the year	-	(1,289)	-	-	(2,746)	-	-	(4,035)
Transfers	-	40	-	-	(40)	-	-	-
Transfers from fixed assets (note 11)	-	-	2,183	-	-	-	-	2,183
Foreign exchange differences	(2,876)	(6,503)	(4,549)	(12,974)	-	-	(1,979)	(28,881)
At 28 February 2019	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases during the year	534	2,493	9,495	-	976	-	-	13,498
Disposals during the year	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from fixed assets (note 11)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-	-	-	8,207
At 29 February 2020	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Accumulated amortisation:								
At 1 March 2018	6,610	36,768	39,815	4,921	-	-	11,816	99,930
Amortisation	1,849	3,305	7,846	4,730	-	-	9,253	26,983
Disposals during the year	-	(1,289)	-	-	-	-	-	(1,289)
Transfers from fixed assets (note 11)	-	-	780	-	-	-	-	780
Foreign exchange differences	(765)	(5,367)	(2,131)	(792)	-	-	(2,062)	(11,117)
At 28 February 2019	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,851	3,286	8,105	3,398	-	-	8,202	24,842
Disposals during the year	-	(172)	-	-	-	-	-	(172)
Transfers from fixed assets (note 11)	-	(45)	-	-	-	2	-	(43)
Foreign exchange differences	(1,748)	(3,835)	(1,410)	(783)	-	-	(2,333)	(10,109)
Adjustments - IAS 29	1,720	862	-	-	-	-	-	2,582
At 29 February 2020	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Carrying amount:								
At 28 February 2019	19,519	7,270	68,079	44,035	4,000	-	10,223	153,126
At 29 February 2020	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325

10. Intangible assets (continued)

Group (continued)

During the year ended 29 February 2020, the following major transactions took place with respect to Intangible assets:

• the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited. This transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million representing the capital contributed by the minority interest. See note 13.3 - *'Change in the group's ownership interest in a subsidiary'* for more details.
• the group acquired a 20 year Fibre Optical - IRU, through Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L), in the Democratic Republic of Congo ("DRC') for USD 7.6 million. This acquisition extends the group's fibre network across DRC.

During the year ended 28 February 2019, the group acquired a 20 year Operating Licence, through Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L), in the Democratic Republic of Congo ("DRC') for USD 5.6 million. This operating licence will facilitate the deployment and provision of fibre based internet services across DRC.

Company

	Software USD'000	Work in Progress USD'000	Total USD'000
Cost:			
At 1 March 2018	1,460	133	1,593
Purchases during the year	111	3,928	4,039
Transfers	40	(40)	-
Disposals during the year	(1,288)	(2,746)	(4,034)
At 28 February 2019	323	1,275	1,598
Purchases during the year	808	726	1,534
Transfers	1,696	(1,696)	-
Disposals during the year	(172)	(194)	(366)
At 29 February 2020	2,655	111	2,766
Accumulated amortisation:			
At 1 March 2018	1,311	-	1,311
Amortisation	92	-	92
Disposals	(1,288)	-	(1,288)
At 28 February 2019	115	-	115
Amortisation	475	-	475
Disposals	(172)	-	(172)
At 29 February 2020	418	-	418
Carrying amount:			
At 28 February 2019	208	1,275	1,483
At 29 February 2020	2,237	111	2,348

11. Property, plant and equipment

Group	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Data centres USD'000	Fibre infrastructure USD'000	Total USD'000
Cost									
At 1 March 2018	78,482	11,112	37,472	91,663	8,767	76,024	-	987,732	1,291,252
Additions	4,960	1,888	6,485	3,865	1,621	25,243	-	144,436	188,498
Disposals	-	(363)	(753)	(247)	(580)	(5,741)	-	(17,672)	(25,356)
Transfers	4,630	135	117	3,860	-	(25,632)	-	16,890	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	-	(2,183)	(2,183)
Transfer from inventory (note 18)	-	-	7	-	-	-	-	-	7
Foreign exchange differences	(7,507)	(630)	(4,861)	(5,333)	(152)	(9,721)	-	(96,584)	(124,788)
At 28 February 2019	80,565	12,142	38,467	93,808	9,656	60,173	-	1,032,619	1,327,430
Additions	2	463	1,342	1,471	121	37,009	7,395	57,058	104,861
Disposals	-	(774)	(656)	(1,693)	(201)	(2,711)	-	(23,458)	(29,493)
Impairment	-	-	-	-	-	(2,284)	-	-	(2,284)
Transfers	(20,477)	(120)	(5,052)	2,729	-	(29,854)	94,711	(41,937)	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	(14)	(26)	(40)
Foreign exchange differences	(6,244)	(2,950)	(3,925)	(8,462)	(4,804)	(13,661)	(6,323)	(306,567)	(352,936)
Adjustments - IAS 29	3,785	3,431	2,231	7,228	6,044	8,227	-	359,128	390,074
At 29 February 2020	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Accumulated depreciation									
At 1 March 2018	17,692	8,385	29,358	68,367	6,151	(2,257)	-	398,723	526,419
Depreciation charge for the year	1,701	981	3,447	9,552	882	-	-	53,433	69,996
Disposals	-	(322)	(742)	(228)	(500)	-	-	(130)	(1,922)
Transfer to intangible assets (note 10)	-	-	-	-	-	-	-	(780)	(780)
Foreign exchange differences	(2,586)	(494)	(3,726)	(1,262)	(110)	-	-	(44,701)	(52,879)
At 28 February 2019	16,807	8,550	28,337	76,429	6,423	(2,257)	-	406,545	540,834
Depreciation charge for the year	649	1,250	4,412	9,935	1,339	-	5,986	63,385	86,956
Disposals	-	(753)	(531)	(1,763)	(190)	-	-	(2,133)	(5,370)
Transfers	(3,439)	(159)	(5,085)	(393)	-	-	23,528	(14,452)	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	45	(2)	43
Foreign exchange differences	(1,093)	(1,218)	(2,942)	(4,738)	(2,633)	-	(2,002)	(82,093)	(96,719)
Adjustments - IAS 29	-	2,493	1,282	5,452	4,839	-	-	156,422	170,488
At 29 February 2020	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Carrying amount:									
At 28 February 2019	63,758	3,592	10,130	17,379	3,233	62,430	-	626,074	786,596
At 29 February 2020	44,707	2,029	6,934	10,159	1,038	59,156	68,212	549,145	741,380

Refer to note 23 for securities on property, plant and equipment.

11. Property, plant and equipment (continued)

Group (continued)

During the year ended 29 February 2020:
• assets relating to the Data Centre line of business were re-classified to a single category to better present the use of assets. Of the USD 94.7 million transferred, USD 6.8 million relates to additions during the year within the transfer line. As is appropriate under IFRS, USD 26.7 million of Data Centre real estate remains in the Land and buildings category.
• Work-in-progress was impaired by USD 2.3 million relating to redundant technology and is disclosed in 'Depreciation, impairment and amortisation' in note 5.

The significant foreign exchange difference arising in the year ended 29 February 2020 is primarily due to the deterioration of the ZWL$:USD exchange rate from 2.5:1 at 28 February 2019 to 18.0:1 at 29 February 2020. This is largely offset by the IAS 29 hyperinflation adjustment.

Company

	Furniture & Fittings USD'000	Computer equipment USD'000	Work in progress USD'000	Total USD'000
Cost				
At 1 March 2018	-	155	45	200
Additions	12	25	2,143	2,180
Disposals	-	(63)	(2,188)	(2,251)
Transfer from inventory (note 18)	-	7	-	7
At 28 February 2019	12	124	-	136
Additions	-	32	-	32
Disposals	-	(75)	-	(75)
At 29 February 2020	12	81	-	93
Accumulated amortisation:				
At 1 March 2018	-	103	-	103
Depreciation charge for the year	1	43	-	44
Disposals	-	(63)	-	(63)
At 28 February 2019	1	83	-	84
Depreciation charge for the year	4	24	-	28
Disposals	-	(75)	-	(75)
At 29 February 2020	5	32	-	37
Carrying amount:				
At 28 February 2019	11	41	-	52
At 29 February 2020	7	49	-	56

12. Right-of-Use assets

Group

	Land and buildings	Computer equipment	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	35,180	1,759	15,424	108,386
Additions	7,597	-	3,312	14	3,729	14,652
Disposals	(13)	-	-	-	-	(13)
Impairment	(2,551)	-	-	-	-	(2,551)
Foreign exchange differences	(2,637)	-	(11)	(95)	(1,092)	(3,835)
Adjustments - IAS 29	11,986	-	-	-	-	11,986
At 29 February 2020	70,382	23	38,481	1,678	18,061	128,625
Accumulated depreciation:						
Depreciation	11,284	-	12,769	591	7,474	32,118
Disposals	(13)	-	-	-	-	(13)
Foreign exchange differences	(383)	-	(2)	(25)	(426)	(836)
Adjustments - IAS 29	14	-	-	-	-	14
At 29 February 2020	10,902	-	12,767	566	7,048	31,283
Carrying amount:						
At 29 February 2020	59,480	23	25,714	1,112	11,013	97,342

See note 1.2 for the impact of initial application of IFRS 16 "Leases".

13. Investments in subsidiaries

13.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company's investment 29/02/20	28/02/19
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Dormant	100	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	H	Telecommunications	Zimbabwe	Active	100	140,903	140,903
▪ Zimbabwe Online (Private) Limited	S	Telecommunications	Zimbabwe	Active	100	-	-
▪ Liquid Telecommunications Zambia Limited	H	Telecommunications	Zambia	Active	100	52,197	52,197
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Active	100	-	-
▪ Liquid Telecommunications Kenya Limited	H	Telecommunications	Kenya	Active	99.99	50,709	50,709
▪ East Africa Data Centre Limited	S	Telecommunications	Kenya	Active	99.99	-	-
▪ Liquid Telecommunications Uganda Limited	H	Telecommunications	Uganda	Active	99.99	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090
▪ Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	H	Telecommunications	Democratic Republic of Congo	Active	99	8,940	50

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 29/02/20	Company 28/02/19
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.R.L	S	Telecommunications	Democratic Republic of Congo	Dormant	100	-	-
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2
▪ Ipidi Media	H	Telecommunications	Mauritius	Dormant	100	-	-
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-
▪ Liquid Sea Limited (Mauritius)	H	Telecommunications	Mauritius	Active	100	-	-
▪ Africa Digital Networks S.A.R.L Limited	H	Telecommunications	Democratic Republic of Congo	Active	100	100	100
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	100	10,731	10,731
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	130
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	12,650
▪ Raha Limited	S	Telecommunications	United Republic of Tanzania	Active	100	-	-
▪ Zanlink Limited	S	Telecommunications	United Republic of Tanzania	Active	70	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited	H	Telecommunications	South Africa	Active	100	419,444	398,599
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited	S	Telecommunications	South Africa	Active	100	-	-
▪ Liquid Telecommunications Sahara Holdings Limited	H	Telecommunications	Mauritius	Active	100	1	1
▪ Liquid Telecommunications Co. Limited	S	Telecommunications	Sudan	Active	100	-	-
▪ Liquid Telecom West Africa Data Centre Ghana Limited	H	Telecommunications	Ghana	Active	100	473	-
▪ Liquid Telecom West Africa Data Centre Nigeria Limited	H	Telecommunications	Nigeria	Active	100	28	-
						711,406	681,170

H = This is a direct holding by Liquid Telecommunications Holdings Limited.

S = This is an indirect holding.

See note 41.1 for additional non-cash investment in subsidiaries made during the year ended 29 February 2020.

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

The directors have valued the unquoted investments in subsidiaries at cost of the investments less impairments. Refer to note 3 for Critical accounting judgements and key sources of estimation uncertainty. See note 13.2 below for the current year position.

13.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

	Proportion of ownership interests held by non-controlling interests		Profit / (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	29/02/20	28/02/19	29/02/20	28/02/19	29/02/20	28/02/19
	%	%	USD'000	USD'000	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	-	-	-	(41,429)	-	-
Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)	-	-	-	(561)	-	-
Individually immaterial subsidiaries with non-controlling interests			(208)	(1,402)	2,026	10,458
			(208)	**(43,392)**	**2,026**	**10,458**

In February 2020, the company acquired the remaining shares in Liquid Telecommunications Botswana (Pty) Limited for a non-cash consideration of USD 0.09 (BWP 1.00). For more details, see note 41.1 - *Transactions excluded from statements of cash flows.*

During the year ended 28 February 2019, the company acquired the following:

(i) the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million.
(ii) the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for a non-cash consideration of USD 135.0 million. See note 41.1 and 43.

13. Investments in subsidiaries (continued)

13.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for total consideration of USD 135.0 million. See note 41.1 and note 43.

The assets and liabilities of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe have been translated at a rate of ZWL$:USD 2.5:1 at 1 October 2018 and at the balance sheet date, unless the underlying asset or liability was incurred in USD. In this instance the value has been maintained at ZWL$:USD 1:1. As set out in note 1.1 - Zimbabwean currency and Hyperinflation accounting, items for profit or loss have been retranslated at the rate of ZWL$:USD 1:1 for the period 1 March 2018 to 30 September 2018 and at ZWL$:USD 2.5:1 for the period 1 October 2018 to 28 February 2019.

	29/02/20	28/02/19
	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe		
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity attributable to owners of the company	-	-
Non-controlling interests	-	-
Revenue	-	116,919
Expenses	-	(198,153)
(Loss) / Profit for the year	-	(81,234)
(Loss) / Profit attributable to owners of the company	-	(39,805)
(Loss) / Profit attributable to the non-controlling interests	-	(41,429)
(Loss) / Profit for the year	-	(81,234)
(Loss) / Profit and total comprehensive income attributable to owners of the company	-	(39,805)
(Loss) / Profit and total comprehensive income attributable to the non-controlling interests	-	(41,429)
(Loss) / Profit and total comprehensive income for the year	-	(81,234)
Net cash inflow from operating activities	-	14,407
Net cash inflow from investing activities*	-	389
Net cash inflow	-	14,796

* The net cash inflow from investing activities excludes the USD 54 million adjustment to cash and cash equivalents resulting from the currency changes in Zimbabwe.

13. Investments in subsidiaries (continued)

13.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)

On 1 October 2018, the company acquired the remaining shares in Liquid Telecommunications Zambia Limited for a total consideration of USD 35.0 million. The reported figures below, as at 28 February 2019, relate to first 7 months' of transactions.

	29/02/20 USD'000	28/02/19 USD'000
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity attributable to owners of the company	-	-
Non-controlling interests	-	-
Revenue	-	19,312
Expenses	-	(20,435)
(Loss) / profit for the year	-	(1,123)
(Loss) / profit attributable to owners of the company	-	(561)
(Loss) / profit attributable to the non-controlling interests	-	(561)
(Loss) / profit for the year	-	(1,122)
(Loss) / profit and total comprehensive income attributable to owners of the company	-	(561)
(Loss) / profit and total comprehensive income attributable to the non-controlling interests	-	(561)
(Loss) / profit and total comprehensive income for the year	-	(1,122)
Net cash inflow from operating activities	-	3,666
Net cash outflow from investing activities	-	(8,705)
Net cash inflow from financing activities	-	123
Net cash inflow / (outflow)	-	(4,916)

13. Investments in subsidiaries (continued)

13.3 Change in the group's ownership interest in a subsidiary

In February 2020, the company acquired the minority interests in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). This transaction resulted in the de-recognition of a Fibre Optical-IRU of USD 9.0 million (see note 10 - Intangible assets), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

During the year ended 28 February 2019, the following transactions took place:

i) the company acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for non-cash consideration of USD 135.0 million. Refer to note 13.2 for more details.
ii) the company acquired the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million. Refer to note 13.2 for more details.
iii) The ownership structure of Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) was also amended, with the group increasing its ownership from 97.5% to 100% for a non-cash consideration of USD 450,000. See note 41.1 for more details.

	Group	
	29/02/20	28/02/19
	USD'000	USD'000
Carrying amount of non-controlling interest acquired	7,867	36,557
Additional consideration	(9,354)	(170,450)
Excess of consideration recognised in parent's equity	**(1,487)**	**(133,893)**

14. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 29/02/20	28/02/19
			%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20

Pursuant to the shareholder agreement, the company has the right to cast 20% of the vote at shareholder meetings of Number Portability Company (Pty) Limited.

Summarised is the financial information in respect of the group's associate where it has significant interest.

	29/02/20	28/02/19
Number Portability Company (Pty) Limited	USD'000	USD'000
Total assets	2,858	2,621
Total liabilities	(218)	(220)
Net assets	2,640	2,401
Revenue	1,977	1,867
Profit for the period	523	308
Total comprehensive income for the year	523	308
Group's share of net assets of associate	528	480
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	480	506
Share of profits of associate	105	62
Foreign exchange difference	(57)	(88)
Closing balance	528	480

15. Investments

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Opening balance	10,814	12,447	10,810	10,810
Additions	-	310	-	-
Impairment	-	(1,943)	-	-
Total investments	**10,814**	**10,814**	**10,810**	**10,810**
Investment details:				
Investments in equity instruments designated as at FVTOCI*	10,814	10,814	10,810	10,810
Total investments	**10,814**	**10,814**	**10,810**	**10,810**

IFRS 9 "Financial Instruments" observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

No impairment was required following the review of the carrying value of the investments by the directors for the year ended 29 February 2020.

During the year ended 28 February 2019, the directors carried out a review of the carrying value of the investments. The review led to an impairment of costs amounting to USD 1.9 million as the project concerned was no longer viable. In assessing for impairment, the company estimated the fair value less costs to sell of the investments. The fair value less costs to sell is equal to the value of the investments and hence the recoverable amount of the relevant investments have been determined on the basis of their fair value less costs to sell.

16. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	29/02/20	28/02/19
	USD'000	USD'000
Net deferred tax assets	31,708	34,938
Net deferred tax liabilities	(17,638)	(62,909)
Net deferred tax assets / (liabilities)	**14,070**	**(27,971)**

	Deferred revenue	Property, plant and equipment	Assessed Losses	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - Gross deferred tax assets:					
At 1 March 2018	9,168	967	40,910	6,262	57,307
(Charge)/Credit to profit for the year	(156)	229	3,193	-	3,266
Foreign exchange difference	(493)	(950)	(3,627)	4,248	(822)
At 28 February 2019	8,519	246	40,476	10,510	59,751
(Charge)/Credit to profit for the year	(16)	(543)	2,057	49,511	51,009
Foreign exchange difference	(1,768)	1,328	(2,759)	(14,742)	(17,941)
Adjustments - IAS 29	-	-	220	-	220
At 29 February 2020	**6,735**	**1,031**	**39,994**	**45,279**	**93,039**

16. Deferred taxation (continued)

	Deferred revenue	Property, plant and equipment	Other	Total
	USD'000	USD'000	USD'000	USD'000
Group - Gross deferred tax liabilities:				
At 1 March 2018	(6,164)	(42,636)	(18,347)	(67,147)
Charge to profit for the year	(1,742)	(388)	(15,224)	(17,354)
Adjustment - IFRS 15 and IFRS 9	(211)	-	(245)	(456)
Foreign exchange difference	7,936	(20,130)	9,429	(2,765)
At 28 February 2019	(181)	(63,154)	(24,387)	(87,722)
Credit to profit for the year	-	16,538	-	16,538
Foreign exchange difference	181	39,881	20,440	60,502
Adjustments - IAS 29	-	(68,287)	-	(68,287)
At 29 February 2020	**-**	**(75,022)**	**(3,947)**	**(78,969)**

Management have carried out an assessment of the group's ability to utilise its tax losses in the relevant territories, based on the business plans over a five year time term as the most appropriate recognition period and have concluded that the same is recoverable. The deferred tax asset recognised on tax losses in the group is USD 40.0 million (2019: USD 40.5 million), of which the most material balances are in South Africa (USD 35.7 million) and Kenya (USD 2.0 million). The tax losses for Liquid Telecommunication South Africa (Pty) Limited are USD 409.8 million (2019: USD 479.1 million) of which USD 38.0 million (2019: USD 27.3) deferred tax asset has been recognised and the tax losses for Liquid Telecommunications Kenya Limited are USD 82.2 million (2019: USD 79.1 million) of which USD 2.0 million (2019: 10.3 million) deferred tax asset has been recognised.

17. Investments at amortised cost

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
CABS housing scheme	193	1,384	-	-
	193	**1,384**	**-**	**-**

The CABS balance is an investment initially placed in March 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Staff Housing Scheme that matures in 2025 at a pre-tax interest rate of 8% per annum. None of these assets were past due or impaired at the end of the reporting period.

18. Long term receivables

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 32)	-	-	197,382	181,234
Other receivables	61	437	-	-
	61	**437**	**197,382**	**181,234**

Other receivables include an operating lease with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) to rent their infrastructure over a minimum period of 25 years for which a prepayment of ZWL$ 1.4 million (USD 0.56 million) has been made. This prepayment will be amortised over the life of the lease.

19. Inventories

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Goods for resale	27,710	12,200	-	-
Provision for obsolete inventory	(186)	(104)	-	-
Inventory written off	(475)	(388)	-	-
Transfer to Property, plant and equipment (Note 11)	-	(7)	-	-
	27,049	**11,701**	**-**	**-**
Cost of inventories expensed	9,539	16,059	-	-

The directors are of the opinion that the inventory amounts are recorded at values not in excess of their net realisable value.

20. Trade and other receivables

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Trade receivables	150,886	122,767	-	-
Allowance for doubtful debts	(41,692)	(32,096)	-	-
Affiliated entities (note 32)	39,631	41,106	53,638	16,404
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**148,825**	**131,777**	**53,638**	**16,404**
Short-term inter-company receivables (note 32)	-	-	86,473	81,758
Sundry debtors	44,489	11,636	116	-
Deposits paid	4,565	4,596	-	-
Prepayments	23,494	24,577	1,836	2,311
	221,373	**172,586**	**142,063**	**100,473**

The average credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group makes use of forward-looking information as well as certain assumptions about the risk and probability of default together with expected loss rates. The group assesses the recoverability on both a collective and individual basis.

Before accepting any new customer, the group ascertains the credit worthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be completed by any new customer. The credit worthiness of customers is reviewed continuously throughout the year.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within the next 6 months.

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Ageing of past due but not impaired:				
31 - 60 Days	10,594	15,205	255	512
61 - 90 Days	9,895	6,659	303	462
91 - 120 Days	8,030	5,966	367	175
121 + Days	39,298	43,141	20,040	14,289
	67,817	70,971	20,965	15,438
Current items	81,008	60,806	32,673	966
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**148,825**	**131,777**	**53,638**	**16,404**

In addition to the current items not yet due of USD 81.0 million (28 February 2019: USD 60.8 million) and USD 32.7 million (28 February 2019: USD 1.0 million) for the group and company respectively, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

See note 3 - '*Critical accounting judgements and key sources of estimation uncertainty*' for the impact of COVID-19 pandemic on the expected credit loss assessment on Trade and affiliated entities receivables.

Included in amounts past due but not impaired are USD 39.6 million (28 February 2019: USD 41.1 million) of receivables from the Econet Group. Refer to note 32 for the total breakdown of Econet Group trade receivables.

The following table details the risk profile of trade receivables:

	Current	**31 - 60**	**61 - 90**	**91 - 120**	**> 120**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Group - 2020						
Average expected default rate	4.8%	4.6%	5.3%	16.6%	47.1%	
Trade and affiliated entities receivables - Gross	85,100	11,107	10,449	9,626	74,235	190,517
Lifetime ECL	4,092	513	554	1,596	34,937	41,692
Group - 2019						
Average expected default rate	4.1%	2.9%	4.8%	31.2%	37.6%	
Trade and affiliated entities receivables - Gross	63,382	15,663	6,994	8,676	69,158	163,873
Lifetime ECL	2,576	458	335	2,710	26,017	32,096

20. Trade and other receivables (continued)

	Current USD'000	31 - 60 USD'000	61 - 90 USD'000	91 - 120 USD'000	> 120 USD'000	Total USD'000
Company - 2020						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	32,673	255	303	367	20,040	53,638
Lifetime ECL	-	-	-	-	-	-
Company - 2019						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	966	512	462	175	14,289	16,404
Lifetime ECL	-	-	-	-	-	-

The following table shows the movement in lifetime expected credit loss ("ECL") that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
Movement in the allowance for doubtful debt:	USD'000	USD'000	USD'000	USD'000
Opening balance - Under IAS 39	(32,096)	(27,123)	-	(192)
Adjustment upon application of IFRS 9	-	(1,758)	-	-
Opening balance - restated	(32,096)	(28,881)	-	(192)
Doubtful debt provision raised	(16,114)	(7,890)	-	-
Bad debts recovered	88	211	-	192
Reversal of provision	1,981	191	-	-
Foreign exchange differences	3,774	4,273	-	-
Adjustments - IAS 29	675	-	-	-
Closing balance	**(41,692)**	**(32,096)**	**-**	**-**

21. Cash and cash equivalents, and restricted cash and cash equivalents

Cash and bank balances	81,257	77,222	13,033	781
Money market deposits	2,235	16,053	-	-
Cash and cash equivalents	**83,492**	**93,275**	**13,033**	**781**
Restricted cash and cash equivalents	1,511	1,807	-	-
Total cash and cash equivalents	85,003	95,082	13,033	781

The cash and cash equivalents are mainly denominated in USD, GBP, KES, ZAR and ZWL$ and are located in Mauritius, United Kingdom, Kenya, South Africa and Zimbabwe.

Cash and cash equivalents include USD 22.5 million (28 February 2019: USD 49.1 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 18.0:1. See note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure.

The group and company have restricted cash for the following purposes:

Guarantees	241	425	-	-
Customer deposits held	1,270	1,382	-	-
	1,511	**1,807**	**-**	**-**

22. Share capital and share premium

	Group & Company	
	29/02/20	28/02/19
	USD'000	USD'000
Issued and paid share capital		
Ordinary shares	**3,638**	**3,638**
Share premium	**251,446**	**251,446**

22. Share capital and share premium (continued)

The share capital above represents 122,236,964 ordinary shares (2019: 122,236,964 ordinary shares) with a par value of USD 0.0297541580 each.

Movement in capital:	Number of shares	Share capital	Share Premium
		USD'000	USD'000
Balance at 28 February 2018	111,531,175	3,319	116,765
Issue of shares - non-cash (note 41.1)	10,705,789	319	134,681
Balance at 28 February 2019 and at 29 February 2020	122,236,964	**3,638**	**251,446**

Convertible preference shares

On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares with same par value as the ordinary shares. The funds were received in April 2019. The convertible preference shares have voting and dividend rights in line with the ordinary shares and are exchangeable at the option of CDC based on certain conditions applicable only at conversion date

Acquisition of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") remaining shares

The company issued 10,705,789 ordinary shares to Econet Wireless Zimbabwe Limited ("EWZ") on 28 February 2019 in connection with the company's acquisition of LTZ shares from EWZ (the "LTZ share acquisition"). Pursuant to arrangements between the company and EWZ made in connection with the LTZ share acquisition, these shares have restricted rights and are redeemable until such time as all final approvals have been received. On 21 November 2019, management received the final approval from the Reserve Bank of Zimbabwe, with the last condition having been satisfied.

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 29 February 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.3 million of share value will be issued to RBH.

23. Short term portion of long term borrowings and long term borrowings

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
23a. Long term borrowings:	USD'000	USD'000	USD'000	USD'000
Stanbic Bank of Zambia Limited	10,859	14,672	-	-
USD 730 million 8.5% Senior Secured Notes	721,656	718,118	-	-
	732,515	**732,790**	**-**	**-**
23b. Short term portion of long term borrowings:				
Stanbic Bank of Zambia Limited	3,813	3,813	-	-
USD 730 million 8.5% Senior Secured Notes	8,273	8,273	-	-
USD 10 million Cisco loan facility	-	1,137	-	-
USD 73 million revolving credit facility	125	73,083	125	73,083
Other short term borrowings	-	940	-	-
	12,211	**87,246**	**125**	**73,083**

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 29 February 2020, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited) with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

23. Short term portion of long term borrowings and long term borrowings (continued)

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility agreement between the company, The Mauritius Commercial Bank (participation previously owned by Citibank, N.A.), Standard Bank of South Africa, Standard Finance (Isle of Man) Limited and Standard Chartered Bank. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As at 28 February 2019, the company had drawn down all of the facility. The facility was repaid in full in April 2019. At 29 February 2020, the facility was undrawn, however, in March 2020, the group drew USD 40.0 million as a precautionay measure in light of the COVID-19 pandemic.

As at 29 February 2020, Liquid Telecommunications Zambia Limited has a USD 15.3 million term loan and USD 8.0 million of Revolving Credit Facility facilities with Stanbic Bank of Zambia. The company guarantees up to USD 13.0 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The term loan is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The Revolving Credit Facility facilities are denominated in USD, bear interest at the rate of Libor plus 6% and are repayable by December 2020. As at 29 February 2020, the outstanding balance on the term loan is USD 6.7 million and USD 8.0 million on the Revolving Credit Facilities. The Revolving Credit Facilities were extended after the year end. See 'Funding facilities' in note 42 for further details.

24. Long term intercompany borrowing

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term intercompany payables (note 32)	-	-	436,273	434,773
Intercompany equity loan payables (note 32)	-	-	8,488	8,878
	-	-	444,761	443,651

The company's long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

25. Other long term payables

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Senior Secured notes premium	2,637	4,567	-	-
Unfavourable contracts	9,687	10,479	-	-
	12,324	**15,046**	**-**	**-**

The USD 180.0 million senior secured notes were issued in November 2017 at a premium totalling USD 9.0 million which is being amortised over the period of the bond (refer to note 23 for terms).

The breakdown of unfavourable contracts is as follows:

SEACOM Limited	9,687	10,479	-	-

Refer to note 26 for the unfavourable contracts terms.

26. Trade and other payables

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Trade accounts payable	80,568	76,301	636	1,940
Payable balance to affiliated entities (note 32)	3,315	3,155	2,043	9,674
Short-term inter-company payables (note 32)	-	-	16,886	16,437
Accruals	53,177	56,383	3,950	5,674
Staff payables	2,147	1,746	-	-
Transaction taxes due in various jurisdictions	3,660	3,494	-	-
Unfavourable contracts (short term portion)	633	579	-	-
Senior Secured notes premium	1,930	1,930	-	-
Other short term payables	9,257	8,224	-	-
	154,687	**151,812**	**23,515**	**33,725**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

The directors consider the carrying amount of trade and other payables to approximate their fair value.

Amounts payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

Accruals mainly relate to wholesale voice carrier amounts accrued for in the ordinary course of business and major capital expenditure for on-going fibre related projects.

The breakdown of unfavourable contracts is as follows:

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
Short term portion of unfavourable contracts:	USD'000	USD'000	USD'000	USD'000
SEACOM Limited	633	579	-	-

The company purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess O&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the O&M for an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the committed contract price and for the excess O&M charges as at acquisition.

27. Long term and short term provisions

Group

	NIP provision	Licence fee provision	Total
	USD'000	USD'000	USD'000
Long term provisions:			
At 1 March 2018	3,082	922	4,004
Reclassification to short term portion	(761)	(922)	(1,683)
Foreign exchange difference	(490)	-	(490)
At 28 February 2019	**1,831**	**-**	**1,831**
Reclassification to short term portion	(274)	-	(274)
Foreign exchange difference	(161)	-	(161)
At 29 February 2020	**1,396**	**-**	**1,396**

	Leave Pay provision	Bonus provision	NIP provision	Licence fee provision	Other provision	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Short term provisions:						
At 1 March 2018	2,973	12,528	378	9,192	133	25,204
Additional provisions raised	96	1,313	306	199	83	1,997
Reclassification from long term portion	-	-	761	922	-	1,683
Payment/Reversal	(447)	(360)	-	(5,072)	385	(5,494)
Foreign exchange difference	(318)	(1,605)	(109)	(560)	3	(2,589)
At 28 February 2019	2,304	11,876	1,336	4,681	604	20,801
Additional provisions raised	255	1,595	250	685	8	2,793
Reclassification from long term portion	-	-	274	-	-	274
Payment/Reversal	(398)	(3,883)	-	(800)	(460)	(5,541)
Foreign exchange difference	(467)	(1,011)	(179)	(292)	(25)	(1,974)
At 29 February 2020	**1,694**	**8,577**	**1,681**	**4,274**	**127**	**16,353**

Leave pay provisions relate to employee annual leave and are accrued as the employees' right to annual leave vests.

Bonuses are payable to all eligible staff according to the terms of the group's remuneration policy. The individual payout is a percentage of the total cost to the group, taking into account the employee's level, individual performance rating and group performance. The payment is time-apportioned based on the length of time the employee has been employed by the group in the current year. The actual payments are made post financial year end.

Liquid Telecommunications South Africa (Pty) Limited (LTSA) entered into an agreement with the Western Cape Provincial Government of South Africa to provided broadband and ICT services over a 10 year period in June 2014. As a condition to fulfill this agreement, LTSA entered into a sub-agreement in August 2015 with the Department of Trade and Industry (DTI) which obligates LTSA to comply with the National Industrial Participation (NIP) program where a levy of 30% of the imported value of goods and services above the threshold of USD 10 million is payable. LTSA accounts for the full NIP obligation at the commencement of the contract based on projected value of imports in fulfillment of the whole contract, and the obligation is amortised to the statement of profit or loss and other comprehensive income over the term of the contract.

The licence fee provision includes provision for Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools over a four-year period. The ICT services include the provision of the local area network, the wide area network and end user devices in schools and training facilities. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation by raising a provision at the estimated present value of the total obligation. This is reassessed annually. The capitalised amount is amortised over the remaining licence period. In assessing the present value of the ICASA obligation, a discount rate of 13.1% (2019: 13.4%) per annum has been applied.

28. Deferred revenue

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	52,898	54,422	-	-
Short term portion of deferred revenue	6,690	21,960	18	18
	59,588	**76,382**	**18**	**18**

28. Deferred revenue (continued)

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services which includes deferred revenue on any Indefeasible-Rights-of-Use (IRU) which will be amortised over a period of 10 to 15 years and other advance billings which will be amortised over a period of 1 to 3 years.

29. Long term lease liabilities and short term portion of long term lease liabilities

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term lease liabilities	65,492	-	-	-
Short term portion of long term lease liabilities	29,922	-	-	-
	95,414	**-**	**-**	**-**
Maturity analysis:				
Less than 1 year	29,922	-	-	-
1 to 2 years	21,040	-	-	-
2 to 3 years	11,638	-	-	-
3 to 4 years	10,383	-	-	-
4 to 5 years	12,871	-	-	-
More than 5 years	9,560	-	-	-
	95,414	**-**	**-**	**-**

The group does not face a significant liquidity risk with regard to its lease liabilities.

30. Cash generated from operations

		Group		Company	
	Notes	29/02/20	28/02/19	29/02/20	28/02/19
		USD'000	USD'000	USD'000	USD'000
(Loss) / Profit before tax		(120,839)	(88,591)	4,567	(19,465)
Adjustments for:					
Depreciation, impairment and amortisation	5	149,889	99,414	509	2,299
Bad debts provision / (reversed)		14,045	8,337	-	(192)
Bad debts recovered	5	(88)	(211)	-	(192)
(Decrease) / increase in provisions	27	(2,748)	1,877	-	-
Foreign exchange loss / (gain)		602,026	94,160	(127)	104
Hyperinflation monetary gain		(458,507)	-	-	-
Profit on disposal of fixed assets		(675)	(54)	-	
Interest income	6	(2,979)	(5,589)	(17,661)	(17,686)
Finance costs	7	79,427	73,528	38,950	38,525
Share of profits of associates	14	(105)	(62)	-	-
		259,446	182,809	26,238	3,393
Working capital changes:					
(Increase) / decrease in inventories		(2,581)	185	-	1
(Increase) / decrease in trade and other receivables		(103,576)	(886)	(41,403)	13,838
Increase / (decrease) in trade and other payables		2,052	(6,217)	(10,381)	11,062
(Decrease) / increase in deferred revenue		(12,758)	(3,537)	-	18
Increase / (decrease) in accruals		3,988	(2,466)	(1,724)	1,792
(Decrease) / increase in unfavourable contracts		(582)	917	-	-
Cash generated from / (used in) operations		**145,989**	**170,805**	**(27,270)**	**30,104**

31. Acquisition / disposal of subsidiary company

There were no acquisitions and disposals during the years ended 29 February 2020 and 28 February 2019.

32. Related party transactions

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), Econet Media Limited (Zambia), Kwese Play (Pty) Limited (South Africa), Kwese Channels (Pty) Limited (South Africa), Econet South Africa (Pty) Limited, Steward Bank Limited and Omni Broadcast Limited (Uganda) and are referred to as "Econet Global related group companies". They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the group note. The transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the year, the group and company entered into the following trading transactions with related parties:

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Sales of goods and services:				
Econet Global Related Group Companies	58,630	102,529	-	-
	58,630	**102,529**	**-**	**-**
Purchase of goods and services:				
Econet Global Related Group Companies	27,179	29,399	-	-
	27,179	**29,399**	**-**	**-**
Management fees paid:				
Econet Global Related Group Companies	240	1,500	-	1,500
Liquid Telecommunications Limited	-	-	3,385	5,097
Liquid Telecommunications Operations Limited	-	-	48	-
Liquid Telecommunications Kenya Limited	-	-	-	111
Liquid Telecommunications South Africa (Pty) Limited	-	-	-	5,601
Liquid Telecommunications International FZE	-	-	1,090	594
	240	**1,500**	**4,523**	**12,903**
Management fees received:				
Econet Global Related Group Companies	26	9	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	1,417	1,467
Liquid Telecommunications Kenya Limited	-	-	1,381	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	1,663	-
Liquid Telecommunications Uganda Limited	-	-	197	-
Liquid Telecommunications Rwanda Limited	-	-	229	-
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	188	-
Zanlink Limited	-	-	87	-
Raha Limited	-	-	233	-
	26	**9**	**5,395**	**1,467**
Dividend received:				
Liquid Telecommunications Operations Limited	-	-	35,000	30,000
	-	**-**	**35,000**	**30,000**
Dividend paid:				
Econet Global Limited	-	13,500	-	13,500
	-	**13,500**	**-**	**13,500**
Finance costs:				
Liquid Telecommunications Limited	-	-	29	71
Liquid Telecommunications Financing Plc	-	-	37,028	36,929
	-	**-**	**37,057**	**37,000**
Administration fees paid:				
DTOS Limited	367	309	194	169

32. Related party transactions (continued)

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Interest income:				
Econet Global Related Group Companies	425	338	379	235
Liquid Telecommunications Zambia Limited	-	-	165	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	7,863	7,601
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	1,324	1,018
Liquid Telecommunications Operations Limited	-	-	1,266	1,176
Africa Digital Networks S.A.R.L Limited	-	-	534	607
East Africa Data Centre Limited	-	-	213	172
Liquid Telecommunications Uganda Limited	-	-	770	1,143
Liquid Telecommunications International FZE	-	-	518	512
Liquid Telecommunications Kenya Limited	-	-	2,941	4,542
Liquid Telecommunications Sahara Holdings Limited	-	-	33	-
Liquid Telecommunications Rwanda Limited	-	-	143	180
Liquid Sea Limited	-	-	-	74
Raha Tanzania Holdings Limited	-	-	383	372
Liquid Telecommunications Botswana (Pty) Limited	-	-	76	54
	425	**338**	**16,608**	**17,686**
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	436,273	434,773
	-	**-**	**436,273**	**434,773**

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
Long term intercompany receivables:				
Liquid Telecommunications Sahara Holdings Limited	-	-	3,669	180
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	56,564	54,336
Africa Digital Networks S.A.R.L Limited	-	-	9,129	8,182
Liquid Telecommunications Rwanda Limited	-	-	2,583	2,440
East Africa Data Centre Limited	-	-	3,802	3,622
Liquid Telecommunications Uganda Limited	-	-	14,564	13,465
Liquid Telecommunications International FZE	-	-	6,253	6,740
Raha Tanzania Holdings Limited	-	-	5,413	4,898
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	18,750	14,807
Liquid Telecommunications Botswana (Pty) Limited	-	-	1,009	933
Liquid Telecommunications Zambia Limited	-	-	4,015	-
	-	**-**	**197,382**	**181,234**

The long term intercompany receivable from Liquid Telecommunications Sahara Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Data & Control System (Private) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.25% and is repayable in December 2025.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Liquid Sea Limited was fully impaired during the year ended 28 February 2019 and is disclosed in Depreciation, impairment and amortisation (see note 5).

The long term intercompany receivable from Africa Digital Networks S.A.R.L Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

32. Related party transactions (continued)

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from East Africa Data Centre Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 3.75%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Ipidi Media (Mauritius) was fully settled during the year ended 28 February 2019.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2024.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

The long term intercompany receivable from Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.5% and is repayable in January 2023.

The long term intercompany receivable from Liquid Telecommunications Botswana (Pty) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6% and is repayable in March 2022.

The long term intercompany receivable from Liquid Telecommunications Zambia Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Short term intercompany payables:				
Liquid Telecommunications Mozambique Limitada	-	-	1	1
Liquid Telecom West Africa Data Centre Ghana Limited	-	-	413	-
Liquid Telecom West Africa Data Centre Nigeria Limited	-	-	28	-
Liquid Telecommunications Financing PLC	-	-	16,444	16,436
	-	**-**	**16,886**	**16,437**
Short term intercompany receivables:				
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	48,513	42,332
Liquid Telecommunications Operations Limited	-	-	37,960	39,426
	-	**-**	**86,473**	**81,758**

Short term intercompany receivables bear interest at the rate of LIBOR plus 2.5%, are unsecured and are to be repaid within 12 months.

32. Related party transactions (continued)

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties:				
Econet Global Limited (Mauritius)	27,171	18,695	27,171	5,922
Econet Global Related Group Companies	12,460	22,411	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	9,626	8,120
Liquid Telecommunications Zambia Limited	-	-	-	264
Liquid Telecommunications Limited	-	-	74	-
Liquid Telecommunications Rwanda Limited	-	-	520	96
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	253	8
Liquid Telecommunications South Africa (Pty) Limited	-	-	10,321	215
Raha Limited	-	-	469	68
Liquid Telecommunications Operations Limited	-	-	1,673	56
ZOL Zimbabwe (Private) Limited	-	-	58	47
Liquid Telecommunications Kenya Limited	-	-	1,201	21
Africa Digital Networks S.A.R.L Limited	-	-	292	203
Liquid Telecommunications Uganda Limited	-	-	427	104
Transaction Payment Solutions International Limited	-	-	8	7
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	-	3
HAI Telecommunications Limited	-	-	1,096	1,096
Liquid Telecommunications International FZE	-	-	55	38
Zanlink Limited	-	-	105	2
Liquid Telecommunications Botswana (Pty) Limited	-	-	154	46
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	135	88
	39,631	**41,106**	**53,638**	**16,404**

The receivable balances from affiliated entities and other related parties are unsecured, interest free and with no fixed date of repayment.

Payable balance to affiliated entities:				
Econet Global Related Group Companies	3,315	3,155	-	-
Liquid Telecommunications Operations Limited	-	-	26	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	1,949	9,665
Liquid Telecommunications Zambia Limited	-	-	68	-
Liquid Telecommunications Financing Plc	-	-	-	9
	3,315	**3,155**	**2,043**	**9,674**

Amount payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

Equity loans owed to:				
Liquid Telecommunications Botswana (Pty) Limited	-	-	8,488	8,878
	-	**-**	**8,488**	**8,878**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of each respective borrower and thus considered to represent equity.

Acquisition of non-controlling interest in subsidiary				
Econet Global Related Group Companies	-	135,000	-	-
	-	**135,000**	**-**	**-**

Refer to note 13.2 for more details on the acquisition of non-controlling interest in subsdiary.

33. Compensation of key management personnel

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
The remuneration of the directors and other key management personnel during the year is as follows:				
Short-term employee benefits	4,907	4,308	2,521	1,958
Post-employment benefits	-	40	-	-
	4,907	**4,348**	**2,521**	**1,958**

34. Commitments

34.1 Capital commitments

At 29 February 2020, the group committed to the following capital commitments:

Authorised and contracted	53,754	40,925	-	-

The capital expenditure is to be financed from internal cash generation and existing funding facilities.

34.2 Other

The group continues to provide support to its subsidiaries, where appropriate, to ensure they are able to continue their operations and meet their liabilities as and when they fall due.

35. Operating lease arrangements

All operating lease arrangements, above the diminimis threshold and more than twelve months of duration, were recognised in accordance with IFRS 16 for the year ended 29 February 2020. See note 1.2 - *'Application of New and Revised International Financial Reporting Standards (IFRS)'* for the impact of the initial application of IFRS 16 "Leases" and note 29 - *'Long term lease liabilities and short term portion of long term lease liabilities'* for the maturity profile of the lease liabilities.

As at 28 February 2019, all operating lease arrangements were accounted for in accordance with IAS 17 "Leases" and disclosed as follows:

Payments recognised as an expense:				
Minimum lease payments	-	19,722	-	-

Operating lease commitments
At 28 February 2019 the group was committed to making the following annual payments in respect of operating leases:

Leases which expire:				
Within one year	-	22,873	-	-
Between two to five years	-	55,924	-	-
After five years	-	23,460	-	-
	-	**102,257**	**-**	**-**

Operating lease payments represent rentals payable by the group for its capacity on satellites, equipment, office properties and buildings. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

36. Financial instruments

36.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group’s policy is to borrow centrally, principally using Senior Secured notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its interest cover, net debt to EBITDA ratio and gross debt to EBITDA ratio to comply with its Senior Secured notes and other borrowing facilities covenants. The group complied with its maintenance ratios throughout the financial year and the overall strategy remains unchanged from prior years.

36. Financial instruments (continued)

36.1 Capital risk management (continued)

The capital structure of the group and company consist of net debt (which includes borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued share capital, convertible preference shares, reserves and retained earnings.

36.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The group is not subject to any externally imposed capital requirement. Management reviews the capital structure of the group on a periodic basis, including the cost of capital and the risks associated with each class of capital.

36.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Debt (i)	840,140	820,036	444,886	516,734
Cash and cash equivalents (net of restricted cash)	(83,492)	(93,275)	(13,033)	(781)
Net debt	**756,648**	**726,761**	**431,853**	**515,953**
Equity (ii)	364,943	251,758	608,679	425,526
Net debt to equity ratio	2.1:1	2.9:1	0.7:1	1.2:1

(i) Debt is defined as long and short-term borrowings and lease liabilities, as detailed in notes 23, 24 and 29.

(ii) Equity includes all capital and reserves of the group and the company, as detailed in the statement of changes in equity.

36.4 Categories of financial assets and liabilities

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Financial assets				
Amortised cost	283,136	244,912	350,642	280,177
FVTOCI	10,814	10,814	10,810	10,810
	293,950	**255,726**	**361,452**	**290,987**
Financial liabilities				
Amortised cost	907,170	980,397	468,401	550,459

36.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

36.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see notes 36.7 and 36.8) and interest rates (see notes 36.9 and 36.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk where appropriate.

36. Financial instruments (continued)

36.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The group constantly reviews its foreign exchange rate exposures and enters into foreign currency hedging contracts when appropriate.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follows:

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	23,001	13,968	-	-
Currency of United States (USD)	103,926	82,619	361,452	290,987
Currency of Zimbabwe (ZWL$)	25,365	61,756	-	-
Currency of South Africa (ZAR)	109,767	71,790	-	-
Currency of Botswana (BWP)	940	869	-	-
Currency of Kenya (KES)	15,884	13,920	-	-
Currency of Zambia (ZMK)	802	2,673	-	-
Currency of Rwanda (RWF)	7,290	3,837	-	-
Currency of Nigeria (NGN)	109	106	-	-
Currency of Uganda (UGX)	3,174	1,797	-	-
Currency of Tanzania (TZS)	3,692	2,391	-	-
	293,950	**255,726**	**361,452**	**290,987**
Liabilities				
Currency of the United Kingdom (GBP)	21,150	9,416	123	1,011
Currency of United States (USD)	782,826	869,688	457,822	540,404
Currency of Zimbabwe (ZWL$)	18,344	18,443	-	-
Currency of South Africa (ZAR)	59,689	61,255	10,456	9,044
Currency of Botswana (BWP)	509	238	-	-
Currency of Kenya (KES)	17,138	14,877	-	-
Currency of Zambia (ZMK)	208	1,069	-	-
Currency of Rwanda (RWF)	2,557	2,849	-	-
Currency of Nigeria (NGN)	9	9	-	-
Currency of Uganda (UGX)	2,409	995	-	-
Currency of Tanzania (TZS)	2,331	1,558	-	-
	907,170	**980,397**	**468,401**	**550,459**

36.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP), Zimbabwean dollar (ZWL$), South Africa (ZAR), Kenyan Shilling (KES) and Rwandan Franc (RWF).

The following table details the group's sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

36. Financial instruments (continued)

36.8 Foreign currency sensitivity analysis (continued)

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(185)	(455)	12	101
ZWL$ Currency impact	(702)	(4,331)	-	-
ZAR Currency impact	(5,008)	(1,054)	1,046	904
KES Currency impact	125	96	-	-
RWF Currency impact	(473)	(99)	-	-
	(6,243)	**(5,843)**	**1,058**	**1,005**

36.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group’s exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see note 36.12 below). Interest rates have been disclosed in the respective notes where applicable.

36.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group’s and company's:

• Profit for the year ended 29 February 2020 for the group and the company respectively would increase by USD 0.7 million (2019: increase of USD 0.002 million) and decrease by USD 1.4 million (2019: decrease of USD 2.5 million). This is mainly attributable to the group’s limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
• No increase or decrease in other equity reserves for the year ended 29 February 2020 (2019: no increase or decrease).

36.11 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group’s exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Note 20 details the group’s and the company's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit loss, represents the group’s maximum exposure to credit risk.

36. Financial instruments (continued)

36.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2020							
Financial liabilities	8.47%	60,392	25,087	66,123	750,071	5,497	907,170
Group - 2019							
Financial liabilities	8.23%	70,336	79,112	87,680	736,600	6,669	980,397
Company - 2020							
Financial liabilities	8.50%	6,227	11,031	6,382	444,761	-	468,401
Company - 2019							
Financial liabilities	8.50%	11,614	5,675	89,519	443,651	-	550,459

36.13 Fair values

The directors consider the financial assets and financial liabilities stated at amortised cost in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

37. Dividend

No dividend was declared for the year ended 29 February 2020 (28 February 2019: USD 13.5 million paid). The dividends, for the year 28 February 2019, were declared in fulfilment of the Econet Strategic Support agreement ("SSA") and paid to Econet Wireless Group only - all other shareholders renounced their right to these dividends.

The dividends were declared in accordance with the SSA for the full year ended 28 February 2019, where Econet Wireless International Limited agreed to provide Liquid Telecommunications Holdings Limited with strategic support, engineering network design services and certain business opportunities. Liquid Telecommunications Holdings Limited may elect to pay the fee by way of special dividend, which accrues to Econet Global Limited to the exclusion of all other shareholders to the company. The SSA was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
Dividends paid per share (Cents per share)	-	12.10	-	12.10

38. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	USD'000	**USD'000**	**USD'000**	**USD'000**
29 February 2020				
Investments (note 15)	-	-	10,814	10,814
Unfavourable contracts (note 25 & 26)	-	-	10,320	10,320
Total	**-**	**-**	**21,134**	**21,134**
28 February 2019				
Investments (note 15)	-	-	10,814	10,814
Unfavourable contracts (note 25 & 26)	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**

39. Loss per share

	Group	
	29/02/20	**28/02/19**
Basic loss per share (Cents per share)	(51.64)	(65.20)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Group	
	29/02/20	**28/02/19**
	USD'000	**USD'000**
Loss attributable to owners of the company	(63,120)	(72,739)

	Group	
	29/02/20	**28/02/19**
Weighted average number of ordinary shares for the purpose of basic earnings per share	122,236,964	111,560,506

See note 22 for number of shares.

40. Contingent liabilities

The group does not have any contingent liabilities at year end.

41. Non-cash transactions

41.1 Transactions excluded from statements of cash flows

During the current financial year, the group and company entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 29 February 2020:

• In February 2020, the company acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). This transaction resulted in the de-recognition of a Fibre Optical-IRU of USD 9.0 million (see note 10 - Intangible assets), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

• the company made some disposals and acquisitions of property, plant and equipment and intangible assets with other subsidaries at a net amount of USD 1.3 million which were settled through short-term inter-company receivables/payables.

• the investments in Liquid Telecom West Africa Data Centre Ghana Limited and Liquid Telecom West Africa Data Centre Nigeria Limited, totalling to USD 0.5 million, are payable at year end.

During the year ended 28 February 2019:

• the group and the company acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe by issue of 10,705,789 ordinary shares of the company to Econet Wireless Zimbabwe Limited amounting to USD 135.0 million.

• the group acquired the remaining 2.5% non-controlling interest in Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) for a non-cash consideration of USD 450,000.

• there were several disposals and acquisitions of property, plant and equipment and intangible assets between some subsidiaries at cost/carrying value. The company also made some disposals and acquisitions with other subsidaries at a net amount of USD 1.1 million which were settled through short-term inter-company receivables/payables.

41.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

2020: Group	**01/03/2019**	**Non-cash**	**Cash**	**29/02/2020**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	(13,062)	(66,365)	(79,427)
Short-term portion of long-term borrowings (note 23b)	87,246	3,493	(78,528)	12,211
Net long-term borrowings (note 23a)	732,790	(1)	(274)	732,515
Long term lease liabilities (note 29)	76,032	3,687	(14,227)	65,492
Short term portion of long term lease liabilities (note 29)	35,187	16,953	(22,218)	29,922
	931,255	11,070	(181,612)	760,713

2019: Group	**01/03/2018**	**Non-cash**	**Cash**	**28/02/2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	(8,709)	(64,819)	(73,528)
Short-term portion of long-term borrowings (note 23b)	15,019	(857)	73,084	87,246
Net long-term borrowings (note 23a)	731,214	9,397	(7,821)	732,790
	746,233	(169)	444	746,508

The non-cash portion of Finance costs relate to arrangement fees written off due to the group's previous debt structure being refinanced. Refer to note 23 for borrowings information.

The non-cash portion of the short and long term borrowings relate to borrowing costs that have been capitalised.

41. Non-cash transactions (continued)

41.2 Reconciliation of liabilities arising from financing activities (continued)

2020: Company	**01/03/2019**	**Non-cash**	**Cash**	**29/02/2020**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	-	(38,950)	(38,950)
Short-term portion of long-term borrowings (note 23b)	73,084	(1)	(72,958)	125
Net long-term borrowings (note 24)	443,652	(1)	1,110	444,761
	516,736	(2)	(110,798)	405,936

2019: Company	**01/03/2018**	**Non-cash**	**Cash**	**28/02/2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	-	(38,525)	(38,525)
Short-term portion of long-term borrowings (note 23b)	-	-	73,084	73,084
Long term intercompany borrowing (note 24)	440,581	-	3,071	443,652
	440,581	-	37,630	478,211

42. Going concern

The directors have reviewed the consolidated cash flow projections of the Liquid Telecommunications group and Liquid Telecommunications Holdings Limited for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 29 February 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2021. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account; instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

The going concern assumption is supported by the following key considerations:

Funding facilities

The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in financial years 2020 and 2021 which has been extended to financial year 2025) and term loans (maturity in financial years 2020 to 2022) in Zambia, of which USD 14.7 million is outstanding at the statement of financial position date. The USD 73.0 million RCF was still undrawn at the statement of financial position date. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic.

Impact of IFRS 16 "Leases"

The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which became effective for the first time in financial year 2020 and are of the opinion that it will not have any material impact on the going concern of the group.

Cash position

As at 29 February 2020, the group has an unrestricted cash position of USD 83.5 million (28 February 2019: USD 93.3 million). Of this amount, USD 22.5 million (28 February 2019: USD 49.1 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 18.0:1 (28 February 2019: 2.5:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

New equity finance

On 11 December 2018, CDC Group Plc (“CDC”) agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money was used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

42. Going concern (continued)

Operational performance

For the year ended 29 February 2020, the group reported an operating profit of USD 97.5 million (28 February 2019: 81.5 million) and a net cash inflow from operating activities of USD 136.5 million (28 February 2019: USD 152.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 29 February 2020 is appropriate.

43. Share-based payment

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) (EWZL) in exchange for the acquisition of the remaining 51% ownership in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (LTZ) for total consideration of USD 135.0 million.

The company has recognised the acquisition of the 51% of LTZ and the corresponding issue of its shares as at 28 February 2019, the effective date on which the the company shares were issued.

Although there are vesting conditions in the Share Purchase Agreement between the company and EWZL, these are not market conditions and therefore in management’s view, do not affect the fair value estimate. Management considers the effective date of the transaction for financial reporting purposes as 28 February 2019, being the date that shares were issued by the company to EWZL. On 21 November 2019, management received the final approval from the Reserve Bank of Zimbabwe, with the last condition having been satisfied.

This transaction has had no impact on the statement of profit or loss for the year ended 29 February 2020.

44. Immediate and ultimate holding companies

The directors regard Econet New Arx Limited as the immediate holding company and Econet Global Limited as the ultimate holding company, both incorporated in Mauritius.

45. Comparative figures

Certain comparatives have been reclassified to conform with current year's presentation.

46. Post balance sheet events

Zimbabwean currency

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the current interbank level of ZWL$:USD 25:1. Further to an announcement on 8 June, the RBZ has indicated that this fixed rate will end on 23 June 2020.

COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments. The evolution of the pandemic in the various territories in which the group operates is being closely monitored by the directors and they have to date assessed a number of potential scenarios to understand the potential financial impact of COVID-19 on the group. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the group. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility in exchange rates.

46. Post balance sheet events

COVID-19 pandemic (continued)

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 29 February 2020 and results of operations for the year (see note 3 - *Critical accounting judgements and key sources of estimation uncertainty* for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

Disposal of shares in Liquid Telecommunications Kenya Limited

On 1 March 2020, the company entered into an agreement with Stamford TC Limited whereby the company disposed 20% of its shareholding in Liquid Telecommunications Kenya Limited to Stamford TC Limited for a consideration of USD 2.3 million. This transfer is made to satisfy the 20% local equity participation required of telecommunication companies in Kenya.

Dividend

Following the year end, on 8 June 2020 the company declared a dividend in shares, or where a shareholder had an outstanding liability to the company, by offset of that liability. Of the USD 40.3 million value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

Acquisition of shares in Worldstream (Pty) Ltd

On 10 June 2020, the company entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from EGL for a non-cash consideration of USD 9.0 million.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
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General review

The results of the company's and the group's operations for the year ended 28 February 2019 are fully disclosed in the accompanying audited annual financial statements.

The company's main activity is to carry on the business of a holding company in respect of subsidiary companies all over the world.

Liquid Telecommunications is a leading communications solutions provider across 13 countries primarily in Southern, Central and Eastern Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. Liquid Telecommunications has built Africa's largest independent fibre network, approaching 70,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, as well as Kigali, with a combined potential capacity of over 6,000 racks.

Group revenue decreased by 1.8% from last year to USD 668.9 million (2018: USD 680.9 million). The revenue growth rate was impacted by the currency changes announcements of the Reserve Bank of Zimbabwe (RBZ) (see below and note 1.1 - *Zimbabwean Real Time Gross Settlement (RTGS)* for more detailed disclosure).

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence Nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the USD represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5.

Given that the recognised date for a change in functional currency in Zimbabwe is considered to be 1 October 2018, the group has restated all balances to RTGS at a rate of RTGS:USD 2.5:1 at 1 October 2018 and recognised a foreign exchange loss on net assets that did not hold their value. In addition, all transactions from 1 October 2018 have been recognised at RTGS:USD 2.5:1 through to 28 February 2019. The statement of financial position has been translated back to USD at an exchange rate of 2.5:1 at 28 February 2019. The statement of profit and loss has been translated at a rate of RTGS:USD 1:1 for the period 1 March 2018 to 30 September 2018. Profit for the period 1 October 2018 to 22 February 2019 has been impacted by the retrospective currency changes in Zimbabwe in the amount of USD 29.6 million. This foreign exchange impact has been added back to arrive at adjusted EBITDA for the year as reflected on page 8. The currency impact for the period after announcement, from 22 February to 28 February 2019, has been reflected in the accounts. The directors continue to monitor the position in Zimbabwe.

The total impact of the Zimbabwe currency changes on the consolidated reserves for the period is USD 122.9 million. The impact of this on the group's gearing ratio is shown in note 34.3.

Had the retrospective change in rate for the period 1 October 2018 to 22 February 2019 not been applied, the revenue growth rate of the group would have been 4.5% which is analysed into the following 4 segments: Wholesale data, Enterprise, Retail and Wholesale voice traffic.

Wholesale data - Revenue increased by 8.8% principally due to a good performance in South Africa following the signing of a roaming agreement with MTN. (See Major transactions below).

Enterprise - Revenue decreased by 1.9% mainly due to delays in some key contracts which have been resolved post year end.

Retail - Revenue increased by 25.3%. The performance is mainly driven by increased service up-take of the Fibre-To-The-Home (FTTH) services across our footprint and from our new fixed wireless LTE broadband services.

Wholesale voice traffic - Revenue increased by 2.5% as a result of very competitive rate offerings from our African partners where the group has proven its ability to leverage its strong cross-border presence in the wholesale market and aggregate traffic in the retail market in order to deliver to the respective African networks, leading to sustained voice margins.

In addition, Property, Plant and Equipment increased to USD 786.6 million (2018: USD 764.8 million) representing the investment in the fibre network and the expansion of our data centre footprint, which allows us to provide our customers with a full-service offering of connectivity, hosting and digital services.

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue in the coming financial year to further increase our coverage and it is anticipated that this will be reflected in our investment in increased staffing and overhead costs. Where acquisitions make commercial sense, these will be considered as an alternative way of expanding our network and customer reach.

General review (continued)

It is the group's aim to develop telecommunications and technology opportunities in Africa and to continue to develop the technical services supplied, both of which will contribute to increasing the value of the group.

Major transactions

On 1 October 2018, the company / group acquired the remaining shares in Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited) (50%) for a total consideration of USD 35.0 million. Further information is given in note 12.

On 1 October 2018, the group commenced a restructuring of its operations, primarily in Liquid Telecommunications South Africa (Pty) Ltd, Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) Limited, following the introduction of a new operating model, designed to enhance the automation and digitalisation of the business.

On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money will be used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

On 20 December 2018, Liquid Telecommunications South Africa (Pty) Limited secured its first customer for 4G roaming services in South Africa. MTN Group Limited will purchase services, including LTE, to fuel the growing demand for high speed mobile broadband. The wholesale roaming service will be made available across Liquid Telecommunications South Africa (Pty) Limited's network nationwide.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (51%) for total consideration of USD 135.0 million. Further information is given in note 42.

Going concern

The directors have reviewed the consolidated cash flow projections of the Liquid Telecommunications group and Liquid Telecommunications Holdings Limited for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2019, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

The going concern assumption is supported by the following key considerations:

<u>Funding facilities</u>

The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in January 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in FY 20 and FY 21) and term loans (maturity in FY 20 to FY 22) in Zambia, of which USD 18.5 million is outstanding at the balance sheet date. The RCF was fully drawn at the balance sheet date but was repaid in full in April 2019.

<u>Impact of IFRS 16 "Leases"</u>

The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which is effective for the first time in financial year 2020 and are of the opinion that it will not have any impact on the going concern of the group.

<u>Cash position</u>

As at 28 February 2019, the group has an unrestricted cash position of USD 93.3 million (28 February 2018: USD 160.7 million). Of this amount, USD 49.1 million is held in Zimbabwe in RTGS. Following the announcement of the currency changes in Zimbabwe on 22 February 2019, the group has translated the Zimbabwe cash at the balance sheet date at a RTGS:USD exchange rate of 2.5:1. Prior to this event, the cash balance in Zimbabwe at the balance sheet date would have been equivalent to USD 120.8 million (28 February 2018: USD 88.3 million translated at RTGS:USD 1:1).

Going concern (continued)

New equity finance

On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money will be used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

Operational performance

For the year ended 28 February 2019, the group reported an operating profit of USD 81.5 million (2018: 97.0 million) and a net cash inflow from operating activities of USD 152.4 million (USD 181.0 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects. Following the currency changes in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 28 February 2019 is appropriate.

Statement of directors' responsibility in respect of the annual financial statements

The directors are required to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements, and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairman's and CEO's statement

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We are implementing and enforcing effective systems to counter bribery and corruption.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius and holds a Category 2 – Global Business Licence.

Dividends

Dividends of USD 29.5 million were declared and USD 13.5 million paid during the 2019 financial year (2018: USD 13.5 million). The dividends were paid pursuant to the Econet Strategic Support agreement ("SSA"). The SSA was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

Share capital

The issued share capital represents 122,236,964 (2018: 111,531,175) ordinary shares with a par value of USD 0.0297541580 each. Refer to note 21 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates and other investments are disclosed in notes 12 to 14, and 16 of the financial statements.

Directors and secretary

The directors of the company during the year under review and up to the date of this report were as follows:

Strive Masiyiwa [1]	(Appointed 13 May 2008)	*[1] Zimbabwean*
Nicholas Trevor Rudnick [2]	(Appointed 22 October 2007)	*[2] German*
Eric Venpin [3]	(Appointed 26 January 2007)	*[3] Mauritian*
Nathalie Wong (as alternate to Eric Venpin) [3]	(Appointed 12 June 2018)	*[4] British*
Gaetan Lan [3]	(Appointed 30 January 2007)	*[5] South African*
Mike Mootien (as alternate to Gaetan Lan) [3]	(Appointed 14 April 2014)	*[6] American*
Hardwork Pemhiwa Njodzi [1]	(Appointed 04 November 2016)	*[7] Nigeria*
Vassi Naidoo [5]	(Appointed 04 November 2016)	*[8] Rwandan*
Anil Dua [4]	(Appointed 01 January 2017)	*[9] Cape Verdean*
Rahul Goswamy (as alternate to Anil Dua) [10]	(Appointed 01 January 2017)	*[10] Singaporean*
Donald Henry Gips [6]	(Appointed 20 June 2017)	
David Ronald Wilson [5]	(Appointed 06 December 2017)	
Omobola Olubusola Johnson [7]	(Appointed 16 August 2018)	
Donald Kaberuka [8]	(Appointed 16 August 2018)	
Christina Duarte [9]	(Appointed 16 August 2018)	
Philip David Moses [4]	(Appointed 16 August 2018)	
Richard Wilson [4]	(Appointed 3 April 2019)	

<u>Secretary</u>	**<u>Registered office</u>**
DTOS Ltd	
10th Floor, Standard Chartered Tower	10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity	19-21 Bank Street, Cybercity
Ebène, 72201	Ebène, 72201
Republic of Mauritius	Republic of Mauritius

Events after the reporting period

On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money will be used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA. The group appointed Richard Wilson, a CDC representative, to the board on 3 April 2019.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")** set out on pages 8 to 74, which comprise the consolidated and separate statements of financial position as at 28 February 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 28 February 2019, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements of the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors and Certificate from the secretary, but does not include consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's and the Group's financial reporting process.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
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Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited (Cont'd)

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

Our objectives are to obtain reasonable assurance about whether the consolidated and 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and 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 and the Group'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 the directors' 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 and the Group'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 consolidated and 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 and/or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, 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.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Deloitte.

Deloitte

Chartered Accountants

17 June 2019

Agrawal.

Vishal Agrawal, FCA

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February 2019

	Notes	Group 28/02/19 USD'000	Group 28/02/18 USD'000	Company 28/02/19 USD'000	Company 28/02/18 USD'000
Revenue	4	668,910	680,948	-	-
Interconnect related costs		(119,875)	(121,141)	-	-
Data and network related costs		(178,413)	(176,413)	-	-
Other income	5	1,832	1,343	1,536	1,838
Selling, distribution and marketing costs		(18,787)	(19,258)	(783)	(2,864)
Administrative expenses		(57,362)	(59,227)	(20,383)	(18,635)
Staff costs		(115,428)	(114,863)	(3,376)	(2,345)
Depreciation, impairment and amortisation	5	(99,414)	(94,347)	(2,299)	(309)
Operating profit		**81,463**	**97,042**	**(25,305)**	**(22,315)**
Dividend received		629	-	30,629	30,000
Restructuring costs	5	(5,757)	-	(58)	-
Acquisition and other investment costs	5	(5,269)	(2,494)	(5,159)	(2,383)
Interest income	6	5,589	3,383	17,686	13,326
Finance costs	7	(73,528)	(78,961)	(38,525)	(41,879)
Foreign exchange (loss) / gain*	5	(91,780)	(1,314)	1,267	(931)
Share of profits of associate	13	62	76	-	-
(Loss) / Profit before taxation		**(88,591)**	**17,732**	**(19,465)**	**(24,182)**
Tax expense	8	(27,540)	(17,594)	(338)	(188)
(Loss) / Profit for the year		**(116,131)**	**138**	**(19,803)**	**(24,370)**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / gain on accounting for foreign entities		(100,964)	81,499	-	-
Other comprehensive (loss) / income for the year		**(100,964)**	**81,499**	**-**	**-**
(Loss) / Profit and total comprehensive (loss) / income for the year		**(217,095)**	**81,637**	**(19,803)**	**(24,370)**
(Loss) / Profit attributable to:					
Owners of the company		(72,739)	(12,895)	(19,803)	(24,370)
Non-controlling interest		(43,392)	13,033	-	-
		(116,131)	**138**	**(19,803)**	**(24,370)**
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the company		(173,363)	72,275	(19,803)	(24,370)
Non-controlling interest		(43,732)	9,362	-	-
		(217,095)	**81,637**	**(19,803)**	**(24,370)**
Loss per share					
Basic (Cents per share)	37	(65.20)	(12.56)	(17.75)	(23.73)

*Foreign exchange (loss) / gain includes USD 93.3 million for the adjustment of assets and liabilities in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group on initial application of the change in functional currency in Zimbabwe on 1 October 2018. See note 1.1 for more details.

The following information is presented as additional information and does not form part of the audited financial statements.

Reconciliation of Operating profit to Adjusted EBITDA

	Group 28/02/19 USD'000	Group 28/02/18 USD'000	Company 28/02/19 USD'000	Company 28/02/18 USD'000
Operating profit	81,463	97,042	(25,305)	(22,315)
Add back:				
Depreciation, impairment and amortisation	99,414	94,347	2,299	309
Dividend received	629	-	30,629	30,000
	181,506	191,389	7,623	7,994
Impact of retrospective change in functional currency in Zimbabwe**	29,583	-	-	-
Adjusted EBITDA	211,089	191,389	7,623	7,994

** The impact of retrospective change in functional currency in Zimbabwe represents the difference in Adjusted EBITDA for the period from 1 October 2018 to 22 February 2019 translated at a RTGS:USD rate of 2.5:1 compared to the original rate of 1:1 for reporting results in Zimbabwe.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2019

Group	**Notes**	**Share Capital**	**Share Premium**	**Foreign currency translation reserve**	**Retained earnings**	**Non-controlling interest**	**Total Equity**
		USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
At 1 March 2017		**1**	**2,333**	**(5,338)**	**283,582**	**147,010**	**427,588**
Issue of share capital	21	3,318	114,432	-	(2,862)	-	114,888
Change in ownership	12.3	-	-	-	(20,679)	(64,024)	(84,703)
Profit for the year		-	-	-	(12,895)	13,033	138
Foreign exchange gain arising on transalation of foreign operations		-	-	85,169	-	(3,670)	81,499
Dividend	35	-	-	-	(13,500)	-	(13,500)
Acquisition of subsidiaries	29	-	-	-	-	1,396	1,396
At 28 February 2018 - as previously stated		**3,319**	**116,765**	**79,831**	**233,646**	**93,745**	**527,306**
Effect of change in accounting policy (net of deferred tax) for:							
- IFRS 15	1	-	-	-	(7,432)	(559)	(7,991)
- IFRS 9	1	-	-	-	(749)	(764)	(1,513)
At 1 March 2018 - restated		**3,319**	**116,765**	**79,831**	**225,465**	**92,422**	**517,802**
Issue of share capital	21	319	134,681	-	-	-	135,000
Change in ownership	12.3	-	-	-	(133,893)	(36,557)	(170,450)
(Loss) / Profit for the year		-	-	-	(72,739)	(43,392)	(116,131)
Foreign exchange loss arising on transalation of foreign operations		-	-	(100,624)	-	(340)	(100,964)
Dividend	35	-	-	-	(13,500)	-	(13,500)
Reclassification		-	-	-	1,675	(1,675)	-
At 28 February 2019		**3,638**	**251,446**	**(20,793)**	**7,008**	**10,458**	**251,757**

Company	**Notes**	**Share capital**	**Share premium**	**Retained earnings**	**Total Equity**
		USD'000	**USD'000**	**USD'000**	**USD'000**
At 1 March 2017		1	2,333	244,477	246,811
Loss and total comprehensive loss for the year		-	-	(24,370)	(24,370)
Dividend	35	-	-	(13,500)	(13,500)
Issue of share capital		3,318	114,432	(2,862)	114,888
At 28 February 2018		**3,319**	**116,765**	**203,745**	**323,829**
Loss and total comprehensive loss for the year		-	-	(19,803)	(19,803)
Dividend	35	-	-	(13,500)	(13,500)
Issue of share capital		319	134,681	-	135,000
At 28 February 2019		**3,638**	**251,446**	**170,442**	**425,526**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 28 February 2019

	Notes	Group 28/02/19 USD'000	Group 28/02/18 USD'000	Company 28/02/19 USD'000	Company 28/02/18 USD'000
Cash flows from operating activities:					
Cash generated from / (used in) operations	28	170,805	183,955	30,104	(25,241)
Income tax paid	8	(18,395)	(2,930)	(338)	(188)
Net cash generated from / (used in) operating activities		152,410	181,025	29,766	(25,429)
Cash flows from investing activities:					
Interest income		5,278	3,128	17,686	13,326
Acquisition of business operations	29	-	(17,589)	-	-
Additional investment in subsidiary	12	-	-	(99,180)	(14,211)
Acquisition of other investments	14	(310)	(63,162)	-	(62,310)
Recovery of related party balance	14	60,000	-	60,000	-
Purchase of property, plant and equipment		(173,966)	(190,662)	(216)	(79)
Proceeds on disposal of property, plant and equipment		9,973	2,359	179	2
Purchase of intangible assets		(14,393)	(11,250)	(2,567)	(288)
Proceeds on disposal of intangible assets		256	2,693	256	68
Proceeds of held to maturity investments	16	-	245	-	-
Decrease / (Increase) in long term receivables	17	-	5,000	(29,473)	(21,792)
Net cash (used in) / generated from investing activities		(113,162)	(269,238)	(53,315)	(85,284)
Cash flows from financing activities:					
Dividend paid	35	(13,500)	(13,500)	(13,500)	(13,500)
Finance costs paid		(64,819)	(55,887)	(38,525)	(23,730)
Issue of subsidiary share capital & equity loans to minorities		-	68	-	-
Issue of share capital		-	22,222	-	22,222
Acquisition of minority interests in foreign operations	12.2	(35,000)	-	-	-
Increase / (decrease) in borrowings		65,263	129,822	73,084	(358,835)
Increase in equity loans		-	-	(753)	(2,684)
Increase in loan from fellow group subsidiary		-	-	3,824	430,951
Net cash (used in) / generated from financing activities		(48,056)	82,725	24,130	54,424
Net (decrease) / increase in cash and cash equivalents		(8,808)	(5,488)	581	(56,289)
Cash and cash equivalents at beginning of the year		163,655	152,736	200	56,489
Translation of cash with respect to foreign operations		(59,765)	16,407	-	-
Cash and cash equivalents at end of the year		**95,082**	**163,655**	**781**	**200**
Represented by:					
Cash and cash equivalents	20	93,275	160,718	781	200
Restricted cash and cash equivalents	20	1,807	2,937	-	-
		95,082	**163,655**	**781**	**200**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior year.

These financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, Sudanese Pound and Zimbabwean Real Time Gross Settlement (RTGS).

1.1 Zimbabwean Real Time Gross Settlement (RTGS)

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the US dollar represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5 and this was the rate on 28 February 2019.

For the year under review, judgements have been applied in determining an exchange rates of RTGS:USD of 2.5:1 retrospectively for the period 1 October 2018 to 28 February 2019. The events taken in account in forming this judgement include the recent announcement of the Zimbabwean business to increase its prices to customers by a factor of 2.5 as permitted by the Zimbabwean Regulator and the range of trading rates experienced during the period.

In accordance with the requirements of IAS 21 "The effects of changes in foreign exchange rates", the group considers the effective date of the functional currency change to be 1 October 2018 and has retrospectively applied the official exchange rate of RTGS:USD 2.5:1 to its statement of profit and loss for the period of 1 October 2018 to 28 February 2019. With the financial results now reflected in RTGS, the statement of financial position at 28 February 2019 has been translated to USD presentation currency using an exchange rate of RTGS:USD 2.5:1.

The impact of the currency changes has been reflected as follows:

<u>Statement of financial position</u>

• As the change in functional currency was effective from 1 October 2018, the opening statement of financial position at this date was converted to RTGS using the official rate of RTGS:USD 2.5:1.

• Following the conversion of the statement of financial position, an immediate assessment of the value of the assets and liabilities was performed, resulting in an adjustment of USD 93.3 million, included in foreign exchange loss in the consolidated statement of profit or loss. The adjustment was calculated by identifying the underlying value of each statement of financial position item, by reference to the original currency and assessing whether the new RTGS value was representative of the realisable value. Had a rate of RTGS:USD 4.0:1 been used, the adjustment would have been USD 116.6 million. In respect of the cash and cash equivalents element, the bank balance of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group (LTZ), which was previously reflected at USD 120.8 million when the rate was 1:1, was converted at 1:2.5 to give a balance in RTGS. The fair value assessment resulted in an adjustment of USD 57.9 million to reflect the actual value of the RTGS funds held. This adjustment is included in the USD 93.3 million foreign exchange loss referenced above. This USD 57.9 million adjustment also forms part of the USD 59.8 million translation of cash with respect to foreign operations disclosed in the consolidated statement of cash flow.

• Any movements between 1 October 2018 and 28 February 2019 were reviewed to determine the appropriate values at which the transactions occurred.

• Having arrived at the RTGS statement of financial position on 28 February 2019, the closing exchange rate of RTGS:USD 2.5:1 was applied to convert all line items on the statement of financial position to the presentation currency, which is USD.

<u>Statement of profit or loss</u>

• As the currency changes were effective from 1 October 2018, transactions prior to this date have been maintained at a rate of RTGS:USD 1:1.

• Transactions that took place between 1 October 2018 and 28 February 2019 were analysed and split between USD transactions and RTGS transactions depending on the underlying currency of the transaction.

1.1 Zimbabwean Real Time Gross Settlement (RTGS) (continued)

• All transactions that were incurred in USD were translated at a rate of RTGS:USD 2.5:1 to arrive at RTGS equivalent. All transactions incurred in RTGS were kept at RTGS values.

• The impact of the retrospective change in functional currency in Zimbabwe resulted in decreased earnings of USD 29.6 million for the period from 1 October 2018 to 22 February 2019 translated at a RTGS:USD rate of 2.5:1. Had a rate of RTGS:USD 4.0:1 been used, the impact would have been USD 52.9 million. Going forward the company plans to mitigate further adverse currency impact in Zimbabwe by adjusting prices, as and when approved by the Regulator.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2018.

New and revised IFRSs and IFRICs applied with material effect on the financial statements

Impact of initial application of IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers", was mandatorily effective for accounting periods beginning on or after 1 January 2018 and was adopted by the group for the financial year commencing 1 March 2018.

The group has applied the modified retrospective approach for the adoption of IFRS 15. The results reported from 1 March 2018, the date of initial application, will be as if the standard had always been applied. The group has elected to apply IFRS 15 only to contracts that were not completed contracts at the date of initial application and the comparative periods will not be restated under the new standard.

The standard sets out the requirements for recognising revenue from contracts with customers and has impacted how the group recognises revenue, using a five-step process which is applied below.

1. Identify the contract: the group has contracts in each of the following revenue streams;
• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa; and
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa.
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers;

2. Identify the performance obligations: The group identifies deliverables in contracts with customers that qualify as separate "performance obligations". Some of the contracts relating to the revenue sources above contain multiple deliverables or performance obligations. The group assesses whether there are distinct performance obligations at the start of each contract and throughout the performance of the contracts. The performance obligations identified will depend on the nature of individual customer contracts, which will typically be the provision of equipment to customers and the delivery of services provided to customers.

3. Determine the transaction price: The transaction price is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer, that is, when the performance obligation is satisfied.

4. Allocate the transaction price: The transaction price receivable from customers is allocated across the group's performance obligations under the contracts on a relative stand-alone selling price basis. Revenue will then be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer. Stand-alone selling prices will be based on observable sales prices and where stand-alone selling prices are not directly observable, estimates of stand-alone selling prices will be required.

5. Recognise revenue as and when the performance obligations are satisfied.

The group has applied the steps set out above to each of its revenue streams in determining its revenue recognition policy as detailed in note 2 below.

Presentation of assets and liabilities related to contracts with customers

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The group has opted to use accrued revenue and deferred revenue.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

Impact of initial application of IFRS 15 “Revenue from Contracts with Customers” (continued)

The group’s accounting policies for its revenue streams are disclosed in detail in note 2 below. Apart from providing more extensive disclosures for the group’s revenue transactions, the application of IFRS 15 has had an impact on the financial position of the group as at 1 March 2018. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

Consolidated Statement of Financial Position	Previously reported	IFRS 15 impact	Adjusted
	USD'000	USD'000	USD'000
Equity and liabilities			
Capital and reserves			
Retained earnings	233,646	(7,432)	226,214
Non-controlling interests	93,745	(559)	93,186
Impact on total equity		(7,991)	
Non-current liabilities			
Deferred revenue	53,702	5,829	59,531
Deferred tax liabilities	46,955	211	47,166
Impact on total non-current liabilities		6,040	
Current liabilities			
Deferred revenue	27,188	1,951	29,139
Impact on total current liabilities		1,951	

Impact of initial application of IFRS 9 "Financial Instruments"

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives and, as such, the transition adjustment in opening retained earnings has been quantified as described further below. The group has therefore calculated the difference between the previous carrying amounts and the new carrying amounts at the date of initial application and has recorded these in opening retained earnings as at 1 March 2018.

Additionally, the group adopted consequential amendments to IFRS 7 Financial Instruments: "Disclosures" that were applied to the disclosures for 2019 and to the comparative period.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities, and
2. Impairment of financial assets.

Details of these new requirements as well as their impact on the group’s consolidated financial statements are described below.

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 March 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 March 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 March 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 March 2018 have not been restated.

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 have been measured at amortised cost or fair value based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

Impact of initial application of IFRS 9 "Financial Instruments" (continued)

Specifically:
• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
• equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group has made an irrevocable election to present subsequent changes in fair value of an equity investment that is neither held for trading, nor contingent consideration recognised by an acquirer in a business combination, in other comprehensive income at its initial recognition.

In the current year, the group has not identified any debt investments that meet the amortised cost or fair value through other comprehensive income (FVTOCI) criteria as measured at FVTPL.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

See accounting policy on financial instruments (note 2) for more details.

The directors of the company have reviewed and have assessed the group's and the company's existing financial assets as at 1 March 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

• Previously, under IAS 39, the investments were classified as 'Available-for-sale' and measured at cost. IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value and have been designated at FVTOCI. The change in fair value on these equity instruments continues to accumulate in the investment revaluation reserve.

• Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9, as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group's financial assets.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires the application of an expected credit loss model (ECL) as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is, therefore no longer necessary for a credit loss event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on trade receivables and other receivables and contract assets.

In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and other receivables, and contract assets.

As the group has elected to not restate comparatives, the group has recognised the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recognised under IFRS 15 and finance lease receivables at the date of initial recognition of those assets.

The amount of adjustment for each financial statement line item affected by the application of IFRS 19 is illustrated below.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

Impact of initial application of IFRS 9 "Financial Instruments" (continued)

Consolidated Statement of Financial Position	**Previously reported**	**IFRS 9 impact**	**Adjusted**
	USD'000	**USD'000**	**USD'000**
Current assets			
Trade and other receivables (Allowance for doubtful debts)	277,278	(1,758)	275,520
Impact on total current assets		(1,758)	
Equity and liabilities			
Capital and reserves			
Retained earnings	233,646	(749)	232,897
Non-controlling interests	93,745	(764)	92,981
Impact on total equity		(1,513)	
Non-current liabilities			
Deferred tax liabilities	46,955	245	47,200
Impact on total non-current liabilities		245	

The reconciliation between the ending provision for impairment in accordance with IAS 39 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 March 2018 is disclosed in note 19.

(c) Classification and measurement of financial liabilities

Under IAS 39, all financial liabilities were measured and classified at amortised cost. There has been no change in the measurement and classification under IFRS 9.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities.

New and revised IFRSs and IFRICs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 28 Investment in Associates and Joint Ventures - Amendments deferring the effective date of the September 2014 amendments.

IAS 39 Financial Instruments - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception.

IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures.

IFRS 7 Financial Instruments - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9.

IFRIC 22 Foreign Currency Transactions and Advance Consideration.

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020)

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020)
IAS 12	Income taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)
IAS 23	Borrowing Costs - Amendments resulting from Annual Improvements 2015 - 2017 Cycle (borrowing costs eligible for capitalisation (effective 1 January 2019)
IAS 28	Investment in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
IFRS 3	Business combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
IFRS 3	Business combinations - Amendments to clarify the definition of a business (effective 1 January 2020)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 16	Leases – Original issue (effective 1 January 2019) (see below)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

Impact of standard issue but not yet applied - IFRS 16 "Leases"

IFRS 16 “Leases” was issued in January 2016 to replace IAS 17 “Leases”. The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the group on 1 March 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting.

The group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

• Right-of-use assets will be recorded as assets that are leased by the group; currently no lease assets are included on the group’s consolidated statement of financial position for operating leases.

• Liabilities will be recorded for future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which may include future lease periods for which the group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 28 February 2019.

• Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term.

• Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

Impact of standard issue but not yet applied - IFRS 16 "Leases" (continued)

A high volume of transactions will be impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. Therefore, the group is continuing to assess the impact of these and other accounting changes that will arise under IFRS 16 and cannot reasonably estimate the impact at this stage; however, the changes highlighted above will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after the group's adoption on 1 March 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period.

Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The group plans to apply the cumulative retrospective approach.

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements of future periods. The directors have not yet assessed the potential impact of the application of these amendments, other than those mentioned above.

The lease payment for the year ended 28 February 2019 was USD 19.7 million (2018: USD 30.0 million). For more details on the operating lease arrangements of the group, see note 33.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Even when the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholder's meetings.

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in the consolidated statements of profit or loss and other comprehensive income as a bargain purchase gain.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profits or losses and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRSs). The fair value of any investment retained in the former subsidiary as at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

• deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

2. Summary of significant accounting policies (continued)

Business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Common controlled transactions

Common controlled transactions are recorded at book value. Any difference between cost and book value is taken directly to equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

Land and buildings	2 % - 5 %
Furniture and fittings	10 % - 20 %
Computer equipment	10 % - 50 %
Satellite equipment	20 %
Switching and network equipment	20 %
Leasehold improvements	10 % - 20 %
Motor vehicles	20 % - 25 %
Fibre infrastructure	4 % - 20 %
Fibre equipment	20 %
POS terminals	25 %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the consolidated statements of profit or loss and other comprehensive income.

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase. Once the asset is fully developed and available for use, depreciation will start.

Investment in associate

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

2. Summary of significant accounting policies (continued)

Investment in associate (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the method of equity accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Project costs

Project costs are recognised as assets only if all of the following conditions are met:

- An asset is created that can be identified; and
- It is probable that the asset created will generate future economic benefits.

A provision for impairment against project costs asset is raised when appropriate.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the items to their present location and condition. The selling cost of inventory is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets are classified into the following specified categories:

• Amortised cost; or
• Fair Value Through Other Comprehensive Income (FVTOCI).
• Fair Value Through Profit or Loss (FVTPL).

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

• the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
• the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss after Operating profit.

All financial assets on the consolidated statement of financial position, with the exception of investments, cash and cash equivalents, and restricted cash and cash equivalents, are classified at amortised cost.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI (continued)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, that is dividends are recognized when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in statement of profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in statement of other comprehensive income.

The group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

However, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value for these investments in equity *(see Critical accounting judgements and key sources of estimation uncertainty in note 3 on valuation of investments)* .

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

• for financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss in the 'Foreign exchange (loss) / gain' line item (note 5);
• for equity instruments measured at FVTOCI, exchange differences are recognised in the statement of other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the receivable, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the receivable's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the receivable;
• significant increases in credit risk on other financial instruments of the same receivable;
• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the receivable's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days (credit term) past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss.

(v) Measurement and recognition of expected credit losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group makes provision on the following basis, which falls under stage 3 of the ECL model:

• 100% of all non-intercompany trade debts aged 90 days or older (see exception below),
• 100% of the balance due from a client who has a publicised case of either Curatorship, Judicial Management, Liquidation, Scheme of Arrangement and Insolvency and its operations might have ceased or are being wound up, and
• 100% of any disputed balances

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The following are exceptions to guidelines and no provision is provided unless management assess that the credit risk has increased:

• Payment plans - A signed acknowledgment of debt with a payment plan and/or a set-off agreement exists and the client is abiding by the terms of these agreements. If the client does not comply with the payment plans, the services are stopped. If they still do not pay, the group will engage legal counsel to pursue recovery from the client. Historically and in most cases, customers do pay when legal letters are issued. When the client is unable to pay due to cash flow issues (hence, increased credit risk), a provision is made.
• Payment history – The customer's payment trend is in intervals, say quarterly, bi-annually or annually and its history is evidenced on their customer statement. This is usually applicable to government bodies and strategic clients.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

A repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Share capital and share premium are classified as equity.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities comprise of long and short term borrowings, long and short term provisions, other long-term payables and trade and other payables.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Foreign exchange (loss) / gain' line item (note 5) in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees, cash committed to capital expenditure and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

2. Summary of significant accounting policies (continued)

Tax (continued)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Unfavourable contracts

Present obligations arising under unfavourable contracts are recognised and measured as provisions. An unfavourable contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Revenue recognition

The group recognises revenue from the following major sources:

• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa; and
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa.
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers;

Revenue is measured based on the consideration to which the group expects to be entitled from a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Depending on whether certain criteria are met, revenue is recognised:

• Over time, in a manner that best reflects the delivery of the company's performance obligations; or
• At a point in time, when control of the goods or services is transferred to the customer.

The group accounts for a contract with a customer only when; there is evidence of an arrangement, the group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

• Wholesale data and other services: The performance obligation relating to these service contracts consists of two parts; firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

Generally, these contracts only have one performance obligation, the provisioning of a monthly service that is satisfied over time. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

Wholesale data and other services also include the construction and sale of long-haul fibre infrastructure. At the completion of each stage, control is transferred to the customer once they have accepted this completion of the stage and therefore the performance obligation is satisfied. There is generally also a maintenance aspect to these contracts, which is recognised over the term of the contract once obligations are met. Once transferred to the customer and accepted by the customer, revenue is recognised and a receivable is raised for any outstanding payments. The transaction price is determined by the signed contract.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

• Enterprise data and other services: These contracts consist of two parts; firstly the installation of the equipment and/or connection of the service and secondly the provisioning of monthly services. The installation of equipment performance obligation is satisfied on completion of installation as ownership is transferred. The provisioning of a monthly service is recognised monthly as the service is delivered monthly. Unused data cannot be transferred to a following month. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Retail data and other services: These contracts consist of two parts; firstly the installation of the equipment and/or connection of the service and secondly the provisioning of monthly services. The installation of equipment performance obligation is satisfied on completion of installation as ownership is transferred. The provisioning of a monthly service is recognised monthly as the service is delivered monthly. Unused data cannot be transferred to a following month. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Wholesale voice traffic: The performance obligation relating to wholesale voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to wholesale voice is recognised at the point the call is terminated, as this is the point the service is delivered to the customer. Customers are invoiced monthly based for their voice usage and a receivable is raised as the service has been delivered.

Revenue Recognition is applied to individual contracts with customers. However, the International Accounting Standards Board (IASB) recognized that there may be situations in which it may be more practical for an entity to combine contracts for revenue recognition purposes rather than attempt to account for each contract separately.

In addition to revenue recognition for revenue streams mentioned above, based on the nature of the group's business operations, from time to time management enters into contracts with customers that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. Such contracts are considered dynamic in nature and encapsulate other performance obligations which are not in line with the group's main business operations. These contracts are entered into on an ad-hoc basis for larger contracts and as a result are accounted for separately.

Management fees

Management fees are recognised when the right to receive payment has been established.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group’s foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date.

2. Summary of significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences arising on translation of foreign operations, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate on the losing date.

Leases

Rentals payable under operating leases are charged to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Fibre optical – IRU	4 % - 20 %
Computer Software	12.5 % - 50 %
Customer relationships	20 % - 33.3 %
Operating Licence	4 % - 10 %
Other Intangible Assets	10% - 33.3 %

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited, Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, treasury bills and deposits held, all of which are available for use by the company unless otherwise stated.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in equity on the date of acquisition.

Restructuring costs

Restructuring costs are recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of the restructuring costs include only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies (note 2), management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Material judgements

Application of IFRS 15 "Revenue from Contracts with Customers"

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 "Revenue from Contracts with Customers" and whether the group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Application of IFRS 9 "Financial Instruments"

• Classification of financial assets: The group uses judgement in the assessment of the business model within which the non-equity financial assets are held and assessment of whether the contractual terms of such financial asset are solely payments of principal and interest on the principal amounts outstanding.

• Valuation of investments: Previously, under IAS 39, the investments were classified as 'Available-for-sale' and measured at cost. As of 1 March 2018, under the new standard, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

• Impairment: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability. Refer to note 38 for Contingent liabilities disclosure.

Material estimates

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited ("RBH"). The agreements include an "On-Sale" clause whereby the company will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 28 February 2019. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.2 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of share value will be issued to RBH.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Material estimates (continued)

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in used of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the recoverable amount.

4. Revenue and segment information

4.1 Segment revenue and results

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Group revenue can be classified into four revenue streams:

• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers;

The measure of reporting profit for each operating segment, that also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

Adjusted EBITDA is defined as earnings before profit before interest, taxation, depreciation, amortisation and impairment, and is also presented before recognising the following items:

• Restructuring costs
• Acquisition and other investment costs
• Foreign exchange (loss) / gain
• Impact of retrospective change in functional currency in Zimbabwe
• Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the year to 28 February 2019, and includes the impact of the currency changes in Zimbabwe.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	86,334	60,776	42,151	77,195	-	(50,125)	216,331
Enterprise	170,790	25,066	52,893	5,453	-	-	254,202
Retail	9,359	31,077	7,404	-	-	-	47,840
Wholesale voice traffic	17,854	-	11	163,993	-	(31,321)	150,537
Inter-segmental revenue	(14,081)	(916)	(5,910)	(60,539)	-	81,446	-
Group External Revenue	**270,256**	**116,003**	**96,549**	**186,102**	**-**	**-**	**668,910**
EBITDA including impact for retrospective change in functional currency	65,136	53,623	19,627	76,299	(23,005)	(10,174)	181,506
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	-	29,583	-	-	-	-	29,583
Adjusted EBITDA	**65,136**	**83,206**	**19,627**	**76,299**	**(23,005)**	**(10,174)**	**211,089**

Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	(29,583)
Depreciation, impairment and amortisation	(99,414)
Restructuring costs	(5,757)
Acquisition and other investment costs	(5,269)
Interest income	5,589
Finance costs	(73,528)
Foreign exchange loss	(91,780)
Share of profits of associate	62
Loss before taxation	**(88,591)**
Tax expense	(27,540)
Loss after taxation	**(116,131)**

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The following is an analysis of the group's revenue and results by reportable segment for the year to 28 February 2018.

	South Africa USD'000	Zimbabwe USD'000	Rest of Africa USD'000	Rest of the World USD'000	Central Administration Costs USD'000	Eliminations USD'000	Total USD'000
Data and other services							
Wholesale	81,638	74,268	36,411	73,432	-	(46,420)	219,329
Enterprise	183,325	27,692	48,161	6,065	-	-	265,243
Retail	13,637	29,040	6,787	-	-	-	49,464
Wholesale voice traffic	24,245	-	18	147,083	-	(24,434)	146,912
Inter-segmental revenue	(10,882)	(873)	(3,461)	(55,638)	-	70,854	-
Group External Revenue	**291,963**	**130,127**	**87,916**	**170,942**	**-**	**-**	**680,948**
Adjusted EBITDA	59,542	68,042	18,011	69,351	(22,005)	(1,552)	191,389
Depreciation, impairment and amortisation							(94,347)
Acquisition and other investment costs							(2,494)
Interest income							3,383
Finance costs							(78,961)
Foreign exchange loss							(1,314)
Share of profits of associate							76
Profit before taxation							**17,732**
Tax expense							(17,594)
Profit after taxation							**138**

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

There are no major customers comprising 10% or more of total group revenue aside from sales made to the Econet Group, details of which can be seen in Related Party disclosures (note 30).

4.2 Segment assets and liabilities

	28/02/19 USD'000	28/02/18 USD'000
Segment assets		
South Africa	681,481	783,609
Zimbabwe	339,824	381,873
Rest of Africa	235,956	223,345
Rest of the World	147,675	249,054
Total segment assets	1,404,936	1,637,881
Consolidated total assets	**1,404,936**	**1,637,881**
Segment liabilities		
South Africa	120,264	161,975
Zimbabwe	76,343	73,879
Rest of Africa	74,481	67,244
Rest of the World	155,700	84,657
Total segment liabilities	426,788	387,755
Group Borrowings (Senior Secured Notes - note 22)	726,391	722,820
Consolidated total liabilities	**1,153,179**	**1,110,575**

For the purpose of monitoring segment performance and allocating resources between segments:
• all assets are allocated to reportable segments.
• all liabilities are allocated to reportable segments other than group borrowings.

4. Revenue and segment information (continued)

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment and intangible assets	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
South Africa	55,486	55,313	75,744	115,047
Zimbabwe	14,095	13,294	55,517	36,658
Rest of Africa	20,528	18,130	60,260	46,891
Rest of the World	9,305	7,610	12,841	12,847
	99,414	**94,347**	**204,362**	**211,443**

5. Profit / (loss) before taxation

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before taxation is arrived at after taking the following into account:				
Auditor's fees	1,696	1,588	142	111
Non-audit services	271	121	210	-
Consultancy fees	6,827	8,836	2,877	4,245
Bad debts recovered (note 19)	(211)	(205)	(192)	-
Increase in allowance for doubtful debts (note 19)	7,890	6,435	-	192
Depreciation, impairment and amortisation				
Impairment loss on investment (note 14)	1,943	-	-	-
Depreciation (note 11)	69,996	67,815	44	41
Amortisation of intangible assets (note 10)	26,983	26,198	92	38
Inventory written off (note 18)	388	205	-	-
Provision for obsolete inventory (note 18)	104	129	-	-
Impairment loss on loans (note 30)	-	-	2,163	230
	99,414	**94,347**	**2,299**	**309**

Restructuring costs:

On 1 October 2018, the group commenced a restructuring of its operations, primarily in Liquid Telecommunications South Africa (Pty) Ltd, Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) Limited, following introduction of a new operating model, designed to enhance the automation and digitalisation of the business. The following costs have been incurred:

Redundancy costs	4,685	-	-	-
Employee support costs	441	-	-	-
Legal fees	175	-	-	-
Other costs	456	-	58	-
	5,757	**-**	**58**	**-**
Acquisition and other investment costs:				
Legal fees	594	1,046	594	1,046
Professional fees	3,345	-	3,345	-
Consultancy and Advisory fees	560	-	560	-
Other investment costs	770	1,448	660	1,337
	5,269	**2,494**	**5,159**	**2,383**
Other income:				
Profit / (loss) on disposal of property, plant and equipment	54	275	-	-
Management fees received (note 30)	9	-	1,467	1,838
Sundry income	1,769	1,068	69	-
	1,832	**1,343**	**1,536**	**1,838**
Net foreign exchange (losses) / gains:				
Exchange losses - unrealised	(7,838)	(497)	-	(931)
Exchange losses - realised	(3,968)	(2,138)	-	-
Exchange gains - unrealised	8,317	270	1,267	-
Exchange gains - realised	5,016	1,051	-	-
Exchange loss arising on change in functional currency in Zimbabwe	(93,307)	-	-	-
	(91,780)	**(1,314)**	**1,267**	**(931)**

6. Interest income

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Interest received - bank / external	5,251	2,443	-	(10)
Interest received - inter-group (note 30)	338	940	17,686	13,336
	5,589	**3,383**	**17,686**	**13,326**

7. Finance costs

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Interest on bank overdraft and loans	7,940	14,980	1,525	10,447
Finance cost on Senior Secured Notes	62,050	39,298	-	-
Finance arrangement fees amortised	3,538	24,683	-	10,147
Interest paid - inter-group (note 30)	-	-	37,000	21,265
Guarantee fees - inter-group (note 30)	-	-	-	20
	73,528	**78,961**	**38,525**	**41,879**

8. Tax

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Current taxation	11,760	8,674	-	-
Deferred taxation (credit)/charge (note 15)	14,088	7,657	-	-
Withholding taxation	1,692	1,263	338	188
Total taxation	**27,540**	**17,594**	**338**	**188**

The charge for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
(Loss) / Profit before taxation	(88,591)	17,732	(19,465)	(24,182)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(28,591)	11,492	-	-
Tax effect of non-deductible expenses	64,638	3,295	-	-
Tax effect of non-taxable income	(5,667)	-	-	-
Tax effect of foreign tax credit	(7,997)	(7,019)	-	-
Effect of tax losses not recognised as deferred tax assets	4,147	8,563	-	-
Tax effect of utilised unrecognised tax losses	(682)	-	-	-
Withholding taxation	1,692	1,263	338	188
	27,540	**17,594**	**338**	**188**

The company, being the holder of a Category 2 - Global Business Licence is not liable to income tax in Mauritius. The majority of the losses incurred by the company were at the holding company level, which resulted in a nil benefit due to the GBL2 license. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	26%	26%

8. Tax (continued)

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Taxation asset:				
Opening balance	957	239	-	-
Acquisition of subsidiaries (note 29)	-	4	-	-
Provision for the year	4	-	-	-
(Refunds) / payment during the year	(483)	714	-	-
Foreign exchange differences	(27)	-	-	-
Closing balance	**451**	**957**	**-**	**-**
Taxation liability:				
Opening balance	(9,851)	(2,051)	-	-
Restatement	292	-	-	-
Provision for the year	(13,452)	(9,937)	(338)	(188)
Payment during the year	18,878	2,142	338	188
Foreign exchange differences	(229)	(5)	-	-
Closing balance	**(4,362)**	**(9,851)**	**-**	**-**

9. Goodwill

	Group	
	28/02/19	**28/02/18**
	USD'000	**USD'000**
Cost		
Opening balance	162,069	145,833
Acquisition of subsidiaries (note 29)	-	2,183
Foreign exchange differences	(24,728)	14,053
Closing balance	**137,341**	**162,069**

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGUs) that are expected to benefit from that business combination.

Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	2,821	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	122,199	146,927
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	137,341	**162,069**

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period.

The following key assumptions were used for the value in use calculations:

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 2.0% to 5.0%.

• Discount rates: discount rates ranged from 11.0% to 15.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

10. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
At 1 March 2017	23,524	38,041	85,935	56,055	3,154	26,417	233,126
Acquisition of subsidiaries (note 29)	-	-	-	1,581	-	-	1,581
Purchases during the year	-	2,804	17,671	-	306	-	20,781
Disposals during the year	(1,784)	(496)	-	-	(68)	-	(2,348)
Reclassification	-	540	8,047	-	(540)	-	8,047
Transfers from / (to) fixed assets (note 11)	296	(27)	190	-	6	-	465
Foreign exchange differences	2,431	3,879	2,296	8,232	-	4,792	21,630
At 28 February 2018	24,467	44,741	114,139	65,868	2,858	31,209	283,282
Purchases during the year	5,622	3,698	2,616	-	3,928	-	15,864
Disposals during the year	-	(1,289)	-	-	(2,746)	-	(4,035)
Transfers	-	40	-	-	(40)	-	-
Transfers from fixed assets (note 11)	-	-	2,183	-	-	-	2,183
Foreign exchange differences	(2,876)	(6,503)	(4,549)	(12,974)	-	(1,979)	(28,881)
At 28 February 2019	27,213	40,687	114,389	52,894	4,000	29,230	268,413
Accumulated amortisation:							
At 1 March 2017	4,266	30,381	23,299	50	-	734	58,730
Amortisation	1,413	3,300	7,123	4,409	-	9,953	26,198
Disposals during the year	469	(124)	-	-	-	-	345
Transfers from fixed assets (note 11)	-	(4)	-	-	-	-	(4)
Reclassification	-	-	8,047	50	-	(50)	8,047
Foreign exchange differences	462	3,215	1,346	412	-	1,179	6,614
At 28 February 2018	6,610	36,768	39,815	4,921	-	11,816	99,930
Amortisation	1,849	3,305	7,846	4,730	-	9,253	26,983
Disposals during the year	-	(1,289)	-	-	-	-	(1,289)
Transfers from fixed assets (note 11)	-	-	780	-	-	-	780
Foreign exchange differences	(765)	(5,367)	(2,131)	(792)	-	(2,062)	(11,117)
At 28 February 2019	7,694	33,417	46,310	8,859	-	19,007	115,287
Carrying amount:							
At 28 February 2018	17,857	7,973	74,324	60,947	2,858	19,393	183,352
At 28 February 2019	19,519	7,270	68,079	44,035	4,000	10,223	153,126

During the year ended 28 February 2019, the group acquired a 20 year Operating Licence, through Liquid Telecommunications DRC S.A.R.L, in the Democratic Republic of Congo ("DRC') for USD 5.6 million. This operating licence will facilitate the deployment and provision of fibre based internet services across DRC.

During the year ended 28 February 2018, the additions related to a Fibre Optical IRU acquired in Botswana for the non-controlling shareholder's contribution to Liquid Telecommunications Botswana (Pty) Limited with a value of USD 9.5 million. The balance of the Fibre Optical IRUs additions related to Mauritius.

10. Intangible assets (continued)

Company

	Software	Fibre Optical - IRU	Other Intangible Assets	Work in Progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:					
At 1 March 2017	1,288	-	-	79	1,367
Purchases during the year	17	-	-	271	288
Transfers from fixed assets (note 11)	-	-	-	6	6
Reclassification	155	-	-	(155)	-
Disposals during the year	-	-	-	(68)	(68)
At 28 February 2018	1,460	-	-	133	1,593
Purchases during the year	111	-	-	3,928	4,039
Transfers	40	-	-	(40)	-
Disposals during the year	(1,288)	-	-	(2,746)	(4,034)
At 28 February 2019	323	-	-	1,275	1,598
Accumulated amortisation:					
At 1 March 2017	1,273	-	-	-	1,273
Amortisation	38	-	-	-	38
At 28 February 2018	1,311	-	-	-	1,311
Amortisation	92	-	-	-	92
Disposals	(1,288)	-	-	-	(1,288)
At 28 February 2019	115	-	-	-	115
Carrying amount:					
At 28 February 2018	149	-	-	133	282
At 28 February 2019	208	-	-	1,275	1,483

11. Property, plant and equipment

Group	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
Cost	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
At 1 March 2017	56,875	10,227	30,711	77,720	8,362	41,505	804,658	1,030,058
Acquisition of subsidiaries (note 29)	-	26	68	633	54	-	653	1,434
Additions	13,447	1,130	4,059	8,129	692	72,514	90,691	190,662
Disposals	-	(772)	(569)	(870)	(342)	(659)	(2,072)	(5,284)
Transfers	2,895	18	259	4,788	-	(42,983)	35,023	-
Transfer from / (to) intangible assets (note 10)	303	-	-	(276)	-	(492)	-	(465)
Transfer to inventory (note 18)	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	4,962	483	2,944	1,539	1	6,148	58,779	74,856
At 28 February 2018	78,482	11,112	37,472	91,663	8,767	76,024	987,732	1,291,252
Additions	4,960	1,888	6,485	3,865	1,621	25,243	144,436	188,498
Disposals	-	(363)	(753)	(247)	(580)	(5,741)	(17,672)	(25,356)
Transfers	4,630	135	117	3,860	-	(25,632)	16,890	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	(2,183)	(2,183)
Transfer from inventory (note 18)	-	-	7	-	-	-	-	7
Foreign exchange differences	(7,507)	(630)	(4,861)	(5,333)	(152)	(9,721)	(96,584)	(124,788)
At 28 February 2019	80,565	12,142	38,467	93,808	9,656	60,173	1,032,619	1,327,430
Accumulated depreciation								
At 1 March 2017	14,249	7,765	23,382	57,039	5,157	(2,257)	323,732	429,067
Acquisition of subsidiaries (note 29)	-	14	43	266	34	-	41	398
Depreciation charge for the year	1,844	960	3,796	10,150	1,230	-	49,835	67,815
Disposals	-	(738)	(135)	(280)	(278)	-	(1,769)	(3,200)
Transfer	19	-	6	74	-	-	(99)	-
Transfer to intangible assets (note 10)	-	-	-	4	-	-	-	4
Foreign exchange differences	1,580	384	2,266	1,114	8	-	26,983	32,335
At 28 February 2018	17,692	8,385	29,358	68,367	6,151	(2,257)	398,723	526,419
Depreciation charge for the year	1,701	981	3,447	9,552	882	-	53,433	69,996
Disposals	-	(322)	(742)	(228)	(500)	-	(130)	(1,922)
Transfer to intangible assets (note 10)	-	-	-	-	-	-	(780)	(780)
Foreign exchange differences	(2,586)	(494)	(3,726)	(1,262)	(110)	-	(44,701)	(52,879)
At 28 February 2019	16,807	8,550	28,337	76,429	6,423	(2,257)	406,545	540,834
Carrying amount:								
At 28 February 2018	60,790	2,727	8,114	23,296	2,616	78,281	589,009	764,833
At 28 February 2019	63,758	3,592	10,130	17,379	3,233	62,430	626,074	786,596

Refer to note 22 for securities on property, plant and equipment.

11. Property, plant and equipment (continued)

Company

	Furniture & Fittings	Computer equipment	Work in progress	Total
	USD'000	USD'000	USD'000	USD'000
Cost				
At 1 March 2017	-	138	-	138
Additions	-	17	62	79
Transfers	-	2	(2)	-
Transfer to intangible assets (note 10)	-	-	(6)	(6)
Disposals	-	(2)	-	(2)
Transfer to inventory	-	-	(9)	(9)
At 28 February 2018	-	155	45	200
Additions	12	25	2,143	2,180
Disposals	-	(63)	(2,188)	(2,251)
Transfer from inventory (note 18)	-	7	-	7
At 28 February 2019	12	124	-	136
Accumulated amortisation:				
At 1 March 2017	-	62	-	62
Depreciation charge for the year	-	41	-	41
At 28 February 2018	-	103	-	103
Depreciation charge for the year	1	43	-	44
Disposals	-	(63)	-	(63)
At 28 February 2019	1	83	-	84
Carrying amount:				
At 28 February 2018	-	52	45	97
At 28 February 2019	11	41	-	52

12 Investments in subsidiaries

12.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company's investment 28/02/19	28/02/18
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Dormant	100	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	H	Telecommunications	Zimbabwe	Active	100	140,903	5,903
▪ Zimbabwe Online (Private) Limited	S	Telecommunications	Zimbabwe	Active	100	-	-
▪ Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)	H	Telecommunications	Zambia	Active	100	52,197	17,196
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Active	100	-	-
▪ Liquid Telecommunications Kenya Limited	H	Telecommunications	Kenya	Active	99.99	50,709	50,709
▪ East Africa Data Centre Limited	S	Telecommunications	Kenya	Active	99.99	-	-
▪ Liquid Telecommunications Uganda Limited	H	Telecommunications	Uganda	Active	99.99	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090
▪ Liquid Telecommunications DRC S.A.R.L	H	Telecommunications	Democratic Republic of Congo	Dormant	99	50	50

12 Investments in subsidiaries (continued)

12.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/19	Company 28/02/18
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.R.L	S	Telecommunications	Democratic Republic of Congo	Dormant	100	-	-
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2
▪ Ipidi Media	H	Telecommunications	Mauritius	Dormant	100	-	-
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-
▪ Liquid Sea Limited (Mauritius)	H	Telecommunications	Mauritius	Active	100	-	-
▪ Africa Digital Networks S.A.R.L Limited	H	Telecommunications	Democratic Republic of Congo	Active	100	100	100
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	57.5	10,731	10,731
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	130
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	12,650
▪ Raha Limited	S	Telecommunications	United Republic of Tanzania	Active	100	-	-
▪ Zanlink Limited	S	Telecommunications	United Republic of Tanzania	Active	70	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited	H	Telecommunications	South Africa	Active	100	398,599	333,970
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited	S	Telecommunications	South Africa	Active	100	-	-
▪ Liquid Telecommunications Sahara Holdings Limited	H	Telecommunications	Mauritius	Active	100	1	-
▪ Liquid Telecommunications Co. Limited	S	Telecommunications	Sudan	Active	100	-	-
▪ Liquid Telecom West Africa Data Centre Ghana Limited	H	Telecommunications	Ghana	Active	100	-	-
▪ Liquid Telecom West Africa Data Centre Nigeria Limited	H	Telecommunications	Nigeria	Active	100	-	-
						681,170	446,539

H = This is a direct holding by Liquid Telecommunications Holdings Limited.

S = This is an indirect holding.

See note 39.1 for additional non-cash investment in subsidiaries made during the year ended 28 February 2019.

12 Investments in subsidiaries (continued)

12.1 Subsidiaries (continued)

The directors have valued the unquoted investments in subsidiaries at cost of the investments less impairments. In the prior year, the financial statements of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe have been consolidated, despite owning a 49% shareholding, on the basis that Liquid Telecommunications Holdings Limited exerts sufficient management control and power over these entities. Refer to note 1.1 for critical accounting judgements and key sources of estimation uncertainty. See note 12.2 below for the current year position.

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

	Proportion of ownership interests held by non-controlling interests		Profit / (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	28/02/19	28/02/18	28/02/19	28/02/18	28/02/19	28/02/18
	%	%	USD'000	USD'000	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	-	51	(41,429)	17,964	-	63,003
Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)	-	50	(561)	(312)	-	16,524
Individually immaterial subsidiaries with non-controlling interests			(1,402)	(4,619)	10,458	14,218
			(43,392)	**13,033**	**10,458**	**93,745**

During the year ended 28 February 2019, the company acquired the following:

(i) the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million.
(iI) the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for a non-cash consideration of USD 135.0 million. See note 39.1 and 42.

In December 2017, Royal Bafokeng Holdings Limited, who had a 30% interest in Liquid Telecommunications Holdings South Africa (Pty) Limited agreed with the company that it would:

(i) exchange their 30% economic interest in the South Africa Group for shareholding in the company and
(ii) subscribe for additional shares in the company for a total subscription price of USD 22.2 million.

After the exchange and subscription was completed the company owned 100% of Liquid Telecommunications Holdings South Africa (Pty) Limited and Royal Bafokeng Holdings held 10.34% of the total issued ordinary shares in Liquid Telecommunications Holdings Limited.

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

The assets and liabilities of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe have been translated at a rate of RTGS:USD 2.5:1 at 1 October 2018 and at the balance sheet date, unless the underlying asset or liability was incurred in USD. In this instance the value has been maintained at RTGS:USD 1:1. As set out in note 1.1 - *Zimbabwean Real Time Gross Settlement (RTGS)* , items for profit or loss have been retranslated at the rate of RTGS:USD 1:1 for the period 1 March 2018 to 30 September 2018 and at RTGS:USD 2.5:1 for the period 1 October 2018 to 28 February 2019.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for total consideration of USD 135.0 million. See note 39.1 and note 42.

	28/02/19	28/02/18
	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe		
Current assets	-	169,006
Non-current assets	-	219,069
Current liabilities	-	(155,412)
Non-current liabilities	-	(109,127)
Equity attributable to owners of the company	-	60,534
Non-controlling interests	-	63,003
Revenue	116,919	131,001
Expenses	(198,153)	(95,777)
(Loss) / Profit for the year	(81,234)	35,224
(Loss) / Profit attributable to owners of the company	(39,805)	17,260
(Loss) / Profit attributable to the non-controlling interests	(41,429)	17,964
(Loss) / Profit for the year	(81,234)	35,224
(Loss) / Profit and total comprehensive income attributable to owners of the company	(39,805)	17,260
(Loss) / Profit and total comprehensive income attributable to the non-controlling interests	(41,429)	17,964
(Loss) / Profit and total comprehensive income for the year	(81,234)	35,224
Net cash inflow from operating activities	14,407	89,718
Net cash inflow from investing activities*	389	(36,846)
Net cash inflow	14,796	52,872

* The net cash inflow from investing activities excludes the USD 54 million adjustment to cash and cash equivalents resulting from the currency changes in Zimbabwe.

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)

On 1 October 2018, the company acquired the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million. The reported figures below, as at 28 February 2019, relate to first 7 months' of transactions.

	28/02/19 USD'000	28/02/18 USD'000
Current assets	-	16,639
Non-current assets	-	59,879
Current liabilities	-	(17,965)
Non-current liabilities	-	(25,505)
Equity attributable to owners of the company	-	16,524
Non-controlling interests	-	16,524
Revenue	19,312	28,928
Expenses	(20,435)	(29,552)
(Loss) / profit for the year	(1,123)	(624)
(Loss) / profit attributable to owners of the company	(561)	(312)
(Loss) / profit attributable to the non-controlling interests	(561)	(312)
(Loss) / profit for the year	(1,122)	(624)
(Loss) / profit and total comprehensive income attributable to owners of the company	(561)	(289)
(Loss) / profit and total comprehensive income attributable to the non-controlling interests	(561)	(289)
(Loss) / profit and total comprehensive income for the year	(1,122)	(578)
Net cash inflow from operating activities	3,666	7,977
Net cash outflow from investing activities	(8,705)	(7,684)
Net cash inflow from financing activities	123	4,069
Net cash inflow / (outflow)	(4,916)	4,362

12.3 Change in the group's ownership interest in a subsidiary

On 28 February 2019, the company acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for non-cash consideration of USD 135.0 million. Refer to note 12.2 for more details.

On 1 October 2018, the company acquired the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million. Refer to note 12.2 for more details.

The ownership structure of Liquid Telecommunications Operations DRC S.A.R.L was also amended, with the group increasing its ownership from 97.5% to 100% for a non-cash consideration of USD 450,000. See note 39.1 for more details.

During the year ended 28 February 2018, the group acquired the non-controlling economic interest from Royal Bafokeng Holdings Limited in Liquid Telecommunications Holdings South Africa (Pty) Limited. Refer to note 12.2 for more details.

	Group	
	28/02/19	28/02/18
	USD'000	USD'000
Carrying amount of non-controlling interest acquired	36,557	64,024
Additional consideration	(170,450)	(84,703)
Excess of consideration paid recognised in parent's equity	**(133,893)**	**(20,679)**

13. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 28/02/19	28/02/18
			%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20

Pursuant to the shareholder agreement, the company has the right to cast 20% of the vote at shareholder meetings of Number Portability Company (Pty) Limited.

Summarised is the financial information in respect of the group's associate where it has significant interest.

Number Portability Company (Pty) Limited	28/02/19 USD'000	28/02/18 USD'000
Total assets	2,621	2,718
Total liabilities	(220)	(188)
Net assets	2,401	2,530
Revenue	1,867	1,827
Profit for the period	308	531
Total comprehensive income for the year	308	531
Group's share of net assets of associate	480	506
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	506	378
Share of profits of associates	62	76
Foreign exchange difference	(88)	52
Closing balance	480	506

14. Investments

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Opening balance	12,447	15,785	10,810	15,000
Additions	310	63,162	-	62,310
Impairment	(1,943)	-	-	-
Unwinding of agreement	-	(66,500)	-	(66,500)
Total investments	**10,814**	**12,447**	**10,810**	**10,810**
Investment details:				
Investments in equity instruments designated as at FVTOCI*	10,814	12,447	10,810	10,810
Total investments	**10,814**	**12,447**	**10,810**	**10,810**

*Previously, under IAS 39, the investments were classified as 'Available-for-sale' and measured at cost. As of 1 March 2018, under the new standard, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

During the year ended 28 February 2019, the directors carried out a review of the carrying value of the investments. The review led to an impairment of costs amounting to USD 1.9 million as the project concerned was no longer viable. In assessing for impairment, the company estimated the fair value less costs to sell of the investments. The fair value less costs to sell is equal to the value of the investments and hence the recoverable amount of the relevant investments have been determined on the basis of their fair value less costs to sell.

During the year ended 28 February 2018, the company acquired preference shares in Thames View for USD 2.3 million. Thames View will hold equity investments in Africa (except South Africa) and Europe.

During the year ended 28 February 2018, the company's 34% investment of USD 6.5 million in Burundi Backbone Systems SM (“BBS”) was reversed due to the company being unable to register the shares.

During the year ended 28 February 2018, the company acquired 19.98% of Econet Media Limited for USD 60.0 million. Subsequent to the year end, both parties agreed to reverse the subscription agreement at 28 February 2018. Proceeds of USD 60.0 million from the unwinding were received during the year ended 28 February 2019.

15. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	28/02/19	28/02/18
	USD'000	USD'000
Net deferred tax assets	34,938	37,115
Net deferred tax liabilities	(62,909)	(46,955)
Net deferred tax assets / (liabilities)	**(27,971)**	**(9,840)**

	Deferred revenue	Property, plant and equipment	Assessed Losses	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - Gross deferred tax assets:					
At 1 March 2017	9,031	806	38,685	3,026	51,548
Credit to profit for the year	139	52	-	2,850	3,041
Foreign exchange difference	(2)	109	2,225	386	2,718
At 28 February 2018	9,168	967	40,910	6,262	57,307
(Charge)/Credit to profit for the year	(156)	229	3,193	-	3,266
Foreign exchange difference	(493)	(950)	(3,627)	4,248	(822)
At 28 February 2019	**8,519**	**246**	**40,476**	**10,510**	**59,751**

15. Deferred taxation (continued)

	Deferred revenue	Property, plant and equipment	Other	Total
	USD'000	USD'000	USD'000	USD'000
Group - Gross deferred tax liabilities:				
At 1 March 2017	(3,080)	(42,819)	(10,066)	(55,965)
(Charge) / credit to profit for the year	(3,158)	741	(8,281)	(10,698)
Acquisition of subsidiaries (note 29)	-	(558)	-	(558)
Foreign exchange difference	74	-	-	74
At 28 February 2018	(6,164)	(42,636)	(18,347)	(67,147)
(Charge) / credit to profit for the year	(1,742)	(388)	(15,224)	(17,354)
Adjustment - IFRS 15 and IFRS 9	(211)	-	(245)	(456)
Foreign exchange difference	7,936	(20,130)	9,429	(2,765)
At 28 February 2019	**(181)**	**(63,154)**	**(24,387)**	**(87,722)**

Management have carried out an assessment of the group's ability to utilise its tax losses in the relevant territories, based on the business plans over a five year time term as the most appropriate recognition period and have concluded that the same is recoverable. The deferred tax asset recognised on tax losses in the group is USD 40.5 million (2018: USD 40.9 million), of which the most material balances are in South Africa (USD 27.3 million) and Kenya (USD 10.3 million). The tax losses for Liquid Telecommunication South Africa (Pty) Limited are USD 479.1 million (2018: USD 589 million) of which USD 27.3 million deferred tax asset has been recognised and the tax losses for Liquid Telecommunications Kenya Limited are USD 79.1 million (2018: USD 53.5 million) of which USD 10.3 million deferred tax asset has been recognised.

16. Investments at amortised cost

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
CABS housing scheme	1,384	3,206	-	-
	1,384	**3,206**	**-**	**-**

The CABS balance is an investment initially placed in March 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Staff Housing Scheme that matures in 2025 at a pre-tax interest rate of 8% per annum. None of these assets were past due or impaired at the end of the reporting period.

17. Long term receivables

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 30)	-	-	181,234	153,920
Other receivables	437	1,153	-	-
	437	**1,153**	**181,234**	**153,920**

Other receivables include an operating lease with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) to rent their infrastructure over a minimum period of 25 years for which a prepayment of RTGS 1.4 million (USD 0.56 million) has been made. This prepayment will be amortised over the life of the lease.

18. Inventories

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Goods for resale	12,200	31,836	7	8
Provision for obsolete inventory	(104)	(329)	-	-
Inventory written off	(388)	(206)	-	-
Transfer (to) / from Property, plant and equipment (Note 11)	(7)	9	(7)	-
	11,701	**31,310**	**-**	**8**
Cost of inventories expensed	16,059	17,437	-	-

The directors are of the opinion that the inventory amounts are recorded at values not in excess of their net realisable value.

19. Trade and other receivables

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Trade receivables	122,767	114,676	-	192
Allowance for doubtful debts	(32,096)	(27,123)	-	(192)
Affiliated entities (note 30)	34,055	48,571	10,482	12,908
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**124,726**	**136,124**	**10,482**	**12,908**
Short-term inter-company receivables (note 30)	7,051	74,420	87,680	143,083
Sundry debtors	11,636	17,642	-	54
Deposits paid	4,596	4,078	-	-
Prepayments	24,577	29,941	2,311	2,197
Prepayments to related parties (note 30)	-	15,073	-	15,072
	172,586	**277,278**	**100,473**	**173,314**

The average credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group makes use of forward-looking information as well as certain assumptions about the risk and probability of default together with expected loss rates. The group assesses the recoverability on both a collective and individual basis.

Before accepting any new customer, the group ascertains the credit worthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be completed by any new customer. The credit worthiness of customers is reviewed continuously throughout the year.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within the next 6 months.

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Ageing of past due but not impaired:				
31 - 60 Days	15,205	18,589	512	318
61 - 90 Days	6,659	6,343	462	204
91 - 120 Days	5,966	5,270	175	205
121 + Days	36,090	23,501	8,367	11,864
	63,920	53,703	9,516	12,591
Current items	60,806	82,421	966	317
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**124,726**	**136,124**	**10,482**	**12,908**

In addition to the current items not yet due of USD 60.6 million (28 February 2018: USD 82.4 million) and USD 1.0 million (28 February 2018: USD 0.3 million) for the group and company respectively, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable. The ageing of these items is shown in the table above.

Included in amounts past due but not impaired are USD 36.3 million (28 February 2018: USD 23.5 million) of receivables from the Econet Group. Refer to note 30 for the total breakdown of Econet Group trade receivables.

The following table details the risk profile of trade receivables:

	Current	**31 - 60**	**61 - 90**	**91 - 120**	**> 120**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Group - 2019						
Average expected default rate	4.1%	2.9%	4.8%	31.2%	41.9%	
Trade and affiliated entities receivables - Gross	63,382	15,663	6,994	8,676	62,107	156,822
Lifetime ECL	2,576	458	335	2,710	26,017	32,096
Group - 2018						
Average expected default rate	0.5%	1.8%	1.1%	41.0%	49.1%	
Trade and affiliated entities receivables - Gross	82,801	18,937	6,413	8,932	46,164	163,247
Lifetime ECL	380	348	70	3,662	22,663	27,123

19. Trade and other receivables (continued)

	Current USD'000	31 - 60 USD'000	61 - 90 USD'000	91 - 120 USD'000	> 120 USD'000	Total USD'000
Company - 2019						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	966	512	462	175	8,367	10,482
Lifetime ECL	-	-	-	-	-	-
Company - 2018						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	1.6%	
Trade and affiliated entities receivables - Gross	317	318	204	205	12,056	13,100
Lifetime ECL	-	-	-	-	192	192

The following table shows the movement in lifetime expected credit loss ("ECL") that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
Movement in the allowance for doubtful debt:	USD'000	USD'000	USD'000	USD'000
Opening balance - Under IAS 39	(27,123)	(20,068)	(192)	-
Adjustment upon application of IFRS 9	(1,758)	-	-	-
Opening balance - restated	(28,881)	(20,068)	(192)	-
Doubtful debt provision raised	(7,890)	(6,435)	-	(192)
Bad debts recovered	211	205	192	-
Reversal of provision	191	1,135	-	-
Foreign exchange differences	4,273	(1,960)	-	-
Closing balance	**(32,096)**	**(27,123)**	**-**	**(192)**

20. Cash and cash equivalents, and restricted cash and cash equivalents

Cash and bank balances	77,222	140,718	781	200
Money market deposits	16,053	20,000	-	-
Cash and cash equivalents	**93,275**	**160,718**	**781**	**200**
Restricted cash and cash equivalents	1,807	2,937	-	-
Total cash and cash equivalents	95,082	163,655	781	200

The cash and cash equivalents are mainly denominated in USD, RTGS, GBP, KES and ZAR and are located in Zimbabwe, United Kingdom, Kenya and South Africa.

Cash and cash equivalents include USD 49.1 million in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of RTGS:USD of 2.5:1. See note 1.1 - *Zimbabwean Real Time Gross Settlement (RTGS)* for more detailed disclosure on RTGS.

The group and company have restricted cash for the following purposes:

Guarantees	425	1,488	-	-
Customer deposits held	1,382	1,449	-	-
	1,807	**2,937**	**-**	**-**

21. Share capital and share premium

	Group & Company	
	28/02/19	28/02/18
	USD'000	USD'000
Issued and paid share capital		
Ordinary shares	**3,638**	**3,319**
Share premium	**251,446**	**116,765**

21. Share capital and share premium (continued)

During the year ended 28 February 2018, the 1,000 Class A and Class B shares were converted into 100,000,000 ordinary shares. The Class A and Class B ordinary shares in previous years ranked equally in all respects and each share carried one vote. The ordinary shares have a par value of USD 0.0297541580 each. The holders of ordinary shares have voting rights of one vote per ordinary share. Each ordinary share has equal rights on distribution of income and capital.

The share capital above represents 122,236,964 ordinary shares (2018: 111,531,175 ordinary shares - 100,000,000 ordinary shares relating to the share conversion and 11,531,175 ordinary shares issued to the Royal Bafokeng Holding Limited as part of the exchange of Royal Bafokeng Holding Limited's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited – refer to note 12 for more detail) with a par value of USD 0.0297541580 each.

Movement in capital:	**Number of shares**	**Share capital**	**Share Premium**
		USD'000	**USD'000**
Balance at 1 March 2017	1,000	1	2,333
Conversion of issued share capital	99,999,000	2,974	(2,974)
Issue of shares - exchange	9,769,484	292	95,236
Issue of shares - cash	1,761,691	52	22,170
Balance at 28 February 2018	111,531,175	3,319	116,765
Issue of shares - non-cash (note 39)	10,705,789	319	134,681
Balance at 28 February 2019	122,236,964	**3,638**	**251,446**

Acquisition of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") remaining shares

The company issued 10,705,789 ordinary shares to Econet Wireless Zimbabwe Limited ("EWZ") on 28 February 2019 in connection with the company's acquisition of LTZ shares from EWZ (the "LTZ share acquisition"). Pursuant to arrangements between the company and EWZ made in connection with the LTZ share acquisition, these shares have restricted rights and are redeemable until such time as all final approvals have been received. Management anticipate that the final approval from the Reserve Bank of Zimbabwe, the last condition to be satisfied, will be received in due course. In the event that the LTZ share acquisition does not fully close by 31 December 2019 (or such other date agreed by the parties), ownership of the shares shall revert to the company.

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited ("RBH"). The agreements include an "On-Sale" clause whereby the company will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 28 February 2019. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.2 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of share value will be issued to RBH.

22. Short term portion of long term borrowings and long term borrowings

	Group		**Company**	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
22a. Long term borrowings:	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Stanbic Bank of Zambia Limited	14,672	15,529	-	-
USD 730 million 8.5% Senior Secured Notes	718,118	714,546	-	-
USD 10 million Cisco loan facility	-	1,125	-	-
Other long term borrowings	-	14	-	-
	732,790	**731,214**	**-**	**-**
22b. Short term portion of long term borrowings:				
Stanbic Bank of Zambia Limited	3,813	3,847	-	-
USD 730 million 8.5% Senior Secured Notes	8,273	8,273	-	-
USD 10 million Cisco loan facility	1,137	1,927	-	-
USD 73 million revolving credit facility (repaid in full in April 2019)	73,083	-	73,083	-
Other short term borrowings	940	972	-	-
	87,246	**15,019**	**73,083**	**-**

22. Short term portion of long term borrowings and long term borrowings (continued)

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 28 February 2019, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited) with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility agreement between the company, The Mauritius Commercial Bank (participation previously owned by Citibank, N.A.), Standard Bank of South Africa, Standard Finance (Isle of Man) Limited, Standard Chartered Bank and ING Bank N.V. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited). The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As at 28 February 2019, the company has drawn down all of the facility. The facility was repaid in full in April 2019.

As at 28 February 2019, Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited) has a USD 15.3 million term loan and USD 8.0 million of Revolving Credit Facility facilities with Stanbic Bank of Zambia. The company guarantees up to USD 6.5 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited). The term loan is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The Revolving Credit Facility facilities are denominated in USD, bear interest at the rate of Libor plus 6% and are repayable by December 2020. As at 28 February 2019, the outstanding balance on the term loan is USD 10.5 million and USD 8.0 million on the revolving credit facility.

The USD 1.1 million balance on the loan facility agreement between Liquid Telecommunication Limited and Cisco Capital is denominated in USD, bears interest at the rate of 3.07% and is repayable by October 2019. The company provides a guarantee up to the amount outstanding.

In the prior year the group repaid the following loans:

• The ZAR 2.95 billion loan facility between Neotel (Pty) Limited (currently known as Liquid Telecommunications South Africa (Pty) Limited), Standard Bank of South Africa Limited and Nedbank Limited,
• The USD 300 million loan facility agreement between the company and Standard Bank of South Africa Limited, and
• The long term payable to Tata Communications International Pte Limited amounting USD 56.5 million.

23. Long term intercompany borrowing

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Long term intercompany payables (note 30)	-	-	434,773	430,950
Intercompany equity loans payables (note 30)	-	-	8,878	9,631
	-	-	443,651	440,581

The company's long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

24. Other long term payables

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Senior Secured notes premium	4,567	6,497	-	-
Unfavourable contracts	10,479	9,383	-	-
	15,046	**15,880**	**-**	**-**

The USD 180.0 million senior secured notes were issued in November 2017 at a premium totalling USD 9.0 million and are being amortised over the period of the bond (refer to note 22 for terms).

The breakdown of unfavourable contracts is as follows:

SEACOM Limited	10,479	9,383	-	-
	10,479	9,383	-	-

Refer to note 25 for the unfavourable contracts terms.

25. Trade and other payables

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Trade accounts payable	76,301	96,120	1,940	1,170
Payable balance to affiliated entities (note 30)	3,155	4,358	9,674	5,857
Short-term inter-company payables (note 30)	-	-	16,437	9,851
Accruals	56,383	62,341	5,674	3,882
Staff payables	1,746	3,005	-	-
Transaction taxes due in various jurisdictions	3,494	5,275	-	-
Unfavourable contracts (short term portion)	579	1,156	-	-
Senior Secured notes premium	1,930	1,930	-	-
Other short term payables	8,224	7,373	-	-
	151,812	**181,558**	**33,725**	**20,760**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

The directors consider the carrying amount of trade and other payables to approximate their fair value.

Amounts payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

Accruals mainly relate to wholesale voice carrier amounts accrued for in the ordinary course of business and major capital expenditures for on-going fibre related projects.

The breakdown of unfavourable contracts is as follows:

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
Short term portion of unfavourable contracts:	USD'000	USD'000	USD'000	USD'000
SEACOM Limited	579	756	-	-
Tata Communications International Pte Limited	-	400	-	-
	579	**1,156**	**-**	**-**

The company purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess O&M charges. The unfavourable contract is amortised over the remaining period of the contract.

25. Trade and other payables (continued)

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment two unfavourable contracts with Tata Communications International Pte Limited and SEACOM were identified. The contracts relate to unfavorable pricing for the supply of IP Transit relative to market pricing and the O&M relating to an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the current market price for IP Transit and the committed contract price and for the excess O&M charges as at acquisition.

26. Long term and short term provisions

	Leave provision USD'000	Licence fee provision USD'000	Total USD'000
Long term provisions:			
At 1 March 2017	-	4,059	4,059
Reclassification to short term portion	-	(3,205)	(3,205)
Foreign exchange difference	-	68	68
At 28 February 2018	-	922	922
Reclassification to short term portion	-	(922)	(922)
At 28 February 2019	-	-	-

	Leave Pay provision USD'000	Bonus provision USD'000	NIP provision USD'000	Licence fee provision USD'000	Other provision USD'000	Total USD'000
Short term provisions:						
At 1 March 2017	2,123	8,277	-	10,963	139	21,502
Additional provisions raised	2,146	8,529	3,087	620	49	14,431
Reclassification from long term portion	-	-	-	3,205	-	3,205
Payment/Reversal	(1,469)	(5,452)	-	(6,583)	(56)	(13,560)
Acquisition of subsidiaries (Note 29)	-	7	-	5	-	12
Foreign exchange difference	173	1,167	373	982	1	2,696
At 28 February 2018	2,973	12,528	3,460	9,192	133	28,286
Additional provisions raised	96	1,313	306	199	83	1,997
Reclassification from long term portion	-	-	-	922	-	922
Payment/Reversal	(447)	(360)	-	(5,072)	385	(5,494)
Foreign exchange difference	(318)	(1,605)	(599)	(560)	3	(3,079)
At 28 February 2019	**2,304**	**11,876**	**3,167**	**4,681**	**604**	**22,632**

Leave pay provisions relate to employee annual leave and are accrued as the employees' right to annual leave vests.

Bonuses are payable to all eligible staff according to the terms of the group's remuneration policy. The individual payout is a percentage of the total cost to the group, taking into account the employee's level, individual performance rating and group performance. The payment is time-apportioned based on the length of time the employee has been employed by the group in the current year. The actual payments are made post financial year end, subsequent to approval by the Remuneration Committee and the Board of Directors.

Liquid Telecommunications South Africa (Pty) Limited (LTSA) entered into an agreement with the Western Cape Provincial Government of South Africa on the 31st August 2015 for the roll out of the Broadband Network services. As part of the agreement, LTSA incurs an obligation for the National Industrial Participation (NIP) payable to the Department of Trade and Industry based on 30% of the value of imported goods and services above the USD 10 million threshold.

The licence fee provision includes provision for Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools over a four-year period. The ICT services include the provision of the local area network, the wide area network and end user devices in schools and training. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation by raising a provision at the estimated present value of the total obligation. This is reassessed annually. In assessing the present value of the ICASA obligation, a discount rate of 13.4% (2018: 13.3%) per annum has been applied.

27. Deferred revenue

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	54,422	53,702	-	-
Short term portion of deferred revenue	21,960	27,188	18	-
	76,382	**80,890**	**18**	**-**

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services which includes deferred revenue on the Indefeasible-Right-of-Use (IRU) which will be amortised over a period of 10 to 15 years and other advance billings which will be amortised over a period of 1 to 3 years. The opening balance as at 1 March 2018 has been restated to show the impact of IFRS 15 as described in note 2.

28. Cash generated from operations

		Group		Company	
	Notes	28/02/19	28/02/18	28/02/19	28/02/18
		USD'000	USD'000	USD'000	USD'000
(Loss) / Profit before tax		(88,591)	17,732	(19,465)	(24,182)
Adjustments for:					
Depreciation, impairment and amortisation	5	99,414	94,347	2,299	309
Bad debts provision / (reversed)		8,337	5,091	(192)	192
Bad debts recovered	5	(211)	(205)	(192)	-
Increase / (decrease) in provisions	26	1,877	(2,765)	-	-
Foreign exchange loss / (gain)		94,160	(158)	104	180
Profit on disposal of fixed assets		(54)	(275)	-	
Interest income	6	(5,589)	(3,383)	(17,686)	(13,326)
Finance costs	7	73,528	78,961	38,525	41,879
Share of profits of associates	13	(62)	(76)	-	-
		182,809	189,269	3,393	5,052
Working capital changes:					
Decrease / (increase) in inventories		185	(8,723)	1	1
(Increase) / decrease in trade and other receivables		(886)	(41,483)	13,838	(28,575)
(Decrease) / increase in trade and other payables		(6,217)	17,455	11,062	(176)
(Decrease) / increase in deferred revenue		(3,537)	10,763	18	-
(Decrease) / increase in accruals		(2,466)	19,809	1,792	(1,543)
Increase / (decrease) in unfavourable contracts		917	(3,135)	-	-
Cash generated from / (used in) operations		**170,805**	**183,955**	**30,104**	**(25,241)**

29. Acquisition / disposal of subsidiary company

2019: Group

There were no acquisitions and disposals during the year ended 28 February 2019.

2018: Group

Acquistion of Zanlink Limited

On 1 June 2017, the company acquired 70% of Zanlink Limited based in Tanzania, through Raha Tanzania Holdings Limited.

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value
	USD'000
Intangible assets	1,581
Property, plant and equipment	1,036
Inventories	126
Trade receivables	323
Other receivables	598
Cash at bank	303
Trade payables	(226)
Accruals	(218)
Deferred revenue short term	(340)
Deferred tax liabilities	(558)
Other payables	(61)
Non-controlling interest	(507)
Net assets value (100%)	2,057
Non-controlling interest	(890)
Net assets acquired	**1,167**
Goodwill (note 9)	2,183
Total consideration	**3,350**
Net cash outflow on acquisition of subsidiary	
Total cash consideration	(3,350)
Bank balances and cash equivalents	303
Net cash outflow arising on acquisition	**(3,047)**

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is an extensive aerial fibre network that provides connectivity in the Zanzibar island with metro rings built across Zanzibar for overall network availability, performance and redundancy. The Fibre network was valued by in-house technical specialists at depreciated replacement cost of USD 393,000.

The company has approximately 811 customer connections. These connections can vary from fairly complex connections into high buildings to a normal connection into a standard office. The replacement value of 811 connections was used to fair value the customer connections at USD 252,000.

The customer contracts and customer relationships have been fair valued using the income approach, using an annual churn rate of 3.8% and a discount rate of 15%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

29. Acquisition / disposal of subsidiary company (continued)

2018: Group (continued)

No contingent liabilities have been recognised in the business combination.

Goodwill arising on acquisition

	USD'000
Consideration transferred	3,350
Fair value of identifiable net assets acquired net of bridging loan	(1,167)
Goodwill arising on acquisition	**2,183**

Goodwill that arose on the acquisition of Zanlink Limited was due to the fact that the cost of the combination included a control premium.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

The non-controlling interest (30% ownership in Zanlink Limited and the 30% in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 890,000.

Included in the profit for the 2018 financial year is USD 327,000 attributable to the additional business generated by Zanlink Limited. Revenue for the year includes USD 1.9 million in respect of Zanlink Limited from the respective date of acquisition.

<u>Acquisition of Liquid Telecommunications South Africa (Pty) Limited</u>

On the 10 of February 2017, the company acquired 70% of Liquid Telecommunications South Africa (Pty) Limited through Liquid Telecommunications Holdings South Africa (Pty) Limited.

The final consideration of USD 14.5 million was paid during the year ended 28 February 2018.

30. Related party transactions

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), Econet Media Limited (Zambia), Kwese Play (Pty) Limited (South Africa), Kwese Channels (Pty) Limited (South Africa), Econet South Africa (Pty) Limited, Steward Bank Limited and Omni Broadcast Limited (Uganda) and are referred to as "Econet Global related group companies". They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the group note. The transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the year, the group and company entered into the following trading transactions with related parties:

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Sales of goods and services:				
Econet Global Related Group Companies	102,529	107,948	-	-
	102,529	**107,948**	**-**	**-**
Purchase of goods and services:				
Econet Global Related Group Companies	29,399	29,965	-	-
	29,399	**29,965**	**-**	**-**
Management fees paid:				
Econet Global Related Group Companies	1,500	1,500	1,500	1,500
Liquid Telecommunications Limited	-	-	5,097	5,141
Liquid Telecommunications Operations Limited	-	-	-	128
Liquid Telecommunications Kenya Limited	-	-	111	266
Liquid Telecommunications South Africa (Pty) Limited	-	-	5,601	3,290
Liquid Telecommunications International FZE	-	-	594	582
	1,500	**1,500**	**12,903**	**10,907**
Management fees received:				
Econet Global Related Group Companies	9	-	-	-
Liquid Telecommunications Operations Limited	-	-	-	478
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	1,467	989
HAI Telecommunications Limited	-	-	-	371
	9	**-**	**1,467**	**1,838**
Dividend received:				
Liquid Telecommunications Operations Limited	-	-	30,000	30,000
	-	**-**	**30,000**	**30,000**
Dividend paid:				
Econet Global Limited	13,500	13,500	13,500	13,500
	13,500	**13,500**	**13,500**	**13,500**
Finance costs:				
Liquid Telecommunications Limited	-	-	71	40
Liquid Telecommunications Operations Limited	-	-	-	20
Liquid Telecommunications Financing Plc	-	-	36,929	21,225
	-	**-**	**37,000**	**21,285**
Administration fees paid:				
DTOS Limited	309	258	169	158

30. Related party transactions (continued)

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Interest income:				
Econet Global Related Group Companies	338	940	235	871
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	7,601	6,101
Liquid Telecommunications DRC S.A.R.L	-	-	1,018	43
Liquid Telecommunications Operations Limited	-	-	1,176	976
Africa Digital Networks S.A.R.L Limited	-	-	607	437
East Africa Data Centre	-	-	172	130
Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited	-	-	1,143	885
Liquid Telecommunications International FZE	-	-	512	337
Liquid Telecommunications Kenya Limited	-	-	4,542	3,190
Liquid Telecommunications Data International	-	-	-	-
Liquid Telecommunications Rwanda Limited	-	-	180	124
Liquid Sea Limited	-	-	74	93
Raha Tanzania Holdings Limited	-	-	372	128
Liquid Telecommunications Botswana (Pty) Limited	-	-	54	21
	338	**940**	**17,686**	**13,336**
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	434,773	430,950
	-	**-**	**434,773**	**430,950**

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

Long term intercompany receivables:				
Liquid Telecommunications Sahara Holdings Limited	-	-	180	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	54,336	43,226
Liquid Sea Limited	-	-	-	1,783
Africa Digital Networks S.A.R.L Limited	-	-	8,182	6,317
Liquid Telecommunications Rwanda Limited	-	-	2,440	2,259
East Africa Data Centre	-	-	3,622	3,450
Liquid Telecommunications Uganda Limited	-	-	13,465	12,493
Ipidi Media	-	-	-	1,489
Liquid Telecommunications International FZE	-	-	6,740	5,794
Raha Tanzania Holdings Limited	-	-	4,898	5,128
Liquid Telecommunications DRC S.A.R.L	-	-	14,807	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	933	350
	-	**-**	**181,234**	**153,920**

The long term intercompany receivable from Data & Control System (Private) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.25% and is repayable in December 2025.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 5.5%. Repayment of the loan is pegged to Liquid Telecommunications Kenya Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Liquid Sea Limited was fully impaired during the year ended 28 February 2019 and is disclosed in Depreciation, impairment and amortisation (see note 5).

The long term intercompany receivable from Africa Digital Networks S.A.R.L Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.5% and is repayable in February 2021.

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.5% and is repayable in February 2021.

30. Related party transactions (continued)

The long term intercompany receivable from East Africa Data Centre Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.5% and is repayable in February 2021.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 5.5%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Ipidi Media (Mauritius) was fully settled during the year ended 28 February 2019.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in June 2020 with first drawdown effected in December 2014.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

The long term intercompany receivable from Liquid Telecommunications DRC S.A.R.L is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.5% and is repayable in January 2023.

The long term intercompany receivable from Liquid Telecommunications Botswana (Pty) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6% and is repayable in March 2022.

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Short term intercompany payables:				
Liquid Telecommunications Limited	-	-	-	624
Liquid Telecommunications Mozambique Limitada	-	-	1	1
Liquid Telecommunications Financing PLC	-	-	16,436	9,226
	-	**-**	**16,437**	**9,851**
Short term intercompany receivables:				
Econet Global Related Group Companies	7,051	74,420	5,922	68,973
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	42,332	34,731
Liquid Telecommunications DRC S.A.R.L	-	-	-	1,464
Liquid Telecommunications Operations Limited	-	-	39,426	37,915
Liquid Telecommunications Sahara Holdings Limited	-	-	-	-
	7,051	**74,420**	**87,680**	**143,083**

Short term intercompany receivables excluding Econet Group bear interest at the rate of LIBOR plus 2.5%, are unsecured and are to be repaid within 12 months.

Econet Group short term receivables are interest free and will be repaid within six months.

30. Related party transactions (continued)

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties:				
Econet Global Related Group Companies	34,055	48,571	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	8,120	6,241
Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)	-	-	264	81
Liquid Telecommunications Limited	-	-	-	11
Liquid Telecommunications Rwanda Limited	-	-	96	137
Liquid Telecommunications DRC S.A.R.L	-	-	8	8
Liquid Telecommunications South Africa (Pty) Limited	-	-	215	28
Raha Limited	-	-	68	11
Liquid Telecommunications Operations Limited	-	-	56	5,247
ZOL Zimbabwe (Private) Limited	-	-	47	27
Liquid Telecommunications Kenya Limited	-	-	21	113
Africa Digital Networks S.A.R.L Limited	-	-	203	124
Liquid Telecommunications Uganda Limited	-	-	104	58
Transaction Payment Solutions International Limited	-	-	7	7
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	3	-
HAI Telecommunications Limited	-	-	1,096	748
Liquid Telecommunications International FZE	-	-	38	23
Zanlink Limited	-	-	2	1
Liquid Telecommunications Botswana (Pty) Limited	-	-	46	7
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	88	36
	34,055	**48,571**	**10,482**	**12,908**

The receivable balances from affiliated entities and other related parties are unsecured, interest free and with no fixed date of repayment.

	Group 28/02/19	Group 28/02/18	Company 28/02/19	Company 28/02/18
Payable balance to affiliated entities:				
Econet Global Related Group Companies	3,155	4,358	-	-
Liquid Telecommunications Limited	-	-	-	95
Liquid Telecommunications South Africa (Pty) Limited	-	-	9,665	5,762
Liquid Telecommunications Financing Plc	-	-	9	-
	3,155	**4,358**	**9,674**	**5,857**

Amount payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

	Group 28/02/19	Group 28/02/18	Company 28/02/19	Company 28/02/18
Equity loans owed to:				
Liquid Telecommunications Botswana (Pty) Limited	-	-	8,878	9,631
	-	**-**	**8,878**	**9,631**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of each respective borrower and thus considered to represent equity.

	Group 28/02/19	Group 28/02/18	Company 28/02/19	Company 28/02/18
Prepayments:				
Econet Global Related Group Companies	-	15,073	-	15,072
	-	**15,073**	**-**	**15,072**

	Group 28/02/19	Group 28/02/18	Company 28/02/19	Company 28/02/18
Acquisition of non-controlling interest in subsidiary				
Econet Global Related Group Companies	135,000	-	-	-
	135,000	**-**	**-**	**-**

Refer to note 12.2 for more details on the acquisition of non-controlling interest in subsdiary.

31. Compensation of key management personnel

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
The remuneration of the Directors and other key management personnel during the year is as follows:				
Short-term employee benefits	4,308	6,824	1,958	1,907
Post-employment benefits	40	78	-	-
	4,348	**6,902**	**1,958**	**1,907**

32. Commitments

32.1 Capital commitments

At 28 February 2019 the group was committed to making the following capital commitments:

Authorised and contracted	40,925	43,539	-	-

The capital expenditure is to be financed from internal cash generation and existing funding facilities.

32.2 Bank guarantee

The company has contracted a bank guarantee of USD 0.8 million in favour of Copperbelt Energy Corporation Plc.

32.2 Other

The company has provided a letter of support of up to ZAR 383.0 million (USD 27.5 million) (28 February 2018: ZAR 750.0 million (USD 64.4 million)) to its subsidiary Liquid Telecommunications Holdings South Africa (Pty) Limited, for its South African operations to cover its cash outflow on its investment and other operating activities.

The company has also committed to and plan to continue providing the necessary financial support, to Africa Digital Networks S.A.R.L Limited and Liquid Telecommunications Uganda Limited, to enable them to operate in the forseeable future and to meet their liabilities as they fall due.

33. Operating lease arrangements

Payments recognised as an expense:				
Minimum lease payments	19,722	29,967	-	-

Operating lease commitments
At 28 February 2019 the group was committed to making the following annual payments in respect of operating leases:

Leases which expire:				
Within one year	22,873	23,086	-	-
Between two to five years	55,924	110,317	-	-
After five years	23,460	29,129	-	-
	102,257	**162,532**	**-**	**-**

Operating lease payments represent rentals payable by the group for certain of its capacity on satellites, equipment, office properties and buildings. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

34. Financial instruments

34.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's policy is to borrow centrally, principally using Senior Secured notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its forward interest cover, net debt to EBITDA ratio, gross debt to EBITDA ratio, and debt service cover ratio to comply with its Senior Secured notes and other borrowing facilities covenants. The group complied with these ratios throughout the financial year and the overall strategy remains unchanged from prior years.

The capital structure of the group and company consist of net debt (which includes borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued share capital, reserves and retained earnings.

34. Financial instruments (continued)

34.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The group is not subject to any externally imposed capital requirement. Management reviews the capital structure of the group on a periodic basis, including the cost of capital and the risks associated with each class of capital.

34.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Debt (i)	820,036	746,233	516,734	440,581
Cash and cash equivalents net of restricted cash	(93,275)	(160,718)	(781)	(200)
Net debt	**726,761**	**585,515**	**515,953**	**440,381**
Equity (ii)	251,757	527,307	425,526	323,829
Net debt to equity ratio	2.9:1	1.1:1	1.2:1	1.4:1

(i) Debt is defined as long and short-term borrowings, as detailed in notes 22 and 23.

(ii) Equity includes all capital and reserves of the group and the company, as detailed in the statement of changes in equity. The changes in currency in Zimbabwe, together with other currency movements in the year, have resulted in a reduction in reserves of USD 223.0 million. Without this adjustment, the net debt to equity ratio would have been 1.5:1.

34.4 Categories of financial assets and liabilities

	Group		Company	
	28/02/19	**28/02/18**	**28/02/19**	**28/02/18**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Financial assets				
Cash and cash equivalents	95,082	163,655	781	200
Amortised cost	149,830	236,623	279,396	309,965
FVTOCI	10,814	12,447	10,810	10,810
	255,726	**412,725**	**290,987**	**320,975**
Financial liabilities				
Amortised cost	980,397	935,244	550,459	461,341

34.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

34.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see notes 34.7 and 34.8) and interest rates (see notes 34.9 and 34.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk where appropriate.

34. Financial instruments (continued)

34.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follows:

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	13,968	21,646	-	-
Currency of United States (USD)	82,619	287,886	290,987	320,975
Currency of Zimbabwe (RTGS)	61,756	-	-	-
Currency of South Africa (ZAR)	71,790	74,398	-	-
Currency of Botswana (BWP)	869	413	-	-
Currency of Kenya (KES)	13,920	16,373	-	-
Currency of Zambia (ZMK)	2,673	3,414	-	-
Currency of Rwanda (RWF)	3,837	3,009	-	-
Currency of Nigeria (NGN)	106	106	-	-
Currency of Uganda (UGX)	1,797	1,330	-	-
Currency of Tanzania (TZS)	2,391	4,150	-	-
	255,726	**412,725**	**290,987**	**320,975**
Liabilities				
Currency of the United Kingdom (GBP)	9,416	17,217	1,011	321
Currency of United States (USD)	869,688	804,915	540,404	454,567
Currency of Zimbabwe (RTGS)	18,443	-	-	-
Currency of South Africa (ZAR)	61,255	95,281	9,044	6,453
Currency of Botswana (BWP)	238	347	-	-
Currency of Kenya (KES)	14,877	11,658	-	-
Currency of Zambia (ZMK)	1,069	1,740	-	-
Currency of Rwanda (RWF)	2,849	1,847	-	-
Currency of Nigeria (NGN)	9	3	-	-
Currency of Uganda (UGX)	995	961	-	-
Currency of Tanzania (TZS)	1,558	1,275	-	-
	980,397	**935,244**	**550,459**	**461,341**

34.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP), Zimbabwean Real Time Gross Settlement (RTGS), South Africa (ZAR), Kenyan Shilling (KES) and Rwandan Franc (RWF).

The following table details the group's sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

34. Financial instruments (continued)

34.8 Foreign currency sensitivity analysis (continued)

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(455)	(443)	101	32
RTGS Currency impact	(4,331)	-	-	-
ZAR Currency impact	(1,054)	2,088	904	645
KES Currency impact	96	(471)	-	-
RWF Currency impact	(99)	(116)	-	-
	(5,843)	**1,058**	**1,005**	**677**

34.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see note 34.12 below). Interest rates have been disclosed in the respective notes where applicable.

34.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group's and company's:

• Loss for the year ended 28 February 2019 for the group and the company respectively would increase by USD 0.002 million (2018: USD 2.1 million) and decrease by USD 2.5 million (2018: USD 1.4 million). This is mainly attributable to the group's limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
• No increase or decrease in other equity reserves for the year ended 28 February 2019 (2018: no increase or decrease).

34.11 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Note 19 details the group's and the company's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit loss, represents the group's maximum exposure to credit risk.

34. Financial instruments (continued)

34.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2019							
Financial liabilities	8.23%	70,336	79,112	87,680	736,600	6,669	980,397
Group - 2018							
Financial liabilities	8.41%	87,020	91,741	15,886	734,626	5,971	935,244
Company - 2019							
Financial liabilities	8.50%	11,614	5,675	89,519	443,651	-	550,459
Company - 2018							
Financial liabilities	8.50%	7,029	3,881	9,851	440,580	-	461,341

34.13 Fair values

The directors consider the financial assets and financial liabilities stated at amortised cost in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

35. Dividend

Dividends of USD 29.5 million were declared and USD 13.5 million paid on 31 May 2018 (28 February 2018: USD 13.5 million paid). The dividends for the full year were declared in fulfilment of the Econet Strategic Support agreement ("SSA") and paid to Econet Wireless Group only - all other shareholders renounced their right to these dividends.

The dividends were declared in accordance with the SSA for the full year ended 28 February 2019, where Econet Wireless International Limited agreed to provide Liquid Telecommunications Holdings Limited with strategic support, engineering network design services and certain business opportunities. Liquid Telecommunications Holdings Limited may elect to pay the fee by way of special dividend, which accrues to Econet Global Limited to the exclusion of all other shareholders to the company. The SSA was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
Dividends paid per share (Cents per share)	12.10	13.15	12.10	13.15

36. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
28 February 2019				
Investments (note 14)	-	-	10,814	10,814
Unfavourable contracts (note 24 & 25)	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**
28 February 2018				
Unfavourable contracts (note 24 & 25)	-	-	10,539	10,539
Total	**-**	**-**	**10,539**	**10,539**

37. (Loss) / earnings per share

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
Basic (loss) / earnings per share (Cents per share)	(65.20)	(12.56)	(17.75)	(23.73)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
	USD'000	USD'000	USD'000	USD'000
Loss attributable to owners of the company	(72,739)	(12,895)	(19,803)	(24,370)

	Group		Company	
	28/02/19	28/02/18	28/02/19	28/02/18
Weighted average number of ordinary shares for the purpose of basic earnings per share	111,560,506	102,685,342	111,560,506	102,685,342

See note 21 for number of shares.

38. Contingent liability

38.1 Excise duty in Zambia

On 6 March 2019, Hai Telecommunications Limited (Hai) received a notification from the Zambian Revenue Authority (ZRA) that excise duty is payable on internet bandwidth with effect from 2011 at a rate of 17.5%. Hai provides dedicated internet service (DIA) to enterprise customers. An assessment of USD 1.3 million (ZMW 16.6 million) for the period 2011 to 2017 has been received by Hai. On 11 April 2019, Hai, along with a number of other internet service providers (ISPs), via the Internet Service Providers Association of Zambia (ISPAZ), appealed against the assessment through the regulator, Zambia Information and Communication Technology Authority, and challenged the decision to implement the excise duty on DIA. Hai has also held separate discussions with the ZRA. Based on local advice and engagement with the ZRA, Management is of the view that the excise duty back tax assessments are not payable as the said taxes are inconsistent with the provisions of the Customs & Excise Act and as such believe that no provision is required.

38.2 Update on previous contingent liability: Eastern Cape Government Contract

Liquid Telecommunication South Africa (Pty) Limited (LTSA) signed an agreement with the Eastern Cape Provincial Government (ECPG) in October 2017 to provide connectivity services. At 28 February 2019, LTSA had received payments amounting to ZAR 145.8 million excluding VAT (USD 10.4 million) and recognized revenue of ZAR 25.0 million (USD 1.8 million) and ZAR 38.0 million (USD 2.9 million) in financial years 2019 and 2018 respectively. On 13 March 2018, State Information Technology Agency (Pty) Limited (SITA) launched an urgent application to review the decision of the Premier of the ECPG to appoint LTSA. The outcome of the urgent review court application was a settlement agreement concluded between LTSA, ECPG and SITA on 14 February 2019. The settlement agreement was also made an order of Court on 14 February 2019. Under the terms of the settlement agreement, and the subsequent amendment to the settlement agreement that was concluded on 13 March 2019, LTSA, ECPG and SITA have agreed and concluded a Master Services Agreement on 2 May 2019 in respect of the connectivity services to be provided by LTSA to ECPG and SITA in the Eastern Cape.

No further contingent liability exists.

39. Non-cash transactions

39.1 Transactions excluded from statements of cash flows

During the current financial year, the group and company entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

• In 2019, the group and the company acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe by issue of 10,705,789 ordinary shares of the company to Econet Wireless Zimbabwe Limited amounting to USD 135.0 million.

• In 2019, the group acquired the remaining 2.5% non-controlling interest in Liquid Telecommunications Operations DRC S.A.R.L for a non-cash consideration of USD 450,000.

• In 2019, there were several disposals and acquisitions of property, plant and equipment and intangible assets between some subsidiaries at cost/carrying value. The company also made some disposals and acquisitions with other subsidaries at a net amount of USD 1.1 million which were settled through short-term inter-company receivables/payables.

• In 2018, additional USD 9.5 million of Fibre Optical IRU's relates to a non-controlling shareholder's investment in Liquid Telecommunications Botswana (Pty) Limited.

• In 2018, the Royal Bafokeng Holdings Limited exchange of their shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited resulted in a non-cashflow amount of USD 94.9 million.

39.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

39. Non-cash transactions (continued)

39.2 Reconciliation of liabilities arising from financing activities (continued)

2019: Group	01/03/2018	Non-cash	Cash	28/02/2019
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	(8,709)	(64,819)	(73,528)
Short-term portion of long-term borrowings (note 22)	15,019	(857)	73,084	87,246
Net long-term borrowings (note 22)	731,214	9,397	(7,821)	732,790
	746,233	(169)	444	746,508

2018: Group	01/03/2017	Non-cash	Cash	28/02/2018
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	(23,074)	(55,887)	(78,961)
Short-term portion of long-term borrowings (note 22)	5,210	27,117	(17,308)	15,019
Net long-term borrowings (note 22)	589,402	(5,318)	147,130	731,214
	594,612	(1,275)	73,935	667,272

The non-cash portion of Finance costs relate to arrangement fees written off due to the Group's previous debt structure being refinanced. Refer to note 22 for borrowings information.

The non-cash portion of the short and long term borrowings relate to borrowing costs that have been capitalised.

2019: Company	01/03/2018	Non-cash	Cash	28/02/2019
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(38,525)	(38,525)
Short-term portion of long-term borrowings (note 22)	-	-	73,084	73,084
Loan from fellow group subsidiary (note 23)	440,581	-	3,071	443,652
	440,581	-	37,630	478,211

2018: Company	01/03/2017	Non-cash	Cash	28/02/2018
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	(18,149)	(23,730)	(41,879)
Short-term portion of long-term borrowings (note 22)	2,263	1,859	(4,122)	-
Net long-term borrowings (note 22)	347,775	(397,775)	50,000	-
Loan from fellow group subsidiary (note 23)	-	9,630	430,951	440,581
	350,038	(404,435)	453,099	398,702

40. Going concern

The directors have reviewed the consolidated cash flow projections of the Liquid Telecommunications group and Liquid Telecommunications Holdings Limited for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2019, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

The going concern assumption is supported by the following key considerations:

Funding facilities

The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in January 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in FY 20 and FY 21) and term loans (maturity in FY 20 to FY 22) in Zambia, of which USD 18.5 million is outstanding at the balance sheet date. The RCF was fully drawn at the balance sheet date, but was repaid in full in April 2019.

Impact of IFRS 16 "Leases"

The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which is effective for the first time in financial year 2020 and are of the opinion that it will not have any impact on the going concern of the group.

40. Going concern (continued)

Cash position

As at 28 February 2019, the group has an unrestricted cash position of USD 93.3 million (28 February 2018: USD 160.7 million). Of this amount, USD 49.1 million is held in Zimbabwe in RTGS. Following the announcement of the currency changes in Zimbabwe on 22 February 2019, the group has translated the Zimbabwe cash at the balance sheet date at a RTGS:USD exchange rate of 2.5:1. Prior to this event, the cash balance in Zimbabwe at the balance sheet date would have been equivalent to USD 120.8 million (28 February 2018: USD 88.3 million translated at RTGS:USD 1:1).

New equity finance

On 11 December 2018, CDC Group Plc (“CDC”) agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money will be used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

Operational performance

For the year ended 28 February 2019, the group reported an operating profit of USD 81.5 million (2018: 97.0 million) and a net cash inflow from operating activities of USD 152.4 million (USD 181.0 million). This strong performance demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects. Following the currency changes in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements fpr the year ended 28 February 2019 is justified.

41. Comparative figures

41.1 Acquisition of subsidiary companies

The accounting for the acquisition of Zanlink Limited based in Tanzania through Raha Tanzania Holdings Limited in 2018 was provisional and based on management best estimates at the time.

In accordance with IFRS 3, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition.

The acquisition accounting was completed during the current financial year and the 2018 figures retrospectively adjusted as per IFRS. The effect of the retrospectively adjustment is reflected below:

	Provisional Accounting USD'000	Final Accounting USD'000	Movement USD'000
Intangible assets	4,149	1,581	(2,568)
Property, plant and equipment	1,069	1,036	(33)
Deferred tax liabilities on fair value adjustment	(1,338)	(558)	780
Goodwill	635	2,183	1,548
Non-controlling interest	(1,163)	(890)	273
Total	3,352	3,352	-

41.2 Comparative figures

Certain comparatives have been reclassified to conform with current year's presentation.

42. Share-based payment

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) (EWZL) in exchange for the acquisition of the remaining 51% ownership in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (LTZ) for total consideration of USD 135.0 million.

The company has recognised the acquisition of the 51% of LTZ and the corresponding issue of its shares as at 28 February 2019, the effective date on which the the company shares were issued.

Although there are vesting conditions in the Share Purchase Agreement between the company and EWZL, which among others is, the need for Reserve Bank of Zimbabwe approval, these are not market conditions and therefore in management's view, do not affect the fair value estimate. Management considers the effective date of the transaction for financial reporting purposes as 28 February 2019, being the date that shares were issued by the company to EWZL.

This transaction has had no impact on the statement of profit or loss.

43. Post balance sheet events

On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunication group by way of subscription for convertible preference shares. The funds were received in April 2019. The money will be used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

Following the currency changes in Zimbabwe announced on 22 February 2019, the RTGS:USD exchange rate has continued to deteriorate since the balance sheet date. These movements in the RTGS:USD rate from 2.5:1 will impact the results, assets, liabilities and reserves of the group in the coming period. As at 12 June, the official interbank rate was RTGS:USD 5.7:1.

44. Immediate and ultimate holding companies

The directors regard Econet New Arx Limited as the immediate holding company and Econet Global Limited as the ultimate holding company, both incorporated in Mauritius.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(Registration Number: 068355 C2/GBL)
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General review

The results of the company's and the group's operations for the year ended 28 February 2018 are fully disclosed in the accompanying audited annual financial statements.

The company's main activity is to carry on the business of a holding company in respect of subsidiary companies all over the world.

The Liquid Telecommunications Group is involved in developing a global telecommunications and technology business with a focus on Africa. Group revenue increased by 98.5% from last year to USD 680.9 million predominately due to the acquisition of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) on 10 February 2017 together with significant growth in revenue coming from the fibre products. Property, Plant and Equipment increased to USD 764.9 million (2017: USD 601.0 million) representing the investment in the fibre network and the expansion of our data centre offering that allows us to provide our customers with a full-service offering of connectivity, hosting and digital services.

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue into the coming financial year to further increase our coverage and it is anticipated that costs will rise to represent the increased staffing and overhead commitment to the roll out. Where acquisitions make commercial sense, these will be considered as an alternative way of expanding our network and customer reach.

It is the group's aim to develop telecommunications and technology opportunities in sub Saharan Africa and to continue to develop the technical services supplied from the United Kingdom both of which will contribute to increasing value in the group.

Major activities

On 1 June 2017, the group acquired 70% of the share capital of Zanlink Limited, a company incorporated in Zanzibar, for a total consideration of USD 3.3 million. Of the consideration, USD 2.7 million represents the net assets acquired and USD 0.6 million goodwill.

In December 2017, the group completed the exchange of Royal Bafokeng Holding's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in the company giving the group a 100% economic interest in Liquid Telecommunications Holdings South Africa (Pty) Limited. As part of this exchange and in addition to the 100% shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited shares, the company received a cash component of USD 22.2 million.

The group has further successfully completed a capital raising project which has resulted in a USD 730.0 million senior secured notes being issued. Through this, the group was able to repay existing debt including the term loan for the acquisition of Liquid Telecommunications South Africa (Pty) Limited which was due in May 2018. These achievements, along with the integration of new business combinations completed in 2017 resulted in the efficiencies achieved in 2018.

During the year ended 28 February 2018, the company acquired 19.98% of Econet Media Limited for USD 60.0 million. Subsequent to the year end, both parties agreed to reverse the subscription agreement at 28 February 2018. Proceeds of USD 60.0 million from the unwinding are included in short term inter-company receivables.

Going concern

The directors have reviewed the consolidated cash flow projections of Liquid Telecommunications Holdings Limited ("the group"), for the forthcoming period of eighteen months from 1 March 2018 up to and including 30 June 2019. Considering the available cash position as of 28 February 2018, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and access to new capital and loan funding, the directors are satisfied that the group, has access to adequate cash resources to settle obligations as these arise and that operations reflect financial sustainability to enable the business to continue in operational existence for the foreseeable future.

The going concern assumption is supported by the following key considerations:

• The group has successfully completed a capital raising project during the year ended 28 February 2018 which has resulted in a USD 730.0 million 8.5% senior secured notes being issued that has no capital repayments until July 2022. Through this, the group repaid existing debt including the term loan of ZAR 2.95 billion (USD 228.0 million) for the acquisition of Liquid Telecommunications South Africa (Pty) Limited which was due in May 2018 and term loans totalling USD 300.0 million repayable over five years until December 2022.

Going concern (continued)

• On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

• The group has a cash position of USD 160.7 million as well as a positive net current asset position further enhancing the going concern assumption for the group as at 28 February 2018.

Based on the assessment made and articulated in the reasons set out above, the directors are of the opinion, that the adoption of the going concern assumption for the preparation of the financial statements as of 28 February 2018 is justified.

Statement of directors' responsibility in respect of the annual financial statements

The directors are required to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius.

Dividends

Dividends of USD 13.5 million were declared during the 2018 financial year (2017: USD 48.9 million, 2016: USD 24.9 million).

Share capital

The issued share capital represents 111,531,175 ordinary shares with a par value of USD 0.0297541580 each (2017 and 2016: 1,000 ordinary shares with par value of USD 1). Refer to note 21 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates and other investments are disclosed in notes 12 to 14 of the financial statements.

Directors and secretary

The directors of the company during the year under review and up to the date of this report were as follows:

Strive Masiyiwa *	(Appointed 13 May 2008)
Nicholas Trevor Rudnick **	(Appointed 22 October 2007)
Eric Venpin ***	(Appointed 26 January 2007)
Gaetan Lan ***	(Appointed 30 January 2007)
Thomas Amos Ganda Sithole *	(Appointed 12 June 2014) (Resigned 20 June 2017)
Hardwork Pemhiwa Njodzi *	(Appointed 4 November 2016)
Vassi Naidoo *****	(Appointed 4 November 2016)
Anil Dua ****	(Appointed 1 January 2017)
Donald Henry Gips ******	(Appointed 20 June 2017)
David Ronald Wilson *****	(Appointed 6 December 2017)

* Zimbabwean
** German
*** Mauritian
**** British
***** South African
****** American

Secretary	**Registered office**
DTOS Ltd	
10th Floor, Standard Chartered Tower	10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity	19-21 Bank Street, Cybercity
Ebène, 72201	Ebène, 72201
Republic of Mauritius	Republic of Mauritius

Events after the reporting period

Receivables from Econet Group

On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

Acquisition of the remaining shares in CEC Liquid Telecommunications Limited

In May 2018, the company entered into an agreement with CopperBelt Energy Corporation PLC to acquire the remaining 50% of CEC Liquid Telecommunications Limited, a Liquid Telecommunications Group subsidiary based in Zambia, for a total consideration of USD 35 million. Subject to a number of conditions precedent, the company will pay USD 3.5 million upon completion of the agreement with the balance of USD 31.5 million being paid by 31 January 2019. Upon completion of the agreement, Liquid Telecommunications Group will own 100% of CEC Liquid Telecommunication Limited.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Liquid Telecommunications Holdings Limited under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 28 February 2018.

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For DTOS Ltd
Secretary

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Date: 27 June 2018

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")** set out on pages 8 to 79, which comprise the consolidated and separate statement of financial position as at 28 February 2018, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 28 February 2018, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements of the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors and Certificate from the secretary, but does not include consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's and the Group's financial reporting process.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
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Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited (cont'd)

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

Our objectives are to obtain reasonable assurance about whether the consolidated and 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and 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 and the Group'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 the directors' 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 and the Group'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 consolidated and 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 and/or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, 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.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Deloitte

Deloitte

Chartered Accountants

27 JUN 2019

Agrawal.

Vishal Agrawal, FCA

Licensed by FRC

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February 2018

	Notes	Group 28/02/18 USD'000	Group 28/02/17 USD'000	Group 29/02/16 USD'000	Company 28/02/18 USD'000	Company 28/02/17 USD'000	Company 29/02/16 USD'000
Revenue	4	680,948	342,992	306,547	-	-	-
Interconnect related costs		(121,141)	(89,516)	(76,954)	-	-	-
Data and network related costs		(176,413)	(54,672)	(43,441)	-	-	-
Other income	5	1,343	1,861	3,295	1,838	64,336	1,572
Dividend received		-	308	279	30,000	30,309	70,000
Selling, distribution and marketing costs		(19,258)	(7,721)	(6,718)	(2,864)	(1,204)	(987)
Administrative expenses		(59,227)	(25,584)	(24,902)	(18,635)	(13,026)	(14,647)
Staff costs		(114,863)	(51,472)	(43,009)	(2,345)	(2,292)	(912)
Adjusted EBITDA	4	191,389	116,196	115,097	7,994	78,123	55,026
Depreciation, impairment and amortisation		(94,347)	(38,417)	(33,654)	(309)	(5,441)	7,768
Acquisition and other investment costs	5	(2,494)	(4,477)	-	(2,383)	(4,477)	-
Operating profit		94,548	73,302	81,443	5,302	68,205	62,794
Interest income	6	3,383	1,554	728	13,326	10,933	9,861
Finance costs	7	(78,961)	(13,785)	(7,256)	(41,879)	(11,143)	(7,570)
Foreign exchange (loss) / gain	5	(1,314)	2,032	(13,254)	(931)	50	366
Share of profits of associate	13	76	3	-	-	-	-
Profit / (loss) before taxation	5	17,732	63,106	61,661	(24,182)	68,045	65,451
Tax expense		(17,594)	(9,037)	(11,774)	(188)	(156)	(196)
Profit for the year		**138**	**54,069**	**49,887**	**(24,370)**	**67,889**	**65,255**
Other comprehensive income / (loss)							
Items that may be reclassified subsequently to profit or loss:							
Translation gain / (loss) on accounting for foreign entities		81,499	11,019	(9,928)	-	-	-
Fair value gain / (loss) on available-for-sale investments	14	-	1,681	(26,070)	-	-	-
Other comprehensive gain / (loss) for the year		81,499	12,700	(35,998)	-	-	-
Profit / (loss) and total comprehensive income / (loss) for the year		**81,637**	**66,769**	**13,889**	**(24,370)**	**67,889**	**65,255**
Profit / (loss) attributable to:							
Owners of the company		(12,895)	45,688	39,650	(24,370)	67,889	65,255
Non-controlling interest		13,033	8,381	10,237	-	-	-
		138	**54,069**	**49,887**	**(24,370)**	**67,889**	**65,255**
Profit / (loss) and total comprehensive income attributable to:							
Owners of the company		72,275	55,086	3,979	(24,370)	67,889	65,255
Non-controlling interest		9,362	11,683	9,910	-	-	-
		81,637	**66,769**	**13,889**	**(24,370)**	**67,889**	**65,255**
(Loss) / earnings per share							
Basic and diluted (Cents per share)	37	(12.56)	45.69	39.65	(23.73)	67.89	65.25

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 28 February 2018

	Notes	Group 28/02/18	Group 28/02/17	Group 29/02/16	Company 28/02/18	Company 28/02/17	Company 29/02/16
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Non-current assets							
Goodwill	9	160,522	145,833	9,558	-	-	-
Intangible assets	10	185,921	174,396	71,939	282	94	15,695
Property, plant and equipment	11	764,866	600,991	277,257	97	76	42
Investment in subsidiaries	12	-	-	-	446,539	327,347	102,060
Investment in associates	13	506	378	-	-	-	-
Investments	14	12,447	15,785	26,921	10,810	15,000	6,500
Deferred tax assets	15	37,115	31,173	1,544	-	-	-
Held to maturity investments	16	3,206	2,952	3,353	-	-	-
Long-term receivables	17	1,153	6,409	1,247	153,920	132,360	123,231
Total non-current assets		**1,165,736**	**977,917**	**391,819**	**611,648**	**474,877**	**247,528**
Current assets							
Inventories	18	31,310	22,134	24,382	8	-	-
Trade and other receivables	19	277,278	166,146	66,402	173,314	78,430	45,081
Taxation	8	957	239	1,761	-	-	-
Held to maturity investments	16	-	245	-	-	-	-
Cash and cash equivalents	20	160,718	141,048	33,497	200	53,489	5,368
Restricted cash and cash equivalents	20	2,937	11,688	66,900	-	3,000	66,900
Total current assets		**473,200**	**341,500**	**192,942**	**173,522**	**134,919**	**117,349**
Total assets		**1,638,936**	**1,319,417**	**584,761**	**785,170**	**609,796**	**364,877**
Equity and liabilities							
Capital and reserves							
Share capital	21	3,319	1	1	3,319	1	1
Share premium	21	116,765	2,333	2,333	116,765	2,333	2,333
Investment revaluation reserve		-	-	(11,319)	-	-	-
Retained earnings		233,646	283,582	294,865	203,745	244,477	225,486
Foreign currency translation reserve		79,831	(5,338)	(13,055)	-	-	-
Total equity attributable to owners of the parent		**433,561**	**280,578**	**272,825**	**323,829**	**246,811**	**227,820**
Non-controlling interests	12.2	94,019	147,010	54,564	-	-	-
Total equity		**527,580**	**427,588**	**327,389**	**323,829**	**246,811**	**227,820**
Non-current liabilities							
Long-term borrowing	22	731,214	589,402	108,110	-	347,775	94,715
Long term intercompany borrowings	23	-	-	-	440,581	-	-
Long term provisions	26	922	4,059	-	-	-	-
Other long term payables	24	15,880	10,094	8,697	-	-	-
Deferred revenue	27	53,702	42,829	10,895	-	-	-
Deferred tax liabilities	15	47,736	35,590	25,887	-	-	-
Total non-current liabilities		**849,454**	**681,974**	**153,589**	**440,581**	**347,775**	**94,715**
Current liabilities							
Short-term portion of long-term borrowing	22	15,019	5,210	38,135	-	2,263	35,294
Trade and other payables	25	201,321	176,294	61,667	20,760	12,947	7,048
Short term provisions	26	8,523	4,273	185	-	-	-
Deferred revenue	27	27,188	22,027	3,796	-	-	-
Taxation	8	9,851	2,051	-	-	-	-
Total current liabilities		**261,902**	**209,855**	**103,783**	**20,760**	**15,210**	**42,342**
Total equity and liabilities		**1,638,936**	**1,319,417**	**584,761**	**785,170**	**609,796**	**364,877**

Approved by the Board of Directors and authorised for issue on 27 June 2018

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2018

Group

	Notes	Share Capital	Share Premium	Investment Revaluation reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2015		1	2,333	14,751	(3,454)	280,186	43,083	336,900
Change in ownership	12.3	-	-	-	-	(71)	1,571	1,500
Profit for the year		-	-	-	-	39,650	10,237	49,887
Foreign exchange loss		-	-	-	(9,601)	-	(327)	(9,928)
Dividend	35	-	-	-	-	(24,900)	-	(24,900)
Fair value loss on available-for sale investments		-	-	(26,070)	-	-	-	(26,070)
At 29 February 2016		**1**	**2,333**	**(11,319)**	**(13,055)**	**294,865**	**54,564**	**327,389**
Change in ownership	12.3	-	-	-	-	(3,530)	68,241	64,711
Profit for the year		-	-	-	-	45,688	8,381	54,069
Foreign exchange gain		-	-	-	7,717	-	3,302	11,019
Dividend	35	-	-	-	-	(48,898)	-	(48,898)
Fair value gain on available-for sale investments		-	-	1,681	-	-	-	1,681
Acquisition of subsidiaries	29	-	-	-	-	-	2,528	2,528
Profit on disposal under common control	29	-	-	-	-	5,095	-	5,095
Reclassification upon disposal	29	-	-	9,638	-	(9,638)	-	-
Equity loan	12.2	-	-	-	-	-	9,994	9,994
At 28 February 2017		**1**	**2,333**	**-**	**(5,338)**	**283,582**	**147,010**	**427,588**
Issue of share capital	21	3,318	114,432	-	-	(2,862)	-	114,888
Change in ownership	12.3	-	-	-	-	(20,679)	(64,024)	(84,703)
Profit for the year		-	-	-	-	(12,895)	13,033	138
Foreign exchange gain		-	-	-	85,169	-	(3,670)	81,499
Dividend	35	-	-	-	-	(13,500)	-	(13,500)
Acquisition of subsidiaries	29	-	-	-	-	-	1,670	1,670
At 28 February 2018		**3,319**	**116,765**	**-**	**79,831**	**233,646**	**94,019**	**527,580**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
COMPANY STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2018

Company

	Notes	Share capital	Share premium	Retained earnings	Total Equity
		USD'000	USD'000	USD'000	USD'000
At 1 March 2015		1	2,333	185,131	187,465
Profit and total comprehensive income for the year		-	-	65,255	65,255
Dividends	35	-	-	(24,900)	(24,900)
At 29 February 2016		**1**	**2,333**	**225,486**	**227,820**
Profit and total comprehensive income for the year		-	-	67,889	67,889
Dividends	35	-	-	(48,898)	(48,898)
At 28 February 2017		**1**	**2,333**	**244,477**	**246,811**
Loss and total comprehensive income for the year		-	-	(24,370)	(24,370)
Dividends	35	-	-	(13,500)	(13,500)
Issue of share capital	21	3,318	114,432	(2,862)	114,888
At 28 February 2018		**3,319**	**116,765**	**203,745**	**323,829**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended 28 February 2018

		Group			Company		
	Notes	**28/02/18**	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
		USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Cash flows from operating activities:							
Cash generated from / (used in) operations	28	183,955	87,690	130,966	(25,241)	(10,061)	63,922
Income tax paid	8	(2,930)	(1,620)	(6,393)	(188)	(156)	(196)
Net cash from / (used in) operating activities		181,025	86,070	124,573	(25,429)	(10,217)	63,726
Cash flows from investing activities:							
Interest income		3,128	1,554	728	13,326	10,933	9,861
Acquisition of other investments	14	(63,162)	(781)	-	(62,310)	-	-
Disposal of investments in subsidiary	12	-	-	-	-	-	854
Additional investment in subsidiary	12	-	-	-	(14,211)	(163,148)	(1,500)
Disposal of subsidiary companies	29	-	(3)	-	-	-	-
Acquisition of subsidiary companies	29	(17,589)	(27,674)	(1,388)	-	-	-
Purchase of property, plant and equipment	11	(190,662)	(71,880)	(66,774)	(79)	(75)	(42)
Proceeds on disposal of property, plant and equipment	11	2,359	1,730	5,859	2	-	272
Purchase of intangible assets	10	(11,250)	(8,715)	(12,918)	(288)	(62)	(129)
Proceeds on disposal of intangible assets	10	2,693	30	654	68	-	141
Proceeds / (Purchase) of held to maturity investments	16	245	156	(201)	-	-	-
Decrease / (Increase) in long term receivables	17	5,000	(5,278)	-	(21,792)	(11,976)	(16,161)
Net cash used in from investing activities		(269,238)	(110,861)	(74,040)	(85,284)	(164,328)	(6,704)
Cash flows from financing activities:							
Dividend paid	35	(13,500)	(26,800)	(24,900)	(13,500)	(26,800)	(24,900)
Finance costs paid	7	(55,887)	(13,785)	(7,256)	(23,730)	(11,143)	(7,570)
Issue of subsidiary share capital & equity loans to minorities		68	75,566	-	-	-	-
Issue of share capital		22,222	-	-	22,222	-	-
Change in ownership of a subsidiary		-	-	1,500	-	-	-
Increase / (decrease) in long term borrowings		129,822	30,132	46,131	(358,835)	220,029	50,129
(Increase) / decrease in equity loans		-	-	-	(2,684)	(23,320)	652
Loan from fellow group subsidiary		-	-	-	430,951	-	(6,955)
Net cash generated from financing activities		82,725	65,113	15,475	54,424	158,766	11,356
Net increase / (decrease) in cash and cash equivalents		(5,488)	40,322	66,008	(56,289)	(15,779)	68,378
Cash and cash equivalents at beginning of the year		152,736	100,397	36,595	56,489	72,268	3,890
Translation of cash with respect to foreign subsidiaries		16,407	12,017	(2,206)	-	-	-
Cash and cash equivalents at end of the year	20	**163,655**	**152,736**	**100,397**	**200**	**56,489**	**72,268**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior year.

These financial statements are presented in US Dollars (USD) as this is the currency in which the majority of the group and company's transactions are denominated.

1.1 Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2017.

<u>New and revised IFRSs and IFRICs in issue but not yet effective</u>

IFRS 15: Revenue from contracts with customers

The group has not applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) in advance of its effective date which is for accounting periods beginning on or after 1 January 2018. IFRS 15 will be adopted 1 March 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

• Step 1: Identify the contract(s) with a customer;
• Step 2: Identify the performance obligations in the contract;
• Step 3: Determine the transaction price;
• Step 4: Allocate the transaction price to the performance obligations in the contract; and
• Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The application of the above 5 steps is as follows:

• All Liquid Group customers have signed contracts with the relevant Operating Company.
• Master Service Agreements are signed stipulating the terms relating to performance obligations. These are stipulated in each contract for management of service levels within customer contracts.
• Transaction prices are determined based on contract deliverables, which include a combination of fixed Monthly Recurring Revenue (MRR), variable revenue for usage, and once off Non-Recurring Revenue (NRR) for which revenue is based on defined milestones/performance obligations.
• Transaction prices are allocated based on performance obligations, arising from a range of services defined per the nature of each contract. i.e. Contract hardware revenue is recognised fully on day one of the contract at discounted cash flow terms, monthly provision of services which is billed monthly in accordance with contract terms (MRR) and usage, and NRR for specific project obligations/milestones.
• Revenue recognition is aligned to delivered milestones or contractual obligations across the group.

NRR project type revenue is recognised based on the key milestones performed consistent with IAS 18. The NRR revenue is only recognised once the key milestones are completed and risk and rewards are transferred to the customer. MRR is fixed over the term of contract and usage is variable upon actual consumption. The key milestones will be aligned to IFRS 15 performance obligations and no material change in revenue recognition for project revenue is expected.

The group's accounting policies for its revenue streams are disclosed in detail in Note 4. Apart from providing more extensive disclosures on the group's revenue transactions, the application of IFRS 15 is not expected to have a significant impact on the financial position and/or financial performance of the group.

1.1 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 15: Revenue from contracts with customers (continued)

The Group will apply the modified retrospective approach for the adoption of IFRS 15 which was effective for periods beginning on or after 1 January 2018. The results reported from 1 March 2018, the date of initial application, will be as if the Standard had always been applied. The Group elects to apply IFRS 15 only to contracts that are not completed contracts at the date of initial application and the comparative periods will not be restated under the new Standard.

IFRS 16: Leases

IFRS 16 "Leases" was issued in January 2016 to replace IAS 17 "Leases". The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the group on 1 March 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the group.

The group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

• Right-of-use assets will be recorded for assets that are leased by the group; currently no lease assets are included on the group's consolidated statement of financial position for operating leases.

• Liabilities will be recorded for future lease payments in the group's consolidated statement of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 28 February 2018.

• Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term.

• Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

A high volume of transactions will be impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. Therefore, the group is continuing to assess the impact of these and other accounting changes that will arise under IFRS 16 and cannot reasonably estimate the impact; however, the changes highlighted above will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after the group's adoption on 1 March 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period.

Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The group has not yet determined which adoption method will be adopted or which expedients will be applied on adoption.

1.1 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 9: Financial Instruments

IFRS 9 “Financial Instruments” was issued in July 2014 to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The standard is effective for accounting periods beginning on or after 1 January 2018 and will be adopted by the group on 1 March 2018. IFRS 9 will impact the classification and measurement of the group’s financial instruments, revises the requirements for when hedge accounting can be applied and requires certain additional disclosures. The primary changes resulting from IFRS 9 on the group’s accounting for financial instruments are as follows:

• The group has elected, under IFRS 9, to recognise the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recognised under IFRS 15 and finance lease receivables at the date of initial recognition of those assets; currently credit losses are not recognised on such assets until there is an indicator of impairment, such as a payment default.

Whilst hedge accounting requirements are revised under IFRS 9, no material changes to the group’s hedge accounting have been identified. The effect on the group’s trade receivables is also expected to be immaterial.

New and revised IFRSs and IFRICs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 7	Statement of Cash Flows - Amendments as result of the Disclosure initiative
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses
IFRS 12	Disclosure of Interest in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)
IFRS 12	Consolidated Financial Statements – Amendments regarding the application of the consolidation exception

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 12	Income taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)
IAS 28	Investment in Associates and Joint Ventures - Amendments deferring the effective date of the September 2014 amendments (effective 1 January 2018)
IAS 28	Investment in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
IAS 39	Financial Instruments - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 3	Business combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)

1.1 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 7	Financial Instruments - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 15	Revenue from Contracts with Customers - Amendments to defer the effective date to 1 January 2018 (effective 1 January 2018)
IFRS 16	Leases – Original issue (effective 1 January 2019)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements in future periods. The directors have not yet assessed the potential impact of the application of these amendments, other than those mentioned above.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. Summary of significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:
• the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholder's meetings.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in the consolidated statements of profit or loss and other comprehensive income as a bargain purchase gain.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRSs). The fair value of any investment retained in the former subsidiary as at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. Summary of significant accounting policies (continued)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities, assumed are recognised at their fair value, except that:
• deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less that the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Summary of significant accounting policies (continued)

Common controlled transactions

Common controlled transactions are recorded at book value. Any difference between cost and book value is taken directly to equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Land and buildings	2 % - 5 %
Furniture and fittings	10 % - 20 %
Computer equipment	10 % - 50 %
Satellite equipment	20 %
Switching and network equipment	20 %
Leasehold improvements	10 % - 20 %
Motor vehicles	20 % - 25 %
Fibre infrastructure	4 % - 20 %
Fibre equipment	20 %
POS terminals	25 %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the differences between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statements of profit or loss and other comprehensive income.

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase status. Once the asset is fully developed and available for use, depreciation will start accordingly.

Investment in subsidiaries

The total carrying values of investments in subsidiaries represent the cost of each investment. The carrying values of investments in subsidiaries are reviewed on a regular basis and if an impairment in value has occurred, it is written off in the period in which those circumstances are identified.

Investment in associate

An associate is an entity that the group has significant influence over. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the method of equity accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

2. Summary of significant accounting policies (continued)

Investments

Investments are classified as available-for-sale investments, and are measured at subsequent reporting dates at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in consolidated statements of profit or loss and other comprehensive income for the period. Impairment losses recognised in the consolidated statements of profit or loss and other comprehensive income for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Valuation of investments

Investments are valued at fair value. In the event that fair value cannot be determined or reliably measured, investments are recorded at cost. Investments are valued according to one of the following bases as set out below:
- Cost (less any provision required for a diminution in value);
- Third party valuation;
- Discounted cash flow methodology;
- Net assets; or
- Price of a recent transaction.

For unlisted investments in which the company and group typically invests, the fair value of an investment is expected to be its initial cost for the first 12 months. Thereafter, one of the bases above is applied.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving investments of the type in which the company and group invests. Therefore, the fair values presented herein are not necessarily indicative of the amount that the company and group could realise in a current transaction.

Project costs

Project costs are recognised as assets only if all of the following conditions are met:
- An asset is created that can be identified; and
- It is probable that the asset created will generate future economic benefits.

A provision for impairment against project costs asset is raised when appropriate.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the stocks to their present location and condition. The selling cost of inventory is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories:
• cash and bank balances or
• held-to-maturity investments or
• available-for-sale' ("AFS") financial assets or
• loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost less any impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables or (b) held-to-maturity investments.

Listed shares held by the group that are traded in an active market are classified as AFS and are stated at fair value. The group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value because the Directors consider that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the consolidated statements of profit or loss and other comprehensive income.

Dividends on AFS equity instruments are recognised in the consolidated statements of profit or loss and other comprehensive income when the group's right to receive the dividends is established.

Valuation of AFS financial assets:

Fair values are determined annually at the reporting date. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Valuation of AFS financial assets (continued):

For AFS investments, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The levels are as follows:

- Level 1 fair value measurements are those derived from unadjusted quoted prices for identical assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs which are not based on observable market data.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in the consolidated statements of profit or loss and other comprehensive income.

Loans and receivables:

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any allowance for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statements of profit or loss and other comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statements of profit or loss and other comprehensive income in the period.

2. Summary of significant accounting policies (continued)

Impairment of financial assets (continued):

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets:

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain of loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statements of profit or loss and other comprehensive income.

On derecognition of a financial asset other than in its entirety, the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Financial liabilities and equity instruments classification as debt or equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Share capital and share premium are classified as equity.

Financial liabilities:

The group had financial liabilities comprising trade payables and accruals, and interest-bearing debt, all classified at amortised cost.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities:

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statements of profit or loss and other comprehensive income.

2. Summary of significant accounting policies (continued)

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees, cash committed to capital expenditure and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statements of profit or loss and other comprehensive income, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and other sales related taxes.

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Management fees are recognised when the right time to receive payment have been established.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

Rentals payable under operating leases are charged to the consolidated statements of profit or loss and other comprehensive income on the straight-line basis over the term of the relevant lease.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date.

Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing date.

2. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Fibre optical – IRU	5 - 25 years
Computer Software	2 - 8 years
Customer relationships	3 - 5 years
Operating Licence	10 - 25 years
Other Intangible Assets	3 - 10 years

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited), Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, treasury bills and deposits held, all of which are available for use by the company unless otherwise stated.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in equity on the date of acquisition.

3. Significant accounting judgements and estimates

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Control over subsidiaries

Note 12 describes that Liquid Telecommunications Holdings Limited owns 50% of CEC Liquid Telecommunication Limited and 49% of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and these are consolidated by Liquid Telecommunications Holdings Limited.

The directors of the company assessed whether or not the Group has control over CEC Liquid Telecommunication Limited and Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe based on the ability to use its' power to direct the relevant activities that significantly affect the entities' returns. More specifically the directors have considered the group's size of its investment, its ability to establish operating and capital decisions of the entities, and to control the key management positions. After the considerations, the directors concluded that Liquid Telecommunications Holdings Limited has the power to direct the relevant activities of the entities', therefore these entities have been consolidated into the group's annual financial statements.

3. Significant accounting judgements and estimates (continued)

Material judgements

Significant influence over investee

Note 14 describes the company's 34% investment in Burundi Backbone Systems SM ("BBS"). The directors consider that the group is unable to exercise significant influnce over BBS as the company was unable to register the shares and consequently the investment was reversed during the year ended 28 February 2018.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability. Refer to note 38 for Contingent liabilities disclosure.

Cash and cash equivalents located in Zimbabwe

During the year ended 28 February 2018, the Zimbabwe operating companies were able to pay some cash over to other Liquid Group companies for relevant goods and services. However, extracting cash from Zimbabwe can be challenging due to the Zimbabwean banking system experiencing liquidity deficits and cash shortages in respect of international payments. For the purpose of financial reporting, the group regards US dollars in ZImbabwe on the same basis as elsewhere in the group.

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited ("RBH"). The agreements include an "On-Sale" clause whereby the company will issue additional shares if the price per share is below an agreed price. Management has done an assessment of the current estimated market price compare to the agreed price and is of the opinion that there is no financial implication as at 28 February 2018. Should the market price be 5% below the agreed price an additional USD 1.1 million of equity shares will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of equity shares will be issued to RBH.

Material estimates

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with of IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profit will be avaliable against which the deductible temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in used of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

4. Revenue and segment information

4.1 Segment revenue and results

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has support operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Group revenue can be classified under four operating and reportable segments as follows:

Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

Data and other services
Wholesale - primarily data services sold to African mobile network operators and international telecom operators.
Enterprise - primarily data services sold to international multinationals, large and medium enterprises in Africa.
Retail - primarily data services sold to SME's and retail customers in Africa.

The measure of reporting profit for each operating segment, that also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA. Adjusted EBITDA is defined as earnings before profit before interest, taxation, impairment and amortisation, and is also presented before recognising the following items:

- Acquisition and other investment costs
- Foreign exchange (loss) / gain
- Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the 2018 Financial Year.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	24,245	-	18	147,083	-	(24,434)	146,912
Data and other services							
Wholesale	81,638	74,268	36,411	73,432	-	(46,420)	219,329
Enterprise	183,325	27,692	48,161	6,065	-	-	265,243
Retail	13,637	29,040	6,787	-	-	-	49,464
Inter-segmental revenue	(10,882)	(873)	(3,461)	(55,638)	-	70,854	-
Group External Revenue	**291,963**	**130,127**	**87,916**	**170,942**	**-**	**-**	**680,948**
Adjusted EBITDA	59,542	68,042	18,011	69,351	(22,005)	(1,552)	191,389

The following is an analysis of the group's revenue and results by reportable segment for the 2017 Financial Year.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	15,493	-	19	133,076	-	(25,363)	123,225
Data and other services							
Wholesale	22,603	45,559	29,323	63,834	-	(43,260)	118,059
Enterprise	12,389	24,231	32,948	3,813	-	-	73,381
Retail	941	23,286	4,100	-	-	-	28,327
Inter-segmental revenue	(12,613)	(1,244)	(3,715)	(51,051)	-	68,623	-
Group External Revenue	**38,813**	**91,832**	**62,675**	**149,672**	**-**	**-**	**342,992**
Adjusted EBITDA	13,041	37,146	11,978	71,800	(13,611)	(4,158)	116,196

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 2016 Financial Year.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	21,109	-	246	139,204	-	(36,707)	123,852
Data and other services							
Wholesale	10,881	45,835	26,299	41,344	-	(20,062)	104,297
Enterprise	1,661	19,664	30,040	5,842	-	-	57,207
Retail	115	18,631	2,445	-	-	-	21,191
Inter-segmental revenue	(11,563)	(783)	(2,911)	(41,512)	-	56,769	-
Group External Revenue	**22,203**	**83,347**	**56,119**	**144,878**	**-**	**-**	**306,547**
Adjusted EBITDA	7,926	42,711	10,670	68,852	(14,120)	(942)	115,097

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

There are no major customers comprising 10% or more of total group revenue aside from sales made to the Econet Group. Details of which can be seen in Related Party disclosures (note 30).

4.2 Segment assets and liabilities

	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Segment assets			
South Africa	783,609	671,112	19,977
Zimbabwe	381,873	254,714	212,153
Rest of Africa	224,400	177,778	146,339
Rest of the World	249,054	215,813	206,292
Total segment assets	1,638,936	1,319,417	584,761
Consolidated total assets	**1,638,936**	**1,319,417**	**584,761**
Segment liabilities			
South Africa	161,975	383,180	1,865
Zimbabwe	73,879	46,422	46,634
Rest of Africa	68,025	52,971	34,805
Rest of the World	84,657	59,218	44,059
Total segment liabilities	388,536	541,791	127,363
Group Borrowings	722,820	350,038	130,009
Consolidated total liabilities	**1,111,356**	**891,829**	**257,372**

For the purpose of monitoring segment performance and allocating resources between segments:
• all assets are allocated to reportable segments.
• all liabilities are allocated to reportable segments other than group borrowings.

4. Segment information (continued)

4.3 Other segment information

	Depreciation, impairment and amortisation			Additions to property, plant and equipment and intangible assets		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
South Africa	55,313	3,665	1,766	115,047	14,676	4,776
Zimbabwe	13,294	12,495	11,423	36,658	24,616	37,442
Rest of Africa	18,130	15,206	13,492	46,891	21,787	19,970
Rest of the World	7,610	7,051	6,973	12,847	19,516	17,504
	94,347	**38,417**	**33,654**	**211,443**	**80,595**	**79,692**

5. Profit / (loss) before taxation

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Profit / (loss) before taxation is arrived at after taking the following into account:						
Auditor's fees	1,588	859	585	111	45	36
Non-audit services	121	69	112	-	-	-
Consultancy fees	8,836	3,082	4,066	4,245	1,415	1,923
Depreciation	67,815	31,932	25,618	41	41	23
Amortisation of intangible assets	26,198	5,143	7,310	38	2,080	2,336
Inventory written off	205	1,194	249	-	-	-
Provision for obsolete inventory (note 18)	129	12	188	-	-	-
Bad debts recovered	(205)	(1,207)	(222)	-	-	-
Increase in allowance for doubtful debts (note 19)	6,435	1,444	1,644	192	-	-
Impairment loss on property, plant and equipment (note 11)	-	136	9	-	-	-
Impairment loss on intangible assets (note 10)	-	-	280	-	-	280
Impairment loss on loans (note 30)	-	-	-	230	2,848	14,291
Impairment loss on investment in subsidiaries (note 12.1)	-	-	-	-	472	-
Reversal of impairment loss on intercompany loans (note 30)	-	-	-	-	-	24,699
Acquisition costs:						
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	1,006	4,343	-	1,006	4,343	-
Raha Tanzania Holdings Limited	40	134	-	40	134	-
Other investment costs	1,448	-	-	1,337	-	-
	2,494	**4,477**	**-**	**2,383**	**4,477**	**-**
Other income:						
Profit / (loss) on disposal of property, plant and equipment	275	(19)	1,261	-	-	-
Management fees received (note 30)	-	-	-	1,838	2,544	1,367
Sundry income	1,068	1,880	2,034	-	369	163
Equipment sale (note 30)	-	-	-	-	-	42
Profit on disposal / transfer of subsidiary	-	-	-	-	61,423	-
	1,343	**1,861**	**3,295**	**1,838**	**64,336**	**1,572**
Net foreign exchange (losses) / gains:						
Exchange losses - unrealised	(497)	(6,859)	(11,913)	(931)	-	-
Exchange losses - realised	(2,138)	(1,065)	(7,564)	-	-	-
Exchange gains - unrealised	270	9,956	6,223	-	50	366
Exchange gains - realised	1,051	-	-	-	-	-
	(1,314)	**2,032**	**(13,254)**	**(931)**	**50**	**366**

6. Interest income

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Interest received - bank / external	2,443	470	348	(10)	28	5
Interest received - inter-group (note 30)	940	1,084	380	13,336	10,905	9,856
	3,383	**1,554**	**728**	**13,326**	**10,933**	**9,861**

7. Finance costs

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financing costs on bank overdraft and loans	54,278	9,804	6,093	10,447	7,130	5,742
Finance arrangement fees	24,683	3,898	1,154	10,147	3,898	1,154
Interest paid - related party (note 30)	-	83	9	-	83	9
Interest paid - inter-group (note 30)	-	-	-	21,265	22	45
Guarantee fees - inter-group (note 30)	-	-	-	20	10	620
	78,961	**13,785**	**7,256**	**41,879**	**11,143**	**7,570**

8. Tax

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current taxation	8,674	3,682	3,338	-	-	-
Deferred taxation (note 15)	7,657	4,244	7,448	-	-	-
Withholding taxation	1,263	1,111	988	188	156	196
Total taxation	**17,594**	**9,037**	**11,774**	**188**	**156**	**196**

The charge for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before taxation	17,732	63,106	61,661	(24,182)	68,045	65,451
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	11,492	12,615	11,276	-	-	-
Tax effect of non-deductible expenses	2,641	801	693	-	-	-
Tax effect of non-taxable income	654	64	4	-	-	-
Tax effect of foreign tax credit	(7,019)	(2,524)	(1,187)	-	-	-
Effect of tax losses not recognised as deferred tax assets	8,563	-	-	-	-	-
Adjustment in respect of prior years	-	(3,030)	-	-	-	-
Withholding taxation	1,263	1,111	988	188	156	196
	17,594	**9,037**	**11,774**	**188**	**156**	**196**

The company, being the holder of a GBL2 licence is not liable to income tax in Mauritius. The majority of the losses incurred by the company were at the holding company level, which resulted in a nil benefit due to the GBL2 license. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

Mauritius (tax credit of 80%)	15%	15%	15%
South Africa	28%	28%	28%
Kenya	30%	30%	30%
United Kingdom	19%	19%	21%
Tanzania	30%	30%	30%
Zambia	35%	35%	35%
Zimbabwe	26%	26%	26%

8. Tax (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Taxation asset:						
Opening balance	239	348	551	-	-	-
Acquisition of subsidiaries (note 29)	4	-	14	-	-	-
Provision for the year	-	-	(83)	-	-	-
Payments / (refunds) during the year	714	(138)	(71)	-	-	-
Disposals	-	48	-	-	-	-
Foreign exchange differences	-	(19)	(63)	-	-	-
Closing balance	**957**	**239**	**348**	**-**	**-**	**-**
Taxation liability:						
Opening balance	(2,051)	1,413	(933)	-	-	-
Acquisition of subsidiaries (note 29)	-	(494)	10	-	-	-
Provision for the year	(9,937)	(4,793)	(4,243)			
Withholding tax	-	-	-	(188)	(156)	(196)
Payment during the year	2,142	1,970	6,535	188	156	196
Disposals	-	-	(2)	-	-	-
Reclassification	-	(48)	-	-	-	-
Foreign exchange differences	(5)	(99)	46	-	-	-
Closing balance	**(9,851)**	**(2,051)**	**1,413**	**-**	**-**	**-**

9. Goodwill

	Group		
	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Cost			
Opening balance	145,833	9,558	7,112
Acquisition of subsidiaries (note 29)	635	129,997	2,446
Foreign exchange differences	14,054	6,278	-
Closing balance	**160,522**	**145,833**	**9,558**

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGU's) that are expected to benefit from that business combination.

Liquid Telecommunications Limited	2,850	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441	1,441
Zimbabwe Online (Private) Limited	2,821	2,821	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	146,927	132,873	-
HAI Telecommunications Limited	2,201	2,201	2,201
Raha Tanzania Holdings Limited	4,037	3,402	-
Transaction Payment Solutions Indian Ocean Limited	245	245	245
	160,522	**145,833**	**9,558**

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period.

The following key assumptions were used for the value in use calculations:

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 5% to 10%.

• Discount rates: discount rates ranged from 13.5% to 18.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

10. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
At 1 March 2015	2,243	5,061	78,913	-	976	2,403	89,596
Purchases during the year	5,500	991	6,117	-	310	-	12,918
Disposals during the year	(8)	(81)	-	-	(489)	(102)	(680)
Transfers	100	202	-	-	(302)	-	-
Transfers from fixed assets (note 11)	-	694	513	-	-	-	1,207
Write offs	(1,757)	-	-	-	-	-	(1,757)
Impairment	-	-	-	-	(280)	-	(280)
Foreign exchange differences	(41)	(433)	(2,853)	-	-	-	(3,327)
At 29 February 2016	6,037	6,434	82,690	-	215	2,301	97,677
Acquisition of subsidiaries (note 29)	16,534	32,246	3,956	54,565	-	26,278	133,579
Purchases during the year	62	711	4,730	-	3,212	-	8,715
Disposals during the year	-	(2,817)	-	-	-	-	(2,817)
Reclassification (note 14)	-	4	(8,500)	-	(4)	-	(8,500)
Transfers from / (to) fixed assets (note 11)	882	27	1,295	-	(269)	-	1,935
Foreign exchange differences	9	1,436	1,764	1,490	-	(2,162)	2,537
At 28 February 2017	23,524	38,041	85,935	56,055	3,154	26,417	233,126
Acquisition of subsidiaries (note 29)	-	-	-	4,149	-	-	4,149
Purchases during the year	-	2,804	17,671	-	306	-	20,781
Disposals during the year	(1,784)	(496)	-	-	(68)	-	(2,348)
Reclassification	-	540	8,047	-	(540)	-	8,047
Transfers from / (to) fixed assets (note 11)	296	(27)	190	-	6	-	465
Foreign exchange differences	2,431	3,879	2,296	8,233	-	4,792	21,631
At 28 February 2018	24,467	44,741	114,139	68,437	2,858	31,209	285,851
Accumulated amortisation:							
At 1 March 2015	2,010	3,330	13,145	-	-	2,374	20,859
Amortisation	392	1,250	5,646	-	-	22	7,310
Disposals during the year	-	(19)	-	-	-	(7)	(26)
Transfers from fixed assets (note 11)	-	323	118	-	-	-	441
Reclassification	(20)	20	-	-	-	-	-
Write offs	(1,757)	-	-	-	-	-	(1,757)
Foreign exchange differences	(40)	(370)	(591)	-	-	(88)	(1,089)
At 29 February 2016	585	4,534	18,318	-	-	2,301	25,738
Acquisition of subsidiaries (note 29)	2,743	26,349	-	-	-	-	29,092
Amortisation	833	1,121	4,690	50	-	(1,551)	5,143
Disposals during the year	(10)	(2,777)	-	-	-	-	(2,787)
Foreign exchange differences	115	1,154	291	-	-	(16)	1,544
At 28 February 2017	4,266	30,381	23,299	50	-	734	58,730
Amortisation	1,413	3,300	7,123	4,409	-	9,953	26,198
Disposals during the year	-	(124)	-	-	-	-	(124)
Transfers from fixed assets (note 11)	-	(4)	-	-	-	-	(4)
Reclassification	-	-	8,047	50	-	(50)	8,047
Foreign exchange differences	931	3,215	1,346	412	-	1,179	7,083
At 28 February 2018	6,610	36,768	39,815	4,921	-	11,816	99,930
Carrying amount:							
At 29 February 2016	5,452	1,900	64,372	-	215	-	71,939
At 28 February 2017	19,258	7,660	62,636	56,005	3,154	25,683	174,396
At 28 February 2018	17,857	7,973	74,324	63,516	2,858	19,393	185,921

10. Intangible assets (continued)

Group (continued)

During the 2017 Financial year, USD 8,500,000 investment in West Indian Ocean Cable Company Limited (WIOCC) was reclassified to other investments.

During the 2018 Financial year, the additions related to a Fibre Optical IRU that was acquired in Botswana for the non-controlling shareholder's contribution to Liquid Telecommunications Botswana (Pty) Limited to the value of USD 9.5 million and the balance of the Fibre Optical IRUs additions related to Mauritius.

Company

	Software	Fibre Optical - IRU	Other Intangible Assets	Work in Progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:					
At 1 March 2015	1,188	16,971	102	314	18,575
Purchases during the year	-	-	-	129	129
Reclassification	100	-	-	(100)	-
Disposals during the year	-	-	(102)	(46)	(148)
Impairment	-	-	-	(280)	(280)
At 29 February 2016	1,288	16,971	-	17	18,276
Purchases during the year	-	-	-	62	62
Reclassification (note 14)	-	(8,500)	-	-	(8,500)
Disposals during the year	-	(8,471)	-	-	(8,471)
At 28 February 2017	1,288	-	-	79	1,367
Purchases during the year	17	-	-	271	288
Transfers from fixed assets (note 11)	-	-	-	6	6
Reclassification	155	-	-	(155)	-
Disposals during the year	-	-	-	(68)	(68)
At 28 February 2018	1,460	-	-	133	1,593
Accumulated amortisation:					
At 1 March 2015	245	-	7	-	252
Amortisation	642	1,694	-	-	2,336
Disposals	-	-	(7)	-	(7)
At 29 February 2016	887	1,694	-	-	2,581
Amortisation	386	1,694	-	-	2,080
Disposals	-	(3,388)	-	-	(3,388)
At 28 February 2017	1,273	-	-	-	1,273
Amortisation	38	-	-	-	38
Disposals	-	-	-	-	-
At 28 February 2018	1,311	-	-	-	1,311
Carrying amount:					
At 29 February 2016	401	15,277	-	17	15,695
At 28 February 2017	15	-	-	79	94
At 28 February 2018	149	-	-	133	282

11. Property, plant and equipment

Group

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:								
At 1 March 2015	23,486	6,815	10,893	63,382	6,714	46,742	251,743	409,775
Acquisition of subsidiaries (note 29)	-	99	643	1,542	599	-	-	2,883
Additions	-	840	1,737	3,123	745	44,222	16,107	66,774
Disposals	-	(139)	(690)	(619)	(280)	(252)	(4,072)	(6,052)
Impairment	-	-	-	-	(29)	-	-	(29)
Transfers	856	18	72	7,823	254	(54,263)	45,240	-
Transfer to intangible assets (note 10)	-	-	(676)	(514)	-	(17)	-	(1,207)
Transfer to prepayments (note 19)	-	-	-	-	-	(949)	-	(949)
Foreign exchange differences	(2,663)	(643)	(1,393)	(7,658)	(495)	(2,404)	(12,988)	(28,244)
At 29 February 2016	21,679	6,990	10,586	67,079	7,508	33,079	296,030	442,951
Acquisition of subsidiaries (note 29)	29,761	3,076	19,818	1,082	257	10,385	437,574	501,953
Additions	8	303	1,474	5,145	610	38,596	25,744	71,880
Disposals	-	(267)	(2,627)	(894)	(182)	(1,449)	(4,056)	(9,475)
Impairment	-	-	-	-	-	(136)	-	(136)
Transfers	4,282	66	142	5,728	87	(37,381)	27,076	-
Transfer from / (to) intangible assets (note 10)	-	-	269	-	-	(2,204)	-	(1,935)
Foreign exchange differences	1,145	59	1,049	(420)	82	615	22,290	24,820
At 28 February 2017	56,875	10,227	30,711	77,720	8,362	41,505	804,658	1,030,058
Acquisition of subsidiaries (note 29)	-	26	68	633	54	-	686	1,467
Additions	13,447	1,130	4,059	8,129	692	72,514	90,691	190,662
Disposals	-	(772)	(569)	(870)	(342)	(659)	(2,072)	(5,284)
Transfers	2,895	18	259	4,788	-	(42,983)	35,023	-
Transfer from / (to) intangible assets (note 10)	303	-	-	(276)	-	(492)	-	(465)
Transfer to inventory	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	4,962	483	2,944	1,539	1	6,148	58,779	74,856
At 28 February 2018	78,482	11,112	37,472	91,663	8,767	76,024	987,765	1,291,285

11. Property, plant and equipment (continued)

Group

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Accumulated depreciation								
At 1 March 2015	899	3,953	8,066	47,991	2,683	(2,257)	89,145	150,480
Acquisition of subsidiaries (note 29)	-	63	279	1,047	318	-	-	1,707
Impairment	-	-	-	-	(20)	-	-	(20)
Depreciation charge for the year	425	890	1,168	6,770	1,341	-	15,024	25,618
Disposals	-	(87)	(200)	(628)	(220)	-	(317)	(1,452)
Transfer to intangible assets (note 10)	-	-	(323)	(118)	-	-	-	(441)
Foreign exchange differences	(114)	(419)	(919)	(5,105)	(222)	-	(3,419)	(10,198)
At 29 February 2016	1,210	4,400	8,071	49,957	3,880	(2,257)	100,433	165,694
Acquisition of subsidiaries (note 29)	11,994	2,669	15,793	398	136	-	198,518	229,508
Depreciation charge for the year	532	868	1,358	7,865	1,260	-	20,049	31,932
Disposals	-	(235)	(2,430)	(894)	(157)	-	(4,010)	(7,726)
Foreign exchange differences	513	63	590	(287)	38	-	8,742	9,659
At 28 February 2017	14,249	7,765	23,382	57,039	5,157	(2,257)	323,732	429,067
Acquisition of subsidiaries (note 29)	-	14	43	266	34	-	41	398
Depreciation charge for the year	1,844	960	3,796	10,150	1,230	-	49,835	67,815
Disposals	-	(738)	(135)	(280)	(278)	-	(1,769)	(3,200)
Transfers	19	-	6	74	-	-	(99)	-
Transfer to intangible assets (note 10)	-	-	-	4	-	-	-	4
Foreign exchange differences	1,580	384	2,266	1,114	8	-	26,983	32,335
At 28 February 2018	17,692	8,385	29,358	68,367	6,151	(2,257)	398,723	526,419
Carrying amount:								
At 29 February 2016	20,469	2,590	2,515	17,122	3,628	35,336	195,597	277,257
At 28 February 2017	42,626	2,462	7,329	20,681	3,205	43,762	480,926	600,991
At 28 February 2018	60,790	2,727	8,114	23,296	2,616	78,281	589,042	764,866

Refer to note 22 for securities on property, plant and equipment.

11. Property, plant and equipment (continued)

Company

	Computer equipment	Work in progress	Total
	USD'000	USD'000	USD'000
Cost:			
At 1 March 2015	61	242	303
Additions	32	10	42
Disposals	(30)	(252)	(282)
At 29 February 2016	63	-	63
Additions	75	-	75
At 28 February 2017	138	-	138
Additions	17	62	79
Transfers	2	(2)	-
Transfer to intangible assets (note 10)	-	(6)	(6)
Disposals	(2)	-	(2)
Transfer to inventory	-	(9)	(9)
At 28 February 2018	155	45	200
Accumulated amortisation:			
At 1 March 2015	8	-	8
Depreciation charge for the year	23	-	23
Disposals	(10)	-	(10)
At 29 February 2016	21	-	21
Depreciation charge for the year	41	-	41
At 28 February 2017	62	-	62
Depreciation charge for the year	41	-	41
At 28 February 2018	103	-	103
Carrying amount:			
At 29 February 2016	42	-	42
At 28 February 2017	76	-	76
At 28 February 2018	52	45	97

12 Investments in subsidiaries

12.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/18	Company 28/02/17	Company 29/02/16
					%	USD'000	USD'000	USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Dormant	100	-	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-	-
▪ Austin Eco Holdings Limited	H	Investments	British Virgin Islands	Disposed	-	-	-	12,496
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	H	Telecommunications	Zimbabwe	Active	49	5,903	5,903	5,903
▪ Zimbabwe Online (Private) Limited	S	Telecommunications	Zimbabwe	Active	100	-	-	-
▪ CEC Liquid Telecommunication Limited	H	Telecommunications	Zambia	Active	50	17,196	17,195	17,195
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Active	100	-	-	-
▪ Liquid Telecommunications Kenya Limited	H	Telecommunications	Kenya	Active	99.99	50,709	50,709	50,709
▪ East Africa Data Centre Limited	S	Telecommunications	Kenya	Active	99.99	-	-	-
▪ Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited)	H	Telecommunications	Uganda	Active	99.99	1,463	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090	5,090
▪ Liquid Telecommunications DRC S.A.R.L	H	Telecommunications	Democratic Republic of Congo	Dormant	99	50	50	50

12 Investments in subsidiaries (continued)

12.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/18	Company 28/02/17	Company 29/02/16
					%	USD'000	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.R.L	S	Telecommunications	Democratic Republic of Congo	Dormant	97.5	-	-	35
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2	2
▪ Ipidi Media	H	Telecommunications	Mauritius	Dormant	100	-	-	-
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-	472
▪ Liquid Sea Limited (Mauritius)	H	Telecommunications	Mauritius	Active	100	-	-	-
▪ Africa Digital Networks S.A.R.L Limited	H	Telecommunications	Democratic Republic of Congo	Active	100	100	100	100
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	57.5	10,731	-	-
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	-	-
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	9,300	-
▪ Raha Limited	S	Telecommunications	United Republic of Tanzania	Active	100	-	-	-
▪ Zanlink Limited	S	Telecommunications	United Republic of Tanzania	Active	70	-	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	H	Telecommunications	South Africa	Active	100	333,970	228,990	-
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	H	Telecommunications	South Africa	Dormant	100	-	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	S	Telecommunications	South Africa	Active	100	-	-	-
						446,539	327,347	102,060

H = This is a direct holding by Liquid Telecommunications Holdings Limited.

S = This is an indirect holding.

12 Investments in subsidiaries (continued)

12.1 Subsidiaries (continued)

The directors have valued the unquoted investments in subsidiaries at cost of the investments less impairments. The financial statements of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and CEC Liquid Telecommunications Limited have been consolidated, despite owning a 49% and 50% shareholding respectively, on the basis that Liquid Telecommunications Holdings Limited exerts sufficient management control and power over these entities. Refer to note 3 for significant accounting judgements.

During the 2017 financial year, the investment in Liquid Telecommunications Tanzania Limited amounting to USD 472,000 was impaired and disclosed under Depreciation, Impairment and Amortisation.

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

	Proportion of ownership interests held by non-controlling interests			Profit / (Loss) allocated to non-controlling interests			Accumulated non-controlling interests		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	%	%	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	51	51	51	17,964	7,206	9,515	63,003	45,039	37,832
CEC Liquid Telecommunication Limited	50	50	50	(312)	251	719	16,524	16,812	16,579
Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	-	30	-	-	948	-	-	82,335	-
Individually immaterial subsidiaries with non-controlling interests				(4,619)	(24)	3	14,492	2,824	153
				13,033	**8,381**	**10,237**	**94,019**	**147,010**	**54,564**

In December 2017, Royal Bafokeng Holdings Limited, who had a 30% interest in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited) agreed with the company that it would:

(i) exchange their 30% economic interest in the South Africa Group for shareholding in the company and

(ii) subscribe for additional shares in the company for a total subscription price of USD 22.2 million.

After the exchange and the subscription was completed the company owned 100% of Liquid Telecommunications Holdings South Africa (Pty) Limited and Royal Bafokeng Holdings now hold 10.34% of the total issued ordinary shares in Liquid Telecommunications Holdings Limited.

In the 2017 Financial Year, included in the accumulated non-controlling interests relating to Liquid Telecommunications Holdings South Africa (Pty) Limited is an equity loan from Royal Bafokeng Holding Limited for USD 9,994,000. The loan is denominated in South African Rand and shall at all times be subordinated in favour of all other amounts owing by the Borrower to third parties. The borrower will at its discretion, repay the loan capital, in one or a number of installments. The loan was transferred to Liquid Telecommunications Holdings Limited in December 2017 and is now intercompany between Liquid Telecommunications Holdings Limited and Liquid Telecommunications Holdings South Africa (Pty) Limited.

As at 28 February 2018, the company owned 100% of Liquid Telecommunications Holdings South Africa (Pty) Limited and the loan was transferred to Liquid Telecommunications Holdings Limited.

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe			
Current assets	169,006	70,472	36,937
Non-current assets	219,069	195,546	183,968
Current liabilities	(155,412)	(76,451)	(50,505)
Non-current liabilities	(109,127)	(101,256)	(96,220)
Equity attributable to owners of the company	60,533	43,273	36,348
Non-controlling interests	63,003	45,039	37,832
Revenue	131,001	93,076	84,130
Expenses	(95,777)	(78,945)	(65,472)
Profit for the year	35,224	14,131	18,658
Profit attributable to owners of the company	17,260	6,925	9,143
Profit attributable to the non-controlling interests	17,964	7,206	9,515
Profit for the year	35,224	14,131	18,658
Profit and total comprehensive income attributable to owners of the company	17,260	6,925	9,143
Profit and total comprehensive income attributable to the non-controlling interests	17,964	7,206	9,515
Profit and total comprehensive income for the year	35,224	14,131	18,658
Net cash inflow from operating activities	89,718	51,592	39,894
Net cash outflow from investing activities	(36,846)	(24,154)	(37,321)
Net cash inflow	52,872	27,438	2,573

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

CEC Liquid Telecommunications Limited	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Current assets	16,639	8,314	9,665
Non-current assets	59,879	56,328	46,116
Current liabilities	(17,965)	(12,597)	(13,193)
Non-current liabilities	(25,505)	(18,421)	(9,430)
Equity attributable to owners of the company	16,524	16,812	16,579
Non-controlling interests	16,524	16,812	16,579
Revenue	28,928	22,069	18,407
Expenses	(29,552)	(21,567)	(16,969)
(Loss) / profit for the year	(624)	502	1,438
(Loss) / profit attributable to owners of the company	(312)	251	719
(Loss) / profit attributable to the non-controlling interests	(312)	251	719
(Loss) / profit for the year	(624)	502	1,438
(Loss) / profit and total comprehensive income attributable to owners of the company	(289)	251	719
(Loss) / profit and total comprehensive income attributable to the non-controlling interests	(289)	251	719
(Loss) / profit and total comprehensive income for the year	(578)	502	1,438
Net cash inflow from operating activities	7,977	7,452	10,150
Net cash outflow from investing activities	(7,684)	(13,729)	(12,732)
Net cash inflow from financing activities	4,069	6,801	329
Net cash inflow / (outflow)	4,362	524	(2,253)

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Current assets	-	124,357	-
Non-current assets	-	550,325	-
Current liabilities	-	(151,773)	-
Non-current liabilities	-	(248,460)	-
Equity attributable to owners of the company	-	192,114	-
Non-controlling interests	-	82,335	-
Revenue	-	20,299	-
Expenses	-	(17,138)	-
Profit for the year	-	3,161	-
Profit attributable to owners of the company	-	2,213	-
Profit attributable to the non-controlling interests	-	948	-
Profit for the year	-	3,161	-
Profit and total comprehensive income attributable to owners of the company	-	2,213	-
Profit and total comprehensive income attributable to the non-controlling interests	-	948	-
Profit and total comprehensive income for the year	-	3,161	-
Net cash outflow from operating activities	-	(704)	-
Net cash outflow from investing activities	-	(53,484)	-
Net cash outflow from financing activities	-	(44,965)	-
Net cash outflow	-	(99,153)	-

12.3 Change in the group's ownership interest in a subsidiary

During the year ended 28 February 2018, the group acquired the non-controlling economic interest from Royal Bafokeng Holdings Limited in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited). Refer to note 12.2 for more details.

During the year ended 28 February 2017, the group received from Royal Bafokeng Holdings Limited USD 65.6 million (ZAR 885.7 million) for a 30% non controlling economic stake in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

The ownership structure of Liquid Telecommunications Operations DRC S.A.R.L was also amended, with the group increasing its ownership from 70% to 97.5%. No consideration was paid for the increase in shareholding.

During the year ended 28 February 2016, the company transferred 5% of shares held in Liquid Telecommunications Rwanda Limited to the non-controlling economic interests. This resulted in a change in the equity held by the group from 75% to 70%. The group recorded a decrease in equity attributable to owners of the parent of USD 71,000. The effect of changes in the ownership interests of both subsidiaries on the equity attributable to owners of the company during the year are summarised as follows:

	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Carrying amount of non-controlling interest disposed	64,024	(68,241)	(1,571)
Carrying amount of initial investment	(84,703)	64,711	1,500
Excess of consideration paid to recognise in parent's equity	**(20,679)**	**(3,530)**	**(71)**

13. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 28/02/18	28/02/17	29/02/16
			%	%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20	-

Pursuant to the shareholder agreement, the company has the right to cast 20% of the vote at shareholder meetings of Number Portability company (Pty) Limited.

Summarised is the financial information in respect of the group's associate where it has significant interest.

Number Portability Company (Pty) Limited	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Total assets	2,718	2,075	-
Total liabilities	(188)	(185)	-
Net assets	2,530	1,890	-
Revenue	1,827	100	-
Profit for the period	531	16	-
Total comprehensive income for the year	531	16	-
Group's share of net assets of associate	506	378	-
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:			
Opening balance	378	-	-
Acquisition of associates (note 29)	-	359	-
Share of profits of associates	76	3	-
Foreign exchange difference	52	16	-
Closing balance	506	378	-

14. Investments

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Opening balance	15,785	26,921	54,492	15,000	6,500	6,500
Additions	63,162	781	-	62,310	-	-
Advance payment for acquisition of subsidiary (note 29)	-	-	(1,500)	-	-	-
Fair value gain / (loss) on investment	-	1,681	(26,070)	-	-	-
Reclassification from intangible assets (note 10)	-	8,500	-	-	8,500	-
Disposal of subsidiary (note 29)	-	(22,098)	-	-	-	-
Unwinding of agreement	(66,500)	-	-	(66,500)	-	-
Foreign exchange differences	-	-	(1)	-	-	-
Total investments	**12,447**	**15,785**	**26,921**	**10,810**	**15,000**	**6,500**
Investment details:						
Listed shares - at fair value	-	-	20,347	-	-	-
Other investments - at cost	12,447	15,785	6,574	10,810	15,000	6,500
Total investments	**12,447**	**15,785**	**26,921**	**10,810**	**15,000**	**6,500**

During the year, the company carried out a review of the recoverable amount of the investments, held at cost. The review led to no recognition of impairment. In assessing for impairment, the company estimated the fair value less costs to sell of the investments, which is based on the share prices of investments with similar characteristics. The fair value less costs to sell is equal to the value of the investments and hence the recoverable amount of the relevant investments have been determined on the basis of their fair value less costs to sell.

During the year ended 28 February 2018, the company acquired preference shares in Thames View for USD 2.3 million. Thames View will hold equity investments in Africa (except South Africa) and Europe. The company will target companies involved in property, textile, telecommunications and the technology sector as a whole.

During the year ended 28 February 2018, the company's 34% investment of USD 6.5 million in Burundi Backbone Systems SM (“BBS”) was reversed due to the company being unable to register the shares.

During the year ended 28 February 2018, the company acquired 19.98% of Econet Media Limited for USD 60.0 million. Subsequent to the year end, both parties agreed to reverse the subscription agreement at 28 February 2018. Proceeds of USD 60.0 million from the unwinding are included in short term inter-company receivables.

During the year ended 28 February 2017, USD 8.5 million was transferred to investments from intangible assets. This relates to 5% of the share capital of West Indian Ocean Cable Company Limited ("WIOCC") which the company acquired on 28 February 2015. The investment has been classified as available-for-sale investments.

15. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		
	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Net deferred tax assets	37,115	31,173	1,544
Net deferred tax liabilities	(47,736)	(35,590)	(25,887)
Net deferred tax liabilities	**(10,621)**	**(4,417)**	**(24,343)**

	Deferred revenue	Property, plant and equipment	Assessed Losses	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - Deferred tax assets:					
At 1 March 2015	996	459	-	496	1,951
(Charge) / credit to profit for the year	(463)	892	-	(298)	131
Reclassification	650	-	-	(650)	-
Reallocation: Deferred tax liabilities	(229)	-	-	(269)	(498)
Foreign exchange difference	(39)	(305)	-	33	(311)
At 29 February 2016	915	1,046	-	(688)	1,273
Credit / (charge) to profit for the year	42	(482)	-	3,074	2,634
Acquisition of subsidiaries (note 29)	8,053	-	36,884	-	44,937
Reallocation: Deferred tax liabilities	-	-	-	672	672
Foreign exchange difference	21	242	1,801	(32)	2,032
At 28 February 2017	9,031	806	38,685	3,026	51,548
Credit to profit for the year	139	52	-	2,850	3,041
Foreign exchange difference	(2)	109	2,225	385	2,717
At 28 February 2018	**9,168**	**967**	**40,910**	**6,261**	**57,306**

	Deferred revenue	Property, plant and equipment	Other	Total
	USD'000	USD'000	USD'000	USD'000
Group - Deferred tax liabilities:				
At 1 March 2015	(16)	(18,452)	-	(18,468)
Charge to profit for the year	(1,119)	(6,460)	-	(7,579)
Reallocation: Deferred tax assets	175	55	268	498
Foreign exchange difference	(67)	-	-	(67)
At 29 February 2016	(1,027)	(24,857)	268	(25,616)
Charge to profit for the year	(1,843)	(5,035)	-	(6,878)
Reallocation: Deferred tax assets	-	-	(672)	(672)
Acquisition of subsidiaries (note 29)	-	(12,960)	(9,629)	(22,589)
Reclassification	-	33	(33)	-
Foreign exchange difference	(210)	-	-	(210)
At 28 February 2017	(3,080)	(42,819)	(10,066)	(55,965)
(Charge) / credit to profit for the year	(3,158)	741	(8,281)	(10,698)
Acquisition of subsidiaries (note 29)	-	(1,338)	-	(1,338)
Foreign exchange difference	74	-	-	74
At 28 February 2018	**(6,164)**	**(43,416)**	**(18,347)**	**(67,927)**

As part of the acquisition of Liquid Telecommunication South Africa (Pty) Limited (previously known as Neotel (Pty) Limited), management did an assessment on the deferred tax losses taking into consideration the restructuring of the company's debt and the five year business forecast. The estimated cumulative tax losses for Liquid Telecommunication South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) is USD 589 million (2017: USD 475 million) and the deferred tax assets not recognised is USD 123 million (2017: USD 96 million) and has no expiration date for as long as Liquid Telecommunication South Africa (Pty) Limited continues to trade.

16. Held to maturity investments

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current						
TN motor vehicle scheme	-	245	-	-	-	-
	-	**245**	**-**	**-**	**-**	**-**
Non-current						
TN motor vehicle scheme	-	-	612	-	-	-
CABS housing scheme	3,206	2,952	2,741	-	-	-
	3,206	**2,952**	**3,353**	**-**	**-**	**-**

The TN Motor Vehicle Scheme is an investment initially placed in April 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Motor Vehicle Scheme. It matured in June 2014 and the funds were re-invested with a maturity date of June 2017. It carried a pre-tax interest rate of 10% per annum. None of these assets had been past due or impaired at the end of the reporting period.

The CABS balance is an investment initially placed in March 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Staff Housing Scheme that matures in 2025 at a pre-tax interest rate of 8% per annum. None of these assets had been past due or impaired at the end of the reporting period.

17. Long term receivables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 30)	-	5,278	-	153,920	132,360	123,231
Other receivable	1,153	1,131	1,247	-	-	-
	1,153	**6,409**	**1,247**	**153,920**	**132,360**	**123,231**

Other receivable includes an operating lease with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) to rent their infrastructure over a minimum period of 25 years. A prepayment of USD 1.4 million which will be amortised monthly over the life of the lease.

18. Inventories

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Goods for resale	31,639	22,334	24,570	8	-	-
Provision for obsolete inventory	(329)	(200)	(188)	-	-	-
	31,310	**22,134**	**24,382**	**8**	**-**	**-**
Cost of inventories expensed	17,437	16,999	7,723	-	-	-

The directors are of the opinion that the inventory amounts are recorded at values that are not in excess of their net realisable values.

Inventory was reduced by USD 329,000 (2017: USD 200,000, 2016: USD 188,000) in respect of provision for obsolete inventory.

19. Trade and other receivables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trade receivables	114,676	102,745	39,500	192	1,596	2
Allowance for doubtful debts	(27,123)	(20,068)	(4,287)	(192)	-	-
Affiliated entities (note 30)	48,571	20,806	4,696	12,908	12,086	3,764
Short-term inter-company receivables (note 30)	74,420	6,043	5,855	143,083	45,683	39,011
Sundry debtors	17,642	24,040	6,544	54	5,490	-
Deposits paid	4,078	3,742	3,800	-	-	-
Prepayments	29,941	18,091	7,906	2,197	3,798	865
Prepayments to related parties (note 30)	15,073	10,747	1,439	15,072	9,777	1,439
Transfer from property, plant and equipment (note 11)	-	-	949	-	-	-
	277,278	166,146	66,402	173,314	78,430	45,081

The directors consider the carrying amount of trade and other receivables to approximate their fair value.

The credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group has considered any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Before accepting any new customer, the group ascertains the credit worthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be filled in by any new customer. The credit worthiness of customers is reviewed continuously throughout the year.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and is repayable within the next 6 months.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Ageing of past due but not impaired:						
31 - 60 Days	18,589	15,168	5,466	318	395	120
61 - 90 Days	6,343	5,054	2,516	204	256	327
91 - 120 Days	5,270	6,135	1,394	205	252	125
121 + Days	23,501	17,341	6,994	12,057	5,142	2,705
	53,703	43,698	16,370	12,784	6,045	3,277

Included in past due but not impaired is USD 17.4 million relating to Econet Group. Refer to note 30 for the total breakdown of Econet Group trade receivables.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Movement in the allowance for doubtful debt:	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Opening balance	(20,068)	(4,287)	(4,207)	-	-	-
Acquisition of subsidiaries (note 29)	-	(15,498)	(60)	-	-	-
Doubtful debt provision raised	(6,435)	(1,444)	(1,644)	(192)	-	-
Bad debts recovered	205	1,207	222	-	-	-
Reversal of provision	1,135	659	1,093	-	-	-
Disposals	4	-	-	-	-	-
Foreign exchange differences	(1,964)	(705)	309	-	-	-
Closing balance	(27,123)	(20,068)	(4,287)	(192)	-	-

20. Cash and cash equivalents

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cash and bank balances	140,718	141,048	33,497	200	53,489	5,368
Treasury bills	20,000	-	-	-	-	-
Restricted cash and bank balances	2,937	11,688	66,900	-	3,000	66,900
	163,655	**152,736**	**100,397**	**200**	**56,489**	**72,268**

The cash and cash equivalents are mainly denominated in USD, GBP, KES and ZAR and are located in Zimbabwe, United Kingdom, Kenya and South Africa.

During the year ended 28 February 2018, the group acquired two 90 day Treasury Bills in Zimbabwe each worth USD 10,000,000. The Treasury Bills bear interest of 1% per annum.

The group and company have restricted cash for the following purposes:

Guarantees	1,488	10,347	-	-	3,000	-
Commitment to capital projects	-	-	66,900	-	-	66,900
Customer deposits held	1,449	1,341	-	-	-	-
	2,937	**11,688**	**66,900**	**-**	**3,000**	**66,900**

21. Share capital and share premium

	Group & Company		
	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
'A' Ordinary shares	-	0.6	0.6
'B' Ordinary shares	-	0.4	0.4
Ordinary shares	3,319	-	-
Issued and paid share capital	**3,319**	**1.0**	**1.0**
Share premium	**116,765**	**2,333**	**2,333**

During the year ended 28 February 2018, the 1,000 Class A and Class B shares were converted into 100,000,000 ordinary shares. The Class A and Class B ordinary shares in previous years ranked equally in all respects and each share carried one vote. The 100,000,000 ordinary shares have a par value of USD 0.0297541580 each. The holders of ordinary shares have voting rights of one vote per ordinary share. Each ordinary share has equal rights on distribution of income and capital.

The share capital above represents 111,531,175 ordinary shares (100,000,000 ordinary shares relating to the share conversion and 11,531,175 ordinary shares issued to the Royal Bafokeng Holding Limited as part of the exchange of Royal Bafokeng Holding Limited's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited – refer to note 12 for more detail) with a par value of USD 0.0297541580 each.

Movement in capital:

	Number of shares	Share capital	Share Premium
		USD'000	USD'000
Balance at 1 March 2015	1,000	1	2,333
Balance at 29 February 2016	1,000	1	2,333
Balance at 28 February 2017	1,000	1	2,333
Conversion of issued share capital	99,999,000	2,974	(2,974)
Issue of shares - exchange	9,769,484	292	95,236
Issue of shares - cash	1,761,691	52	22,170
Balance at 28 February 2018	111,531,175	**3,319**	**116,765**

21. Share capital and share premium (continued)

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited ("RBH"). The agreements require the company to issue RBH with additional company shares if the price per share is below an agreed price: (i) on an initial public offering, or (ii) if no initial public offering has occurred by 6 December 2019 then the price per share will be based on the market value of the shares as at 6 December 2019. Should the market price be 5% below the agreed price an additional USD 1.1 million of equity shares will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of equity shares will be issued to RBH. If the company is not able to obtain all consents necessary to issue shares pursuant to the agreements then it will be required to pay RBH in lieu of specific performance and damages an amount equal to the price of the additional shares in cash.

22. Short term portion of long term borrowings and long term borrowings

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term borrowings:						
Standard Chartered Bank	-	-	94,716	-	-	94,715
USD 300 million loan facility	-	291,288	-	-	291,288	-
Stanbic Bank of Zambia Limited	15,529	15,250	-	-	-	-
Tata Communications International Pte Limited	-	56,487	-	-	56,487	-
USD 730 million 8.5% Senior Secured Notes	714,546	-	-	-	-	-
USD 10 million Cisco loan facility	1,125	3,144	4,993	-	-	-
ZAR 2.95 billion loan facility	-	223,049	-	-	-	-
Barclays Bank Zambia	-	-	8,250	-	-	-
Other long term borrowings	14	184	151	-	-	-
	731,214	**589,402**	**108,110**	**-**	**347,775**	**94,715**
Short term portion of long term borrowings:						
Standard Chartered Bank	-	-	35,294	-	-	35,294
USD 300 million loan facility	-	2,263	-	-	2,263	-
Stanbic Bank of Zambia Limited	3,847	-	53	-	-	-
USD 730 million 8.5% Senior Secured Notes	8,273	-	-	-	-	-
USD 10 million Cisco loan facility	1,927	1,927	1,802	-	-	-
ZAR 2.95 billion loan facility	-	75	-	-	-	-
Other short term borrowings	972	945	986	-	-	-
	15,019	**5,210**	**38,135**	**-**	**2,263**	**35,294**

The USD 300 million loan facility agreement between the company and Standard Bank of South Africa Limited was repaid during the year ended 28 February 2018. The loan was secured, denominated in USD, bore interest at the rate of Libor plus 5.25% and was repayable by December 2022 in twenty quarterly instalments starting from 22 March 2018. Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited act as financial guarantors and provide various types of security. This includes first ranking charge over assets, charge over all bank accounts, assignment over intercompany loans, assignment over intercompany receivables and assignment over receivables of obligators. The facility agreement prohibits the company from creating security over its assets and providing security in favour of any third party without the Bank's formal approval.

As at 28 February 2018, the USD 15.3 million loan facility and USD 8.0 million revolving credit facility between CEC Liquid Telecommunications Limited and Stanbic Bank of Zambia has the company guaranteeing up to USD 6.5 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of CEC Liquid Telecommunications Limited. The loan facility is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The revolving credit facility is denominated in USD, bears interest at the rate of Libor plus 6% and is repayable by October 2019. As at 28 February 2018, CEC Liquid Telecommunications Limited has drawn down USD 5 million of the facility.

The long term payable to Tata Communications International Pte Limited was unsecured and bore interest at the rate of 4%. The loan was repaid during the year ended 28 February 2018.

22. Short term portion of long term borrowings and long term borrowings (continued)

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million senior secured notes. In November 2017, further USD 180.0 million senior secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The senior secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 28 February 2018, the USD 730.0 million 8.5% senior secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a senior secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

The USD 10 million loan facility agreement between Liquid Telecommunication Limited and Cisco Capital is denominated in USD, bears interest at the rate of 3.07% and is repayable by October 2019. The company provides a guarantee up to the amount outstanding. As at 28 February 2018, there is amount of USD 3.1 million outstanding.

The ZAR 2.95 billion (Equivalent USD 223 million as at 28 February 2017) loan facility was repaid during the year ended 28 February 2018 and is an agreement between Neotel (Pty) Limited (currently known as Liquid Telecommunications South Africa (Pty) Limited), Standard Bank of South Africa Limited and Nedbank Limited which is secured, denominated in South African Rand, bears interest at the rate of Jibar plus 4.75% for the first 9 months, 5.25% for the next 3 months, and 5.75% for the remaining 3 months, is payable on a quarterly basis and the capital is repayable in May 2018 in one lump sum. Neotel Business Support Services (Pty) Limited (South Africa) Limited and Neotel (Pty) Limited are the financial guarantors and provide various types of security. This includes first ranking charge over assets, charge over all bank accounts, assignment over intercompany loans, assignment over intercompany receivables and assignment over receivables of obligators. The facility agreement prohibits Neotel (Pty) Limited from creating security over its assets and providing security in favour of any third party without the Bank's formal approval.

The group has a USD 73 million revolving credit facility agreement between the company, Citibank, N.A., Standard Bank of South Africa, Standard Finance (Isle of Man) Limited, Standard Chartered Bank and ING Bank N.V. The revolving credit facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited,), Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited. The obligations under the revolving credit facility are secured equally and ratably with the senior secured notes by first priority liens over the security. The revolving credit facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As at 28 February 2018, the company has not drawn the facility.

23. Long term intercompany borrowing

		Group			Company	
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term intercompany payables (note 30)	-	-	-	430,950	-	-
Intercompany equity loans payables (note 30)	-	-	-	9,631	-	-
	-	-	-	440,581	-	-

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

24. Other long term payables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Senior secured notes premium	6,497	-	-	-	-	-
Unfavourable contracts	9,383	10,094	8,697	-	-	-
	15,880	**10,094**	**8,697**	**-**	**-**	**-**

The USD 180 million senior secured notes were issued at a premium totalling USD 9.0 million and are being amortised over the period of the bond (refer to note 22 for terms).

The breakdown of unfavourable contracts is as follows:

Tata Communications International Pte Limited	-	400	-	-	-	-
SEACOM Limited	9,383	9,694	8,697	-	-	-
	9,383	10,094	8,697	-	-	-

Refer to note 25 for the unfavourable contracts terms.

25. Trade and other payables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trade accounts payable	96,120	79,071	18,391	1,170	150	396
Payable balance to affiliated entities (note 30)	4,358	3,813	6,784	5,857	4,109	2,572
Short-term inter-company payables (note 30)	-	-	-	9,851	898	1,340
Accruals	82,104	74,045	26,816	3,882	5,298	580
Staff payables	3,005	2,610	860	-	-	-
Transaction taxes due in various jurisdictions	5,275	2,431	645	-	-	-
Unfavourable contracts	1,156	3,176	669	-	-	-
Senior secured notes premium	1,930	-	-	-	-	-
Other short term payables	7,373	10,158	5,342	-	1,502	-
Other payable to related company (note 30)	-	990	2,160	-	990	2,160
	201,321	**176,294**	**61,667**	**20,760**	**12,947**	**7,048**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

The directors consider the carrying amount of trade and other payables to approximate their fair value.

Amount payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

Included in other short-term payables is a forward exchange contract based on the USD:ZAR exchange rate. The forward exchange derivative will be net-settled, is valued at USD 23,000 as at 28 February 2018 and matures on 9 July 2018.

Accruals mainly relate to wholesale voice carrier amounts accrued for in the ordinary course of business and major capital expenditures for on-going fibre related projects.

25. Trade and other payables (continued)

The breakdown of unfavourable contracts is as follows:		**Group**			**Company**	
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
Short term portion of unfavourable contracts:	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
SEACOM Limited	756	731	669	-	-	-
Tata Communications International Pte Limited	400	2,119	-	-	-	-
Tiber Property Group (PTY) Limited	-	326	-	-	-	-
	1,156	**3,176**	**669**	**-**	**-**	**-**

The company purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's OA&M charges' present value exceeds the present value of the OA&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess OA&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) and as part of the IFRS 3 fair value assessment two unfavourable contracts with Tata Communications International Pte Limited and SEACOM were identified. The contracts relate to unfavorable pricing for the supply of IP Transit relative to market pricing and the OA&M relating to an IRU for 19 STM1s. The IRU's OA&M charges' present value exceeds the present value of the OA&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the current market price for IP Transit and the committed contract price and for the excess OA&M charges as at acquisition.

The unfavourable contract with Tiber Property Group (Pty) Limited is for an offer to lease that was entered into by Liquid Telecommunications Operations South Africa (Pty) Limited prior to the transaction with Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) being finalised. The contract expired in January 2018.

26. Long term and short term provisions

	Leave provision	**Licence fee provision**	**Total**
	USD'000	**USD'000**	**USD'000**
Long term provisions:			
Acquisition of subsidiaries (note 29)	-	3,889	3,889
Foreign exchange difference	-	170	170
At 28 February 2017	-	4,059	4,059
Utilised	-	(3,205)	(3,205)
Foreign exchange difference	-	68	68
At 28 February 2018	**-**	**922**	**922**

	Leave provision	**Licence fee provision**	**Total**
	USD'000	**USD'000**	**USD'000**
Short term provisions:			
At 1 March 2015	38	-	38
Acquisition of subsidiaries (note 29)	(10)	-	(10)
Additional provisions raised	171	-	171
Foreign exchange difference	(14)	-	(14)
At 29 February 2016	185	-	185
Acquisition of subsidiaries (note 29)	-	4,195	4,195
Additional provisions raised	21	-	21
Reversal	(74)	-	(74)
Foreign exchange difference	8	(62)	(54)
At 28 February 2017	140	4,133	4,273
Additional provisions raised	3,080	54	3,134
Foreign exchange difference	374	742	1,116
At 28 February 2018	**3,594**	**4,929**	**8,523**

26. Long term and short term provisions (continued)

Leave provisions relate to employee annual leave and are accrued as the employees' right to annual leave vests.

The licence fee provision relates to Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools over a four-year period. The ICT services include the provision of the local area network, the wide area network, the end user devices in schools and training. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation through raising a provision at the estimated present value of the total obligation. This is reassessed annually. In assessing the present value of the ICASA obligation, a discount rate of 13.3% (2017: 12.36%) p.a. has been applied.

27. Deferred revenue

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	53,702	42,829	10,895	-	-	-
Short term portion of deferred revenue	27,188	22,027	3,796	-	-	-
	80,890	**64,856**	**14,691**	**-**	**-**	**-**

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services.

28. Cash generated from operations

	Notes	Group			Company		
		28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before tax		17,732	63,106	61,661	(24,182)	68,045	65,451
Adjustments for:							
Depreciation	5	67,815	31,932	25,618	41	41	23
Amortisation	5	26,198	5,143	7,310	38	2,080	2,336
Profit on disposal / transfer of subsidiary	5	-	-	-	-	(61,423)	-
Impairment of intangible assets	5	-	-	280	-	-	280
Impairment of property, plant and equipment	5	-	136	9	-	-	-
Impairment of investment	5	-	-	-	-	472	-
Impairment of intercompany loans		-	-	-	230	2,848	14,291
Stock written off	5	205	1,194	249	-	-	-
Obsolete inventory provision	5	129	12	188	-	-	-
Bad debts provision		5,091	(422)	329	192	-	-
Bad debts recovered	5	(205)	(1,207)	(222)	-	-	-
Increase / (decrease) in provisions	26	(2,765)	(53)	171	-	-	-
Foreign exchange (gain) / loss		(158)	(1,651)	6,493	180	-	-
(Profit) / loss on disposal of fixed assets	5	(275)	19	(1,261)	-	-	-
Interest income	6	(3,383)	(1,554)	(728)	(13,326)	(10,933)	(9,861)
Finance costs	7	78,961	13,785	7,256	41,879	11,143	7,570
Share of profits of associates	13	(76)	(3)	-	-	-	-
		189,269	110,437	107,353	5,052	12,273	80,090
Working capital changes:							
(Increase) / decrease in inventories		(8,723)	4,685	6,916	1	-	4,470
Increase in trade and other receivables		(41,483)	(42,864)	(6,680)	(28,575)	(28,233)	(17,771)
Increase / (decrease) in trade and other payables		17,455	3,346	6,867	(176)	(1,310)	(2,628)
Increase in deferred revenue		10,763	7,538	7,015	-	-	-
Increase / (decrease) in accruals		19,809	4,921	10,164	(1,543)	7,209	(239)
Decrease in unfavourable contracts		(3,135)	(373)	(669)	-	-	-
		183,955	**87,690**	**130,966**	**(25,241)**	**(10,061)**	**63,922**

29. Acquisition / disposal of subsidiary company

2018: Group

On 1 June 2017, the company acquired 70% of Zanlink Limited based in Tanzania, through Raha Tanzania Holdings Limited.

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value
	USD'000
Intangible assets	4,149
Property, plant and equipment	1,069
Inventories	126
Trade receivables	323
Other receivables	598
Cash at bank	303
Trade payables	(226)
Accruals	(218)
Deferred revenue short term	(340)
Deferred tax liabilities	(1,338)
Other payables	(61)
Non-controlling interest	(507)
Net assets value (100%)	3,878
Non-controlling interest	(1,163)
Net assets acquired	**2,715**
Goodwill (note 9)	635
Total consideration	**3,350**
Net cash outflow on acquisition of subsidiary	
Total cash consideration	(3,350)
Bank balances and cash equivalents	303
Net cash outflow arising on acquisition	**(3,047)**

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is an extensive aerial fiber network that provides connectivity in the Zanzibar island with metro rings built across Zanzibar for overall network availability, performance and redundancy. The Fibre network was valued by in-house technical specialists at depreciated replacement cost of USD 393,000.

The company's has about 811 customer connections. These connections could vary from fairly complex connections into high buildings to a normal connection into a standard office. The replacement value of 811 connections was used to fair value the customer connections at USD 252,000.

The customer contracts and customer relationships has been fair valued using the income approach, using an annual churn rate of 3.8% and a discount rate of 15%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

29. Acquisition / disposal of subsidiary company (continued)

2018: Group (continued)

Goodwill arising on acquisition

	USD'000
Consideration transferred	3,350
Fair value of identifiable net assets acquired net of bridging loan	(2,715)
Goodwill arising on acquisition	**635**

Goodwill that arose on the acquisition of Zanlink Limited was due to the fact that the cost of the combination included a control premium.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

The non-controlling interest (30% ownership in Zanlink Limited and the 30% in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 1,163,000.

Included in the profit for the 2018 financial year is USD 327,000 attributable to the additional business generated by Zanlink Limited. Revenue for the year includes USD 1.9 million in respect of Zanlink Limited from the respective date of acquisition.

2017: Group

(i) On 2 January 2017, the company acquired 70% in Raha Tanzania Holdings Limited.

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value USD'000
Intangible assets	4,232
Property, plant and equipment	7,617
Net deferred tax liabilities	(2,719)
Inventories	156
External trade receivables	769
Intercompany trade receivables	52
Bad debt provision	(167)
Other receivables	2,024
External trade payables	(2,476)
Intercompany trade payables	(307)
Accruals	(155)
Deferred revenue short term	(503)
Other payables	(97)
Net assets value (100%)	8,426
Non-controlling interest	(2,528)
Net assets acquired	**5,898**
Goodwill (note 9)	3,402
Total consideration	**9,300**

Net cash outflow on acquisition of subsidiary

Total consideration	(9,300)
Bank balances and cash equivalents	-
Net cash outflow arising on acquisition	**(9,300)**

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is an extensive underground fibre network that provides connectivity between metros, cities and towns and connects the international landing station in Dar Es Salaam. The routes between the main metro areas of Dar Es Salaam, Arusha and Mtwara in Tanzania are key to overall network availability, performance and redundancy. The Fibre network was valued by in-house technical specialists at depreciated replacement cost of USD 6,375,000.

The company has about 550 customer connections. These connections could vary from fairly complex connections into high buildings to a normal connection into a standard office. The replacement value of 550 connections was used to fair value the customer connections at USD 412,500.

The customer contracts and customer relationships have been fair valued using the income approach, using an annual churn rate of 8.3% and a discount rate of 15%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

Goodwill arising on acquisition

	USD'000
Consideration transferred	9,300
Fair value of identifiable net assets acquired net of bridging loan	(5,898)
Goodwill arising on acquisition	**3,402**

Goodwill that arose on the acquisition of Raha Tanzania Holdings Limited was due to the fact that the cost of the combination included a control premium. The goodwill that arose on acquisition is not tax deductible.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

The non-controlling interest (30% ownership in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 2,528,000.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

(ii) On the 10 of February 2017, the company acquired 70% of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) through Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The principal business of Liquid Telecommunications South Africa (Pty) Limited is a South African infrastructure fixed line operator. The company offers wholesale and carrier services, enterprise business solutions, mid-market and retail customer related communication and data services.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value
	USD'000
Intangible assets	100,255
Property, plant and equipment	264,828
Investment in associates	359
Net Deferred tax assets	25,068
Inventories	3,097
Trade receivables	44,071
Bad debt provision	(15,330)
Other receivables	23,153
Cash at bank	41,294
Long-term loans payable	(403,047)
Trade payables	(53,011)
Accruals	(27,045)
Short term provisions	(4,195)
Long term provisions	(3,889)
Deferred revenue short term	(22,226)
Deferred revenue long term	(17,901)
Taxation payable	(494)
Other payables	(3,140)
Unfavourable contracts	(4,232)
Net assets value	(52,385)
Non-controlling interest (30%)	-
Net liabilities acquired	**(52,385)**
Goodwill (note 9)	126,595
Total consideration	**74,210**
Net cash outflow on acquisition of subsidiary	
Total consideration	(74,210)
Consideration payable	14,542
Total cash consideration	(59,668)
Bank balances and cash equivalents	41,294
Net cash outflow arising on acquisition	**(18,374)**
Consideration transferred	74,210
Cash settlement of liabilities of Neotel (Pty) Limited by Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	156,679

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is the current business premises comprising a data centre and office park. It is situated at Halfway House which is a well known area of Midrand, which is a large commercial and industrial node located midway between Johannesburg and Pretoria. The premises is situated next to the N1 highway with good exposure and signage potential. The property was valued at ZAR 240 million.

The Brand was valued using a royalty relief approach, this method involves estimating future net sales, applying a royalty rate of 0.9% - 1.1% to them and then discounting, using a rate of 15.5%, estimated future post-tax royalties to arrive at a NPV (net present value) for the intangible assets.

The customer contracts and customer relationships have been fair valued using the multi-period excess earnings approach, using a geometric attrition method and a rate of 10.0% for wholesale and 12.5% for enterprise customer. A discount rate of 15.5% was used.

Spectrum is a scarce resource. It is finite. A complex framework underpins its regulation globally and in the South African ICT sector. Spectrum is allocated through global and regional co-operation in which the electromagnetic spectrum is divided into radio frequency bands. As radio propagation however transcends national borders, governments seek to harmonise the allocation of RF bands and their standardization. It is thus highly regulated in many countries including South Africa.

In South Africa, spectrum is then assigned and awarded either on application or via a competitive bid (depending on the demand and availability of the spectrum in question) to licensees, by the Independent Communications Authority of South ("ICASA"), which is tasked to "control, plan administer and manage the use and licensing of the radio frequency spectrum.

Liquid Telecommunications South Africa (Pty) Limited owns 850MHz (2x 4.92MHz), 1800MHz (2x 12MHz), and 3.5GHz (2x 28MHz) Both the 800MHz and 1 800MHz spectrum bands are high in demand and could potentially be utilised in future to expand the Liquid Telecommunications South Africa’s services.

The spectrum was valued based on the expected future cashflow from the current consumer base discounted to a NPV of ZAR 77 million using a discount rate of 15.5%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

	USD'000
Goodwill arising on acquisition	
Consideration transferred	74,210
Fair value of identifiable net liabilities acquired net of bridging loan	52,385
Goodwill arising on acquisition	**126,595**

The goodwill that arose on the acquisition of Liquid Telecommunication South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) as the cost of the combination included a control premium. The goodwill that arose on acquisition is not tax deductible.

In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

Impact of acquisitions on the results of the group

The non-controlling interest (30% ownership interest in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 3,244,000.

Included in the profit for the 2017 financial year is USD 283,000 attributable to the additional business generated by Raha Tanzania Holdings Limited and a loss of USD 202,000 attributable to Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited). Revenue for the year includes USD 1,458,000 in respect of Raha Tanzania Holdings Limited and USD 15,941,000 in respect of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) from the respective dates of acquisitions.

Had these business combinations been effected at 1 March 2016, the revenue of the group for continuing operations would have been USD 594,644,000, and profit for the year from continuing operations would have been USD 62,735,000. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for the comparison of future periods.

In determining the 'pro-forma' revenue and profit of the group had Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) been acquired at the beginning of the 2017 financial year, the directors have:

- calculated depreciation of plant and equipment and amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;

- calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the group after the business combination;

- calculated the unfavourable contract based on the difference between the current market price and the committed contract price for the supply of IP Transit.

Disposal of subsidiary

On 31 March 2016 the group disposed 100% of Austin Eco Holdings Limited via a dividend in specie.

The below is an analysis of the assets and liabilities over which the company lost.

	Fair value
	USD'000
Other investments	22,098
Cash at bank	3
Intercompany loans payable	(5,098)
Net assets value (100%)	17,003
Non-controlling interest	-
Net assets disposed	**17,003**
Gain on disposal of subsidiaries	5,095
Total consideration	**22,098**

Net cash inflow on disposal of subsidiary	
Total consideration	22,098
Less: Dividend in specie (note 30 and 39)	(22,098)
Total cash consideration	**-**
Bank balances and cash equivalents	(3)
Net cash outflow arising on disposal	**(3)**

Upon disposal of Austin Eco Holdings Limited, the accumulated revaluation reserve of USD 9,638,000 was reclassified to retained earnings.

29. Acquisition / disposal of subsidiary company (continued)

2016: Group

On 1 April 2015 the group acquired 100% of Realtime Technology Alliance Africa Limited and on 31 December 2015 100% of Transaction Payment Solution Indian Ocean Limited.

The purpose of the above acquisitions was to follow the strategic direction of the group in acquiring companies that extend the fibre and services coverage of the Liquid Telecommunications Group within Africa.

These transactions have been accounted for using the purchase method of accounting as established by IFRS 3.

	Fair value
	USD'000
Property, plant and equipment	1,176
Inventories	262
Trade receivables	722
Other receivables	1,049
Short-term deposits and cash	242
Long-term loans payable	(94)
Trade payables	(946)
Inter-company short-term payables	(1,374)
Accruals	(182)
Provisions	10
Short-term loans payable	(217)
Taxation (payable) receivable	24
Other payables	12
Bank overdraft	(129)
Net assets value (100%)	555
Non-controlling interest	-
Net assets acquired	**555**
Goodwill (Note 9)	2,446
Total consideration	**3,001**
Net cash outflow on acquisition of subsidiary	
Total consideration	(3,001)
Less: Advance payment for acquisition of subsidiary (note 14)	1,500
Total cash consideration	**(1,501)**
Bank balances and cash equivalents	113
Net cash outflow arising on acquisition	**(1,388)**

29. Acquisition / disposal of subsidiary company (continued)

2016: Group

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

Goodwill arising on acquisition

	USD'000
Consideration transferred	3,001
Fair value of identifiable net assets acquired net of bridging loan	(555)
Goodwill arising on acquisition	**2,446**

Goodwill that arose on the acquisition of Realtime Technology Alliance Africa Limited and Transaction Payment Solution Indian Ocean Limited was due to the fact that the cost of the combination included a control premium. The goodwill that arose on acquisition is not tax

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

Impact of acquisitions on the results of the group

Included in the profit for the 2016 financial year is a loss of USD 581,000 attributable to Realtime Technology Alliance Africa Limited and a proft of USD 54,000 attributable to Transaction Payment Solution Indian Ocean Limited. Revenue for the year includes USD 6,078,000 in respect of Realtime Technology Alliance Africa Limited and USD 341,000 in respect of Transaction Payment Solution Indian Ocean Limited from the respective dates of acquisitions.

30. Related party transactions

In addition to the subsidiary companies disclosed in note 12, the following are related parties to the Liquid Telecommunications Holdings Limited Group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited. (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), Kwese Play (Pty) Limited (South Africa) and Econet South Africa (Pty) Limited and are referred to as "Econet Global Related Group Companies". They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the group note. The transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the year, the group and company entered into the following trading transactions with related parties:

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Sales of goods and services:						
Econet Global Related Group Companies	107,948	74,054	84,274	-	-	-
	107,948	**74,054**	**84,274**	**-**	**-**	**-**
Purchase of goods and services:						
Econet Global Related Group Companies	29,965	35,134	50,200	-	-	-
	29,965	**35,134**	**50,200**	**-**	**-**	**-**
Equipment sale:						
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	-	-	7
Liquid Telecommunications Operations South Africa (Pty) Limited	-	-	-	-	-	4
Liquid Telecommunications Limited	-	-	-	-	-	8
CEC Liquid Telecommunication Limited	-	-	-	-	-	6
Africa Digital Networks S.A.R.L Limited	-	-	-	-	-	2
Liquid Telecommunications Rwanda Limited	-	-	-	-	-	5
HAI Zambia	-	-	-	-	-	10
	-	**-**	**-**	**-**	**-**	**42**
Management fees paid:						
Econet Global Related Group Companies	1,500	1,500	1,500	1,500	1,500	1,500
Liquid Telecommunications Limited	-	-	-	5,141	4,986	6,022
Liquid Telecommunications Operations Limited	-	-	-	128	1,047	962
Liquid Telecommunications Kenya Limited	-	-	-	266	-	-
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	-	-	-	3,290	-	-
Liquid Telecommunications International FZE	-	-	-	582	960	86
	1,500	**1,500**	**1,500**	**10,907**	**8,493**	**8,570**
Management fees received:						
Liquid Telecommunications Operations Limited	-	-	-	478	413	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	989	1,823	1,367
HAI Zambia	-	-	-	371	308	-
	-	**-**	**-**	**1,838**	**2,544**	**1,367**
Dividend received:						
Econet Global Related Group Companies	-	-	279	-	-	-
Liquid Telecommunications Operations Limited	-	-	-	30,000	30,000	70,000
	-	**-**	**279**	**30,000**	**30,000**	**70,000**

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Dividend paid:						
Econet Global Limited	13,500	32,859	22,740	13,500	32,859	22,740
AMRO International Holdings Limited	-	15,049	2,160	-	15,049	2,160
GW Fibre Limited	-	990	-	-	990	-
	13,500	**48,898**	**24,900**	**13,500**	**48,898**	**24,900**
Interest income:						
Econet Global Related Group Companies	940	1,084	380	871	1,056	356
Austin Eco Holdings Limited	-	-	-	-	16	173
CEC Liquid Telecommunication Limited	-	-	-	-	4	7
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	6,101	5,184	5,450
Liquid Telecommunications Operations DRC S.A.R.L	-	-	-	-	25	22
Liquid Telecommunications DRC S.A.R.L	-	-	-	43	-	-
Liquid Telecommunications Operations Limited	-	-	-	976	671	-
Africa Digital Networks S.A.R.L Limited	-	-	-	437	302	136
East Africa Data Centre	-	-	-	130	107	90
Liquid Telecommunications Uganda Limited previously known as Infocom 2013 Limited	-	-	-	885	728	436
Liquid Telecommunications International FZE	-	-	-	337	167	38
Liquid Telecommunications Kenya Limited	-	-	-	3,190	2,291	1,711
Liquid Telecommunications Data International	-	-	-	-	-	1,217
Liquid Telecommunications Rwanda Limited	-	-	-	124	69	61
Liquid Sea Limited	-	-	-	93	31	-
Ipidi Media	-	-	-	-	254	159
Raha Tanzania Holdings Limited	-	-	-	128	-	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	21	-	-
	940	**1,084**	**380**	**13,336**	**10,905**	**9,856**
Finance costs:						
AMRO International Holdings Limited	-	83	9	-	83	9
Liquid Telecommunications Limited	-	-	-	40	22	45
Liquid Telecommunications Operations Limited	-	-	-	20	10	620
Liquid Telecommunications Financing Plc	-	-	-	21,225	-	-
	-	**83**	**9**	**21,285**	**115**	**674**
Long term intercompany payables:						
Liquid Telecommunications Financing Plc	-	-	-	430,950	-	-
	-	**-**	**-**	**430,950**	**-**	**-**

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables:						
Austin Eco Holdings Limited	-	5,278	-	-	5,278	5,082
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	71,631	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	-	43,226	28,964	24,665
Liquid Sea Limited	-	-	-	1,783	959	-
Africa Digital Networks S.A.R.L Limited	-	-	-	6,317	5,224	2,425
Liquid Telecommunications Rwanda Limited	-	-	-	2,259	1,154	1,095
East Africa Data Centre	-	-	-	3,450	3,319	3,213
Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited)	-	-	-	12,493	11,200	9,587
Ipidi Media	-	-	-	1,489	1,500	3,764
Liquid Telecommunications International FZE	-	-	-	5,794	3,131	1,769
Raha Tanzania Holdings Limited	-	-	-	5,128	-	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	350	-	-
	-	**5,278**	**-**	**153,920**	**132,360**	**123,231**

The long term intercompany receivable from Austin Eco Holdings Limited is unsecured, bears interest at the rate of Libor plus 2.5% with first drawdown effected in April 2011. Austin Eco has since been disposed. Refer to note 29.

The long term intercompany receivable from Data & Control System (Private) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.25% and is repayable in December 2025.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 5.5%. Repayment of the loan is pegged to Liquid Telecommunications Kenya Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Liquid Sea Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in December 2021 with first drawdown effected in March 2016.

The long term intercompany receivable from Africa Digital Networks S.A.R.L Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2019.

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2019.

The long term intercompany receivable from East Africa Data Centre Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2019.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited) is unsecured, denominated in USD and bears interest at the rate of Libor plus 5.5%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Ipidi Media (Mauritius) is unsecured, denominated in USD, is interest free and is repayable in November 2019 with first drawdown effected in March 2014.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in June 2020 with first drawdown effected in December 2014.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

The long term intercompany receivable from Liquid Telecommunications Botswana (Pty) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6% and is repayable in quarterly instalments starting May 2019.

30. Related party transactions (continued)

During the 2018 financial year, an additional amount of USD 230,000 was impaired. USD 2,848,000 of the long term intercompany receivable from Ipidi Media (Mauritius) was impaired during the 2017 financial year as the amount was assumed to be unrecoverable.

		Group			Company	
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Short term intercompany payables:						
Liquid Telecommunications Limited	-	-	-	624	847	921
Liquid Telecommunications DRC S.A.R.L	-	-	-	-	50	50
Liquid Telecommunications Mozambique Limitada	-	-	-	1	1	1
Liquid Telecommunications Tanzania Limited	-	-	-	-	-	368
Liquid Telecommunications Financing PLC	-	-	-	9,226	-	-
	-	**-**	**-**	**9,851**	**898**	**1,340**

The amount payable to Liquid Telecommunications Limited (United Kingdom) bears interest at the rate of GBP LIBOR plus 2.5%, is unsecured and is to be repaid within the next 12 months.

The amounts payable to the other related parties are interest free, unsecured and are to be repaid within the next 12 months.

Short term intercompany receivables:						
Econet Global Related Group Companies	74,420	6,043	5,855	68,973	4,998	4,839
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	34,731	3,704	4,219
Liquid Telecommunications Operations DRC S.A.R.L	-	-	-	-	886	826
Liquid Telecommunications DRC S.A.R.L	-	-	-	1,464	-	-
Liquid Telecommunications Operations Limited	-	-	-	37,915	36,084	28,859
CEC Liquid Telecommunication Limited	-	-	-	-	11	268
	74,420	**6,043**	**5,855**	**143,083**	**45,683**	**39,011**

Short term intercompany receivables excluding Econet Group bear interest at the rate of LIBOR plus 2.5%, are unsecured and are to be repaid within 12 months.

Econet Group short term receivables are interest free and will be repaid within six months.

30. Related party transactions (continued)

	Group 28/02/18 USD'000	Group 28/02/17 USD'000	Group 29/02/16 USD'000	Company 28/02/18 USD'000	Company 28/02/17 USD'000	Company 29/02/16 USD'000
Receivables balances from affiliated entities and other related parties:						
Econet Global Related Group Companies	48,571	20,806	4,696	-	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	6,241	5,241	3,097
CEC Liquid Telecommunication Limited	-	-	-	81	30	102
Liquid Telecommunications Limited	-	-	-	11	8	135
Liquid Telecommunications Rwanda Limited	-	-	-	137	-	68
Liquid Telecommunications Operations DRC S.A.R.L	-	-	-	-	8	8
Liquid Telecommunications DRC S.A.R.L	-	-	-	8	-	-
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	-	-	-	28	685	157
Raha Limited	-	-	-	11	5	-
Liquid Telecommunications Operations Limited	-	-	-	5,247	5,531	2
ZOL Zimbabwe (Private) Limited	-	-	-	27	27	32
Liquid Telecommunications Kenya Limited	-	-	-	113	68	55
Africa Digital Networks S.A.R.L Limited	-	-	-	124	74	18
Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited)	-	-	-	58	6	5
Transaction Payment Solutions International Limited	-	-	-	7	5	1
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	-	-	3	2
Transactions Payment Solutions Zambia Limited	-	-	-	-	-	2
HAI Telecommunications Limited	-	-	-	748	374	74
Ipidi Media	-	-	-	-	-	1
Liquid Telecommunications International FZE	-	-	-	23	10	-
Zanlink Limited	-	-	-	1	-	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	7	-	-
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	-	36	11	5
	48,571	**20,806**	**4,696**	**12,908**	**12,086**	**3,764**

The receivable balances from affiliated entities and other related parties are unsecured, interest free and with no fixed date of repayment.

	Group 28/02/18 USD'000	Group 28/02/17 USD'000	Group 29/02/16 USD'000	Company 28/02/18 USD'000	Company 28/02/17 USD'000	Company 29/02/16 USD'000
Payable balance to affiliated entities:						
Econet Global Related Group Companies	4,358	3,813	6,784	-	-	-
Liquid Telecommunications Limited	-	-	-	95	988	2,311
Liquid Telecommunications Operations Limited	-	-	-	-	720	53
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	-	-	-	5,762	2,344	114
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	-	50	-
Liquid Telecommunications International FZE	-	-	-	-	-	86
Liquid Telecommunications Rwanda Limited	-	-	-	-	7	-
Liquid Telecommunications Kenya Limited	-	-	-	-	-	8
	4,358	**3,813**	**6,784**	**5,857**	**4,109**	**2,572**

Amount payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

	Group 28/02/18 USD'000	Group 28/02/17 USD'000	Group 29/02/16 USD'000	Company 28/02/18 USD'000	Company 28/02/17 USD'000	Company 29/02/16 USD'000
Other payable to related company:						
AMRO International Holdings Limited	-	-	2,160	-	-	2,160
GW Fibre Limited	-	990	-	-	990	-
	-	**990**	**2,160**	**-**	**990**	**2,160**

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Equity loans owed to:						
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	9,631	-	-
	-	**-**	**-**	**9,631**	**-**	**-**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of each respective borrower and thus considered to represent equity.

	Group			Company		
Prepayments:						
Econet Global Related Group Companies (note 19)	15,073	10,747	1,439	15,072	9,757	1,439
Liquid Telecommunications Operations Limited (note 19)	-	-	-	-	20	-
	15,073	**10,747**	**1,439**	**15,072**	**9,777**	**1,439**
Proceeds from disposal / transfer of subsidiary:						
Econet Global Related Group Companies (notes 29 and 39)	-	22,098	-	-	22,098	-
Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	-	-	-	-	51,821	-
	-	**22,098**	**-**	**-**	**73,919**	**-**
Administration fees paid:						
DTOS Limited	258	198	184	158	91	63

Other transactions:
During the year ended 28 February 2017, the company disposed of intangible assets with a carrying value of USD 5,083,000 to Liquid Telecommunications Operations Limited. There was no profit/(loss) on the sale.

31. Compensation of key management personnel

The remuneration of the directors and other key management personnel during the year is as follows:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Short-term employee benefits	6,824	5,216	4,325	1,907	1,292	70
Post-employment benefits	78	77	89	-	-	-
	6,902	**5,293**	**4,414**	**1,907**	**1,292**	**70**

32. Commitments

32.1 Capital commitments

At 28 February 2018 the group was committed to making the following capital commitments:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Authorised and contracted	43,539	17,217	12,146	-	-	-
Authorised by directors but not contracted	84,612	78,218	97,454	35,000	25,581	66,900
	128,151	**95,435**	**109,600**	**35,000**	**25,581**	**66,900**

The capital expenditure is to be financed from internal cash generation and extended supplier credit.

32.2 Other

The Company has provided a letter of support of up to ZAR 750.0 million (USD 64.4 million) to its subsidiary Liquid Telecommunications Holdings South Africa (Pty) Limited, for its South African operations to cover its cash outlow on its investment and other operating activities.

33. Operating lease arrangements

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Payments recognised as an expense:						
Minimum lease payments	29,967	23,309	12,757	-	-	-

Operating lease commitments

At 28 February 2018 the group was committed to making the following annual payments in respect of operating leases:

Lease which expire:						
Within one year	23,086	25,929	11,056	-	-	-
Between two to five years	110,317	63,364	25,839	-	-	-
After five years	29,129	22,746	23,623	-	-	-
	162,532	**112,039**	**60,518**	**-**	**-**	**-**

Operating lease payments represent rentals payable by the group for certain of its office properties, capacity on satellites, equipment and buildings. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

34. Financial instruments

34.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's policy is to borrow centrally principally using senior secured notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its forward interest cover, net debt to EBITDA ratio, gross debt to EBITDA, and debt service cover ratio to comply with its senior secured notes and other borrow facilities covenants. The group complied with these ratios throughout the financial year and the overall strategy remains unchanged from 2017.

The capital structure of the group and company consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued capital, reserves and retained earnings in the statement of changes in equity respectively.

34.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The group is not subject to any externally imposed capital requirement. The group's risk management committee reviews the capital structure of the group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

34.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt (i)	746,233	594,612	146,245	440,581	350,038	130,009
Cash and cash equivalents net of restricted cash	(160,718)	(141,048)	(33,497)	(200)	(53,489)	(5,368)
Net debt	**585,515**	**453,564**	**112,748**	**440,381**	**296,549**	**124,641**
Equity (ii)	527,580	427,588	327,389	323,829	246,811	227,820
Net debt to equity ratio	110.98%	106.08%	34.44%	135.99%	120.15%	54.71%

34. Financial instruments (continued)

34.3 Gearing ratio

(i) Debt is defined as long and short-term borrowings, as detailed in note 22 and 23.

(ii) Equity includes all capital and reserves of the group and the company, as detailed in the statement of changes in equity.

34.4 Categories of financial assets and liabilities

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
Cash and cash equivalents	163,655	152,736	100,397	200	56,489	72,268
Held-to-maturity investments	3,206	3,197	3,353	-	-	-
Available-for-sale financial assets	12,447	15,785	26,921	10,810	15,000	6,500
Loans and receivables	233,417	143,717	58,304	309,965	197,215	166,008
	412,725	**315,435**	**188,975**	**320,975**	**268,704**	**244,776**
Financial liabilities						
Amortised cost	955,007	780,010	214,449	461,341	361,995	134,897

34.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

34.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 34.7 and 34.8) and interest rates (see Note 34.9 and 34.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk. The derivative financial instrument is in respect of the USD:ZAR exchange rate in respect of interest payments due with a 12 month forward rate outlook.

34.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets						
Currency of the United Kingdom (GBP)	21,646	12,927	7,463	-	-	-
Currency of United States (USD)	287,886	175,016	154,745	320,975	263,697	244,776
Currency of South Africa (ZAR)	74,398	111,811	5,751	-	5,007	-
Currency of Botswana (BWP)	413	210	230	-	-	-
Currency of Kenya (KES)	16,373	9,423	12,244	-	-	-
Currency of Zambia (ZMK)	3,414	2,024	1,002	-	-	-
Currency of Rwanda (RWF)	3,009	2,207	4,605	-	-	-
Currency of Nigeria (NGN)	106	120	221	-	-	-
Currency of Uganda (UGX)	1,330	1,697	2,714	-	-	-
Currency of Tanzania (TZS)	4,150	-	-	-	-	-
	412,725	**315,435**	**188,975**	**320,975**	**268,704**	**244,776**

34. Financial instruments (continued)

34.7 Foreign currency risk management (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Liabilities						
Currency of the United Kingdom (GBP)	17,217	6,945	5,477	321	1,837	1,799
Currency of United States (USD)	824,678	436,490	195,305	454,567	357,779	132,984
Currency of South Africa (ZAR)	95,281	321,237	1,159	6,453	2,370	114
Currency of Botswana (BWP)	347	31	32	-	-	-
Currency of Kenya (KES)	11,658	10,988	8,585	-	9	-
Currency of Zambia (ZMK)	1,740	1,116	78	-	-	-
Currency of Rwanda (RWF)	1,847	2,047	2,499	-	-	-
Currency of Nigeria (NGN)	3	4	40	-	-	-
Currency of Uganda (UGX)	961	1,152	1,274	-	-	-
Currency of Tanzania (TZS)	1,275	-	-	-	-	-
	955,007	**780,010**	**214,449**	**461,341**	**361,995**	**134,897**

34.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP) South Africa (ZAR) Kenyan Shilling (KES) and Rwandan Franc (RWF).

The following table details the group’s sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(443)	(598)	(199)	32	184	180
ZAR Currency impact	2,088	20,943	(459)	645	(264)	11
KES Currency impact	(471)	156	(366)	-	1	-
RWF Currency impact	(116)	(16)	(211)	-	-	-
	1,058	**20,485**	**(1,235)**	**677**	**(79)**	**191**

The sensitivity on statements of profit or loss and other comprehensive income is mainly attributable to the exposure outstanding on foreign currency receivables, payables and long term loans at year end in the group.

34.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group’s exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see 34.12 below). Interest rates have been disclosed in the respective notes where applicable.

34. Financial instruments (continued)

34.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group's and company's:

• Profit for the year ended 28 February 2018 for the group and the company respectively would increase by USD 2.1 million (2017: USD 4.3 million) and decrease by USD 1.4 million (2017: USD 1.2 million). This is mainly attributable to the group's limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
• No increase or decrease in other equity reserves for the year ended 28 February 2018 (2017: no increase or decrease).

34. Financial instruments (continued)

34.11 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

34.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below detail the remaining contractual maturity for financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2018							
Financial liabilities	8.41%	106,783	91,741	15,886	734,626	5,971	955,007
Group - 2017							
Financial liabilities	8.10%	102,427	70,496	7,593	561,766	37,728	780,010
Group - 2016							
Financial liabilities	4.94%	31,892	27,112	38,637	110,787	6,021	214,449
Company - 2018							
Financial liabilities	8.50%	7,029	3,881	9,851	440,580	-	461,341
Company - 2017							
Financial liabilities	5.75%	3,271	7,789	3,160	316,775	31,000	361,995
Company - 2016							
Financial liabilities	5.11%	2,968	580	36,634	94,715	-	134,897

34.13 Fair values

The directors consider the financial assets and financial liabilities stated at amortised costs in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

35. Dividend

Dividends of USD 13,500,000 were declared and paid during the 2018 financial year (2017: USD 48,898,000 including a dividend in specie where 100% of the shares held in Austin Eco Holdings Limited were distributed at value of USD 22,098,000, 2016: USD 24,900,000). The dividends were declared in fulfilment of the Econet Strategic Support ("SSA") agreement and allocated to Econet Wireless Group only - All other shareholders have renounced their right to the 2018 dividends.

The dividends were declared in accordance with the SSA, where Econet Wireless International Limited agreed to provide Liquid Telecommunications Holdings Limited with strategic support, engineering network design services and certain business opportunities. Liquid Telecommunications Holdings Limited may elect to pay the fee by way of special dividend, which accrues to Econet Global Limited to the exclusion of all other shareholders to the company.

		Group			Company	
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
Dividends per share (Cents per share)	13.15	48.90	24.90	13.15	48.90	24.90

36. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**
28 February 2018				
Unfavourable contract (note 24 & 25)	-	-	10,539	10,539
Total	**-**	**-**	**10,539**	**10,539**
28 February 2017				
Unfavourable contract (note 24 & 25)	-	-	13,270	13,270
Total	**-**	**-**	**13,270**	**13,270**
29 February 2016				
Econet Wireless Zimbabwe (note 14)	20,275	-	-	20,275
Meikles Limited (note 14)	71	-	-	71
Unfavourable contract (note 24 & 25)	-	-	9,366	9,366
Total	**20,346**	**-**	**9,366**	**29,712**

37. Earnings per share

		Group			Company	
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
Basic and diluted earnings per share (Cents per share)	(12.56)	45.69	39.65	(23.73)	67.89	65.25

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		Group			Company	
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
(Loss) / profit attributable to owners of the company	(12,895)	45,688	39,650	(24,370)	67,889	65,255
Weighted average number of ordinary shares for the purpose of basic and diluted earnings	102,685,342	100,000,000	100,000,000	102,685,342	100,000,000	100,000,000

38. Contingent Liability

38.1 Data Centre

Data Centre contractual penalty obligation of USD 9.5 million for set off against future Data Centre revenues, due to the delay in the completion of the Data Centre project for Johannesburg and Cape Town. However, there is a contingent claim of USD 3.1 million against XON (outsourced Data Centre contractor) against the USD 9.5 million obligation to the customer.

38.2 Eastern Cape Government Contract

Liquid Telecommunication South Africa (Pty) Limited (LTSA) signed an agreement with the Eastern Cape Provincial Government (ECPG) in October 2017 to provide connectivity services. At 28 February 2018, LTSA had received payment of ZAR 66.7 million excluding VAT (USD 5.7 million) and recognised ZAR 38.0 million (USD 2.9 million) of revenue. On 13 March 2018, State Information Technology Agency (Pty) Limited (SITA) launched an urgent application to review the decision of the Premier of the ECPG to appoint LTSA. If the contract in terms of which LTSA was appointed is set aside, LTSA would have to repay all monies received from the ECPG and claim from the ECPG those costs incurred in providing the broadband connectivity on the basis of unjust enrichment. LTSA would not have a damage claim against the ECPG for the full value of the contract to the extent that the contract is set aside by the court.

In the event that the court upholds the contract, LTSA will be entitled to continue with the broadband rollout on behalf of the ECPG and be paid accordingly.

39. Non-cash transactions

During the current financial year, the group and company entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

• In 2017 the group and company disposed of its shares in Austin Eco Holdings Limited (USD 22,097,512 see note 29) via a dividend in specie.

• In 2017 proceeds in respect of the company's disposal of an intangible asset to Liquid Telecommunications Operations Limited (USD 5,083,000 see note 10) had not been received in cash at the end of the reporting period.

• In 2017 proceeds in respect of the company's disposal of shares in Liquid Telecommunications Operations DRC S.A.R.L to Liquid Telecommunications DRC S.A.R.L (USD 35,000 see note 30) had not been received in cash at the end of the reporting period. At group level, no consideration was paid to the non-controlling interest for the increase in ownership from 70% to 97.5%.

• In 2017 the company disposed of its shares in Liquid Telecommunications Operations SA (Proprietary) Limited (USD 51.8 million see note 30) in return for an equivalent investment in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

• In 2018 additional USD 9.5 million of Fibre Optical IRU's relates to a non-controlling shareholder's investment in Liquid Telecommunications Botswana (Pty) Limited.

• In 2018 the Royal Bafokeng Holdings Limited exchange of their shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited resulted in a non-cashflow amount of USD 94.9 million.

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities , including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

2018: Group

	01/03/2017	Non-cash	Cash	28/02/2018
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	(23,074)	(55,887)	(78,961)
Short-term portion of long-term borrowings (note 22)	5,210	27,117	(17,308)	15,019
Net long-term borrowings (note 22)	589,402	(5,318)	147,130	731,214
	594,612	(1,275)	73,935	667,272

The non-cash portion of Finance costs relate to arrangement fees written off due to the Group's previous debt structure being refinanced. Refer to note 22 for borrowings information.

39. Non-cash transactions (continued)

2018: Group (continued)

The non-cash portion of the short and long term borrowings relate to borrowing costs that have been capitalised.

2017: Group

	01/03/2016	Non-cash	Cash	28/02/2017
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(13,785)	(13,785)
Short-term portion of long-term borrowings (note 22)	38,135	94,730	(127,655)	5,210
Net long-term borrowings (note 22)	108,110	323,505	157,787	589,402
	146,245	418,235	16,347	580,827

2018: Company

	01/03/2017	Non-cash	Cash	28/02/2018
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(23,730)	(23,730)
Short-term portion of long-term borrowings (note 22)	2,263	1,859	(4,122)	-
Net long-term borrowings (note 22)	347,775	(397,775)	50,000	-
Loan from fellow group subsidiary (note 23)	-	9,630	430,951	440,581
	350,038	(386,286)	453,099	416,851

2017: Company

	01/03/2016	Non-cash	Cash	28/02/2017
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(11,143)	(11,143)
Short-term portion of long-term borrowings (note 22)	35,294	-	(33,031)	2,263
Net long-term borrowings (note 22)	94,715	-	253,060	347,775
	130,009	-	208,886	338,895

40. Going concern

The directors have reviewed the consolidated cash flow projections of Liquid Telecommunications Holdings Limited ("the group"), for the forthcoming period of eighteen months from 1 March 2018 up to and including 30 June 2019. Considering the available cash position as of 28 February 2018, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and access to new capital and loan funding, the directors are satisfied that the group, has access to adequate cash resources to settle obligations as these arise and that operations reflect financial sustainability to enable the business to continue in operational existence for the foreseeable future.

The going concern assumption is supported by the following key considerations:

• The group has successfully completed a capital raising project during the year ended 28 February 2018 which has resulted in a USD 730.0 million 8.5% senior secured notes being issued that has no capital repayments until July 2022. Through this, the group repaid existing debt including the term loan of ZAR 2.95 billion (USD 228.0 million) for the acquisition of Liquid Telecommunications South Africa (Pty) Limited which was due in May 2018 and term loans totalling USD 300.0 million repayable over five years until December 2022.

• On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on the signing of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

• The group has a cash position of USD 160.7 million as well as a positive net current asset position further enhancing the going concern assumption for the group as at 28 February 2018.

Based on the assessment made and articulated in the reasons set out above, the directors are of the opinion, that the adoption of the going concern assumption for the preparation of the financial statements as of 28 February 2018 is justified.

41. Post balance sheet events

41.1 Receivables from Econet Group

On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

41.2 Acquisition of the remaining shares in CEC Liquid Telecommunications Limited

In May 2018, the company entered into an agreement with CopperBelt Energy Corporation PLC to acquire the remaining 50% of CEC Liquid Telecommunications Limited, a Liquid Telecommunications Group subsidiary based in Zambia, for a total consideration of USD 35 million. Subject to a number of conditions precedent, the company will pay USD 3.5 million upon completion of the agreement with the balance of USD 31.5 million being paid by 31 January 2019. Upon completion of the agreement, Liquid Telecommunications Group will own 100% of CEC Liquid Telecommunication Limited.

42. Comparative figures

Acquisition of subsidiary companies

The accounting for the acquisition of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) through Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited) in 2017 was provisional and based on management best estimates at the time.

In accordance with IFRS 3, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition.

The acquisition accounting was completed during the current financial year and the 2017 figures retrospectively adjusted as per IFRS. The effect of the retrospectively adjustment is reflected below:

2017: Group

	Provisional Accounting USD'000	Final Accounting USD'000	Movement USD'000
Intangible assets	57,654	100,255	42,601
Property, plant and equipment	276,968	264,828	(12,140)
Deferred tax on fair value adjustment	(13,076)	(20,613)	(7,537)
Other payables	(37,518)	(38,269)	(751)
Unfavarouble contracts	(2,413)	(4,232)	(1,819)
Goodwill	134,634	126,595	(8,039)
Total	416,249	428,564	12,315
Additional consideration	-	-	(12,315)
	416,249	428,564	-

The accounting for the acquisition of Raha Tanzania Holdings Limited in 2017 was provisional and based on management best estimates at the time.

In accordance with IFRS 3, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition.

The acquisition accounting was completed during the current financial year and the 2017 figures retrospectively adjusted as per IFRS. The effect of the retrospectively adjustment is reflected below:

42. Comparative figures (continued)

2017: Group (continued)

	Provisional Accounting USD'000	Final Accounting USD'000	Movement USD'000
Deferred tax on fair value adjustment	(331)	(2,719)	2,388
Goodwill	1,730	3,402	(1,672)
Non-controlling interest	(3,244)	(2,528)	(716)
Total	(1,845)	(1,845)	-

Change in presentation

During the current year the group has changed its presentation of the statement of profit or loss and its statement of cashflows as follows:

a) In the statement of profit of loss, the group and the company has standardised its statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in new disclosure items of Interconnect related costs and Data and network related costs replacing the Cost of sale line item.

b) In the statement of cashflows, the group and company has moved the finance costs paid line item from cash flows from operating activities to cashflows from financing activities to more accurately show cashflows related to financing of the group and company activities.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Consolidated Statements of Profit or Loss						
Cost of sales	254,130	137,734	115,515	-	-	-
Administrative expenses	43,424	6,454	4,880	-	-	-
	297,554	**144,188**	**120,395**	**-**	**-**	**-**
Interconnect related costs	(121,141)	(89,516)	(76,954)	-	-	-
Data and network related costs	(176,413)	(54,672)	(43,441)	-	-	-
	(297,554)	**(144,188)**	**(120,395)**	**-**	**-**	**-**
Consolidated Statements of Cash Flows						
Cash flows from operating activities:	55,887	13,785	7,256	41,879	11,143	7,570
Cash flows from financing activities:	(55,887)	(13,785)	(7,256)	(41,879)	(11,143)	(7,570)
	-	-	-	-	-	-

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