LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
("the Group", "Liquid" or "Liquid Intelligent Technologies")
FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF ENDED 31 AUGUST 2022

A solid first half excluding the impact of FX movements with continued strategic progress

20 October 2022

Leading pan-African technology solutions group Liquid Intelligent Technologies, a business of Cassava Technologies, today announces its financial results for the second quarter and first half ended 31 August 2022.

Strategic highlights:

- Good progress in the development of our Software Defined Network (SDN)
- Liquid Cloud and Cyber Security (Liquid C2) launched the first of a planned network of Cyber Security Fusion Centres (CSFC)
- Liquid C2 approved by Amazon Web Services (AWS) as a Direct Connect Delivery Partner to business customers across Africa
- Liquid Network launched Distributed Denial of Service (DDoS) Secure to protect African businesses
- Liquid C2 to offer connectivity to Oracle Cloud through Oracle Cloud Infrastructure (OCI) FastConnect in South Africa

Financial highlights:

- Solid first half excluding the impact of sharp weakening of the FX rates in South Africa and Zimbabwe
- A strong liquidity position as cash generated from operations in the first half increased by 5.7% year-on-year to USD 110.0 million (H1 2021-22: USD 104.1 million) due to improved working capital
- Revenue of USD 287.5 million in the first half with the year-on-year decline attributable to adverse FX movements in South Africa and Zimbabwe and ongoing declines in the Voice segment, partly offset by strong growth in Rest of Africa
- Adjusted EBITDA[1] of USD 96.7 million in the first half included the adverse FX rates impact as well as one-off costs due to the floods and continued utility power outages in South Africa
- Net debt[2] at the end of the period was USD 813.0 million, giving a net debt to adjusted EBITDA[1,2,3] ratio of 3.31x against the 4.0x covenant threshold

Group Financials	H1 2022-23 (USDm)	H1 2021-22 (USDm)	YoY (%)	Q2 2022-23 (USDm)	Q2 2021-22 (USDm)	YoY (%)
Revenue	287.5	349.3	(17.7)	144.5	187.3	(22.9)
Adjusted EBITDA	96.7	150.3	(35.7)	50.5	91.2	(44.6)
Cash generated from operations	110.0	104.1	5.7	70.9	84.7	(16.3)
Net Debt	813.0	782.5	3.9	813.0	782.5	3.9
Net Debt / adjusted EBITDA (x)	3.31	2.70	n/a	3.31	2.70	n/a

[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, fair value gain on derivatives, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

Chief Executive Officer, Hardy Pemhiwa, commented:
"After we strip out the FX headwinds that we experienced in the first half of the year, our financial performance was solid. It was particularly satisfying that the first half included an improvement in cash generation as a result of good working capital management in the period. We also delivered good revenue growth in both Liquid C2 and Liquid Dataport as we continue to leverage our existing infrastructure to grow our digital services.

Over nearly two decades we have built an unprecedented, pan-African, fibre network and the next stage of the Group's journey is to leverage this infrastructure to provide value added services to new and existing customers that will help to deliver sustainable and profitable growth. It was therefore pleasing that we continued to enhance our offerings with new digital solutions to meet the needs of customers as we position ourselves at the forefront of Africa's digital transformation.

In Liquid C2, which encompasses our Cloud and Cyber Security offerings, we launched the first of our Cyber Security Fusion Centres, we were approved by Amazon Web Services as a Direct Connect Delivery Partner to business customers across Africa and we will offer connectivity to Oracle Cloud through Oracle Cloud Infrastructure FastConnect in South Africa. In Network, we launched Distributed Denial of Service Secure to mitigate growing digital threats and to protect African businesses."

Group Chairman, Strive Masiyiwa, added:
"In what remains a volatile global macro environment which continues to adversely impact exchange rates across emerging markets and beyond, our underlying business continued to perform well, demonstrating the resilience of our business model and the digital transformation opportunity across Africa.

The launch of Liquid's Cyber Security Fusion Centre in Johannesburg is a fantastic milestone for the Group. This is the first of a planned network of six Cyber Security Fusion Centres across Africa which will manage the growing threat of cyberattacks on both public and private enterprises by providing continuous managed cyber security detection and response services.

The ongoing development of our Software Defined Network further demonstrates the continued strategic progress that Liquid is making as we leverage on our existing infrastructure to support the growing and changing needs of our enterprise and hyper scale customers."

There will be an investor call at 14:00 BST today, further details can be found on our website.

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About Liquid Intelligent Technologies

Liquid Intelligent Technologies is a business of Cassava Technologies, a pan-African technology group present in more than 20 countries, mainly in sub-Saharan Africa. Liquid has firmly established itself as the leading provider of pan-African digital infrastructure with an extensive fibre broadband network covering over 100,000 km. Liquid Intelligent Technologies is also leveraging its digital network to provide Cloud and Cyber Security solutions through strategic partnerships with leading global players. Liquid Intelligent Technologies is a comprehensive technology solutions group that provides customised digital solutions to public and private sector enterprises and SMEs across the continent. https://www.liquid.tech/

OPERATIONAL AND FINANCIAL REVIEW

Liquid Intelligent Technologies is a technology and digital solutions provider across more than 20 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services.

Key performance indicators (KPIs)

The following table sets out the Group's key performance indicators:

Key performance indicators	Q1 2021-22	Q2 2021-22	Q3 2021-22	Q4 2021-22	FY 2021-22	Q1 2022-23	Q2 2022-23
Total fibre network (Kms) [1]	100,017	100,402	100,629	101,724	101,724	102,559	102,722
Average churn rate (%) [2]	0.79%	0.68%	0.83%	0.45%	0.69%	0.66%	0.87%
Monthly recurring revenue (%) [3]	93.0%	88.8%	95.0%	85.0%	90.0%	89.6%	90.6%
Cloud seats YoY growth (%) [4]	64.4%	62.5%	51.2%	56.4%	56.4%	53.6%	62.3%
Total capacity on subsea assets (Gbps) [5]	621	621	621	621	621	821	834

[1] Total fibre network in kilometres (incl. backbone, metro and FTTX) through which fibre is installed. Multiple kilometres of fibre cables or ducts within the same trench/overhead line are counted individually. Includes both owned and leased capacity through partnerships.
[2] Average 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.
[3] Monthly recurring revenue is the total of all recurring revenue usage in the period normalised into a monthly amount and expressed as a percentage of total revenue in the same period.
[4] Year-on-year growth for the equivalent period in the number of paid for Cloud license seats.
[5] Capacity, in gigabit per second, purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (incl. IRUs).

Our fibre network footprint reached 102,722 kilometres at the end of the first half, with the additional 163 kilometres of build in the quarter largely focused on our key East to West build in the DRC.

As we continue to focus our attention on customer satisfaction and providing competitive propositions, churn remained low at 0.87%, albeit a slight increase year-on-year (Q2 2022-23: 0.68%).

We continue to maintain a high level of monthly recurring revenue (MRR), this increased to 90.6% in the second quarter, up 100 basis points versus the prior quarter and 180 basis points year-on-year

The growth in Cloud seats increased in the second quarter to 62.3% year-on-year driven by contract wins and underlying market growth.

Subsea capacity increased marginally to 834 Gbps in the second quarter, a small increase on the prior quarter due to additional capacity on the ACE cable.

Segments

As indicated previously, we have, in recent quarters, repositioned and restructured the business as a technology solutions provider to deliver a broader range of products and services to our customers and a more efficient value driven operating model. As part of the re-positioning, we have launched new segments, which more closely align to our offerings and these segments (in addition to our legacy voice line of business) will be how we will report our revenue going forward. As a result, we continue to review and refine the KPIs that we report on to ensure that they more effectively reflect the development, performance and position of the business.

Network - These revenue streams are at the core of the company and this segment includes revenue from all our owned and leased fibre infrastructure, including the long-haul Cape to Cairo, East to West and South Africa NLD (National Long Distance) routes.

C2 – This encompasses our Cloud and Cybersecurity products, as this segment grows it will include other complementary digital products.

Dataport - This segment includes revenue from agreements with subsea cable providers, satellite services, hosting of landing stations and providing the gateway to large, global network provision agreements and managed services revenue.

Voice - This segment is primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

Revenue

Revenue per Segment	H1 2022-23 (USDm)	H1 2021-22 (USDm)	YoY (%)	Q2 2022-23 (USDm)	Q2 2021-22 (USDm)	YoY (%)
Network	200.2	258.9	(22.7)	100.6	140.5	(28.4)
C2	33.9	31.4	8.0	17.7	16.2	9.3
Dataport	19.0	13.0	46.2	10.0	7.0	42.9
Voice	34.4	46.0	(25.2)	16.2	23.6	(31.4)
Total Revenue	**287.5**	**349.3**	**(17.7)**	**144.5**	**187.3**	**(22.9)**

Total revenue for the second quarter was USD 144.5 million (Q2 2021-22: USD 187.3 million), a decline of 22.9% year-on-year, which largely resulted from the deterioration of the exchange rate in Zimbabwe, this was exacerbated by delays in price rises to offset the inflationary conditions in the country. Furthermore, there was an adverse impact of USD 7.4 million due to the deterioration of the South African Rand year-on-year (Q2 2022-23 average rate of 16.42 compared to Q2 2021-22 average rate of ZAR:USD 14.39).

Excluding these items, total revenue was flat year-on-year as strong growth in Rest of Africa, up 13.4% year-on-year in the second quarter, benefited from good performances in the C2 and Network segments and Rest of World's Dataport segment growth, was offset by the ongoing decline in Voice revenue.

Total revenue for the first half was USD 287.5 million, 17.7% lower year-on-year (H1 2021-22: USD 349.3 million), as a result of the adverse FX rates in Zimbabwe and South Africa as well as the aforementioned decline in Voice revenue.

Network

Network revenue, which includes all intra- and inter-country fibre activity, declined 28.4% year-on-year in Q2 to USD 100.6 million, (Q2 2021-22: USD 140.5 million), however excluding Zimbabwe and the FX impact in South Africa, it remained broadly flat. Zambia and Rwanda saw an increase in FTTH and enterprise customers, a major contributor to the 4.7% increase in Rest of Africa Network revenue. Kenya continued to win dark fibre deals with MNOs which has been a major contributor to the growth in the Rest of Africa.

Revenue in the first half for network was USD 200.2 million compared to USD 258.9 million in the same period last year. We were pleased to enhance our capabilities in this segment during the period with the launch of Distributed Denial of Service (DDoS) Secure, a solution designed to proactively mitigate attacks by scrubbing traffic and blocking known attackers or malicious traffic, enabling us to better protect African businesses.

C2

C2, which largely comprises of our Cloud and Cyber Security offerings as well as other digital services, continued to grow steadily, up 9.3% year-on-year in the second quarter to USD 17.7 million (Q2 2021-22: USD 16.2 million), with customers ranging from government bodies to corporate enterprises. Growth was driven by good performances in Rest of Africa and Rest of World, including a key strategic contract win with a customer in the hospitality and entertainment services industry.

Revenue in the first half for C2 was USD 33.9 million compared to USD 31.4 million in the same period last year, an 8.0% increase year-on-year. The first half included a number of strategic enhancements to our C2 offerings as we focus on meeting the growing needs of our customers. We launched, in Johannesburg, the first of a planned network of six Cyber Security Fusion Centres, we were approved by Amazon Web Services as a Direct Connect Delivery Partner to business customers across Africa and we began to offer connectivity to Oracle Cloud through Oracle Cloud Infrastructure FastConnect in South Africa.

Dataport

Dataport, covering all our sea-to-land connections and subsea capacity, had a strong second quarter, up 42.9% year-on-year to USD 10.0 million (Q2 2021-22: USD 7.0 million). This was driven by the performance in Rest of World, whilst in Rest of Africa we are well positioned to grow further following the signing of two significant new multi-year contracts with an African network provider and another with a satellite operator.

Revenue in the first half for Dataport was USD 19.0 million compared to USD 13.0 million, a 46.2% increase from the same period last year. We continue to focus on providing enhanced capabilities to our customer in this segment and this includes a new Software Defined Network which was launched in the period to provide fast, reliable, scalable and on-demand connectivity across Africa.

Voice

Voice revenue continued to follow the global trend away from traditional voice traffic resulting in revenue in the second quarter declining 31.4% year-on-year to USD 16.2 million (Q2 2021-22: USD 23.6 million). Our focus on higher margin destinations continued, ensuring stable gross profit in the period.

Revenue in the first half for Voice was USD 34.4 million compared to USD 46.0 million for the same period last year.

Gross Profit

Gross Profit	H1 2022-23 (USDm)	H1 2021-22 (USDm)	YoY (%)	Q2 2022-23 (USDm)	Q2 2021-22 (USDm)	YoY (%)
Revenue	287.5	349.3	(17.7)	144.5	187.3	(22.9)
Costs per quarterly financial statements	(80.7)	(85.6)	5.7	(39.0)	(42.4)	8.0
Gross Profit	**206.8**	**263.7**	**(21.6)**	**105.5**	**144.9**	**(27.2)**
Gross Profit Margin (%)	71.9%	75.5%	-3.6pp	73.0%	77.4%	-4.4pp

Absolute gross profit in the second quarter was USD 105.5 million (Q2 2021-22: USD 144.9 million) and reflected the exchange rate headwinds which impacted revenue and the lower contribution from the higher margin Zimbabwean business. This was partly mitigated by lower cost of sales in our Voice and Network segments. As a result, in the second quarter there was a 4.4pp decrease year-on-year in the gross profit margin to 73.0% (Q2 2021-22: 77.4%).

Gross profit in the first half was USD 206.8 million compared to USD 263.7 million for the same period last year.

Total Overheads and Other Income

Total Overheads and Other Income	H1 2022-23 (USDm)	H1 2021-22 (USDm)	YoY (%)	Q2 2022-23 (USDm)	Q2 2021-22 (USDm)	YoY (%)
Other income	1.4	3.0	(53.3)	0.8	2.1	(61.9)
Selling, distribution and marketing costs	(4.3)	(4.7)	8.5	(2.4)	(2.3)	(4.3)
Expected credit loss provision	(4.3)	(2.8)	(53.6)	(3.4)	1.6	(312.5)
Administrative costs	(43.9)	(49.5)	11.3	(20.6)	(22.7)	9.3
Staff costs	(59.0)	(59.4)	0.7	(29.5)	(32.4)	9.0
Total Overheads and Other income	**(110.1)**	**(113.4)**	**2.9**	**(55.1)**	**(53.7)**	**(2.6)**
% to Total Revenue	38.3%	32.5%	-5.8pp	38.1%	28.7%	-9.5pp

Total Overheads and Other Income for the quarter remained broadly stable year-on-year at USD 55.1 million (Q2 2021-22: USD 53.7 million). Reductions in administrative costs and staff costs were offset by an increase in the expected credit loss provision, which reverted to a more normal level following a release in the same period last year. Staff costs, although impacted by inflationary increases, declined marginally year-on-year due to the declines in exchange rates. We also continued to see elevated power costs due to the increased frequency of utility power outages in South Africa, which required an increased use of higher cost backup power.

In the first half, Total Overheads and Other Income amounted to USD 110.1 million compared to USD 113.4 for the same period last year, down 2.9%, largely driven by cost optimisation and the impact of foreign exchange rates.

Adjusted EBITDA and Profit

Adjusted EBITDA	H1 2022-23 (USDm)	H1 2021-22 (USDm)	YoY (%)	Q2 2022-23 (USDm)	Q2 2021-22 (USDm)	YoY (%)
Adjusted EBITDA	**96.7**	**150.3**	**(35.7)**	**50.5**	**91.2**	**(44.6)**
Depreciation, impairment and amortisation	(57.1)	(61.9)	7.8	(28.1)	(32.1)	12.5
Operating Profit	**39.6**	**88.4**	(55.2)	**22.4**	**59.1**	(62.1)
Restructuring costs	-	-	n/a	-	-	n/a
Acquisition and other investment costs	-	(0.6)	n/a	-	(0.5)	n/a
Fair value gain on derivatives assets	0.2	11.6	(98.3)	0.2	11.6	(98.3)
Interest income	8.8	5.9	49.2	4.2	3.3	27.3
Finance costs	(36.5)	(34.3)	(6.4)	(18.5)	(17.0)	(8.8)
Foreign exchange (loss) / gain	(218.3)	(1.8)	(12,027.8)	(107.2)	5.1	(2,202.0)
Monetary Adjustment - IAS 29	163.3	54.4	200.2	120.0	37.6	219.1
Share of profit of associate	-	-	n/a	-	-	n/a
(Loss) / profit before tax	**(42.9)**	**123.6**	**(134.7)**	**21.1**	**99.2**	**(78.7)**
Tax expense	(12.3)	(14.3)	14.0	(28.0)	(25.6)	(9.4)
(Loss) / profit for the period	**(55.2)**	**109.3**	**(150.5)**	**(6.9)**	**73.6**	**(109.4)**

The combination of reduced gross profit performance, adverse exchange rate movements and the one-off costs described above resulted in an adjusted EBITDA in the second quarter of USD 50.5 million, a 44.6% decline year-on-year (Q2 2021-22: USD 91.2 million). This decline is almost entirely attributable to adverse FX movements as mentioned above.

Adjusted EBITDA in the first half was USD 96.7 million compared to USD 150.3 million for the same period last year.

Depreciation, impairment and amortisation costs were lower year-on-year in the second quarter at USD 28.1 million (Q2 2021-22: USD 32.1 million) and in the first half at USD 57.1 million (H1 2021-22: USD 61.9 million) largely as a result of the weaker exchange rates.

Finance costs in both the first half and second quarter were slightly higher year-on-year and reflected the interest on the Bond, the ZAR term loan and local debt in Zambia.

The Q2 foreign exchange loss of USD 107.2 million (Q2 2021-22: USD 5.1 million foreign exchange gain) was mainly driven by the South African and Zimbabwe exchange rate movements. The ZWL$:USD closing exchange rate was 546.8:1 (Q1 2022-23: ZWL$:USD 308.5, Q2 2021-22 ZWL$:USD 85.9:1). CPI in Zimbabwe for the period was 12,286.26 (Q1 2022-23: 6,662.17, Q2 2021-22: 3,191.05) which resulted in a monetary adjustment of USD 120.0 million for the quarter and resulted in a net profit before tax for the period of USD 21.1 million (Q2 2021-22: USD 99.2 million).

Cash generated from operations

Cashflow	H1 2022-23 (USDm)	H1 2021-22 (USDm)	YoY (%)	Q2 2022-23 (USDm)	Q2 2021-22 (USDm)	YoY (%)
Cash generated from operations	**110.0**	**104.1**	**5.7**	**70.9**	**84.7**	**(16.3)**
Tax paid	(12.9)	(11.6)	(11.2)	(8.8)	(6.0)	(46.7)
Net cash generated from operating activities	**97.1**	**92.5**	**5.0**	**62.1**	**78.7**	**(21.1)**
Net cash used in investing activities	(46.9)	(34.5)	(35.9)	(22.3)	(19.5)	(14.4)
Net cash used in financing activities	(60.0)	(32.9)	(82.4)	(26.7)	(18.1)	(47.5)
Net (decrease) / increase in cash and cash equivalents	**(9.8)**	**25.1**	**139.0**	**13.1**	**41.1**	**68.1**

Cash generated from operations decreased year-on-year to USD 70.9 million in the second quarter (Q2 2021-22: USD 84.7 million) as a result of the decline in adjusted EBITDA as described above, partly offset by improved working capital.

Net cash used on investing activities in the quarter of USD 22.3 million (Q2 2021-22: USD 19.5 million) was largely as a result of further build out of the network infrastructure, predominantly in the DRC and South Africa.

Cash outflow under financing activity for the period was USD 26.7 million (Q2 2021-22: USD 18.1 million), resulting from the Bond interest and normal course of business lease payments.

In the first half, cash generated from operations was USD 110.0 million (H1 2021-22: USD 104.1 million), an improvement of 5.7%, whilst net cash used on investing activities also included the one-off payment for spectrum in South Africa. Interest, lease and debt payments in the first half totalled USD 60.0 million (H1 2021-22: USD 32.9 million), higher due to timing of interest and capital payments in the new funding structure.

Capital investment and network developments

Capital expenditure in the first half increased 31.5% year-on-year to USD 46.7 million (H1 2021-22: USD 35.5 million). The majority of the investment has been focused on the acceleration of our build programmes in the DRC, further investment in NLD in South Africa, including on the Eastern and Western Capes and the one-off spectrum payment in South Africa. We have also secured a fibre pair on the Equiano subsea cable, the capacity from which will be active later this year.

Gross and net debt

Gross and Net Debt	H1 2022-23 (USDm)
Total Gross Debt	**897.7**
Long term borrowings (incl interest accrued)	789.8
Short term portion of long-term borrowings (incl interest accrued)	25.0
Unamortised arrangement fees	14.4
Leases - LT	48.1
Leases - ST	20.4
Less: Unrestricted cash	**(84.7)**
Net Debt	**813.0**
Last twelve months EBITDA	**245.8**
Last twelve months interest	**75.0**
Covenants:	
Gross Debt / LTM EBITDA (x)	3.65
Net Debt / LTM EBITDA (x)	3.31
Interest / LTM EBITDA (x)	3.28
Debt Service Cover Ratio (DSCR)	2.61

We continue to ensure that we have sufficient liquidity with a strong focus on working capital, despite a reduction in the cash in Zimbabwe due to the weaker exchange rates, our cash balance outside of Zimbabwe remains stable. Unrestricted cash at the end of Q2 was USD 84.7 million (FY 2021-22: USD 154.6 million), of this, USD 10.8 million was held in Zimbabwe.

Gross debt was lower at the end of the second quarter, USD 897.7 million, compared to prior year end (FY 2021-22: USD 956.6 million) as leases reduced through payment as well as exchange rate benefits. Considering the above cash position, net debt at the end of the quarter was USD 813.0 million, giving a net debt to EBITDA ratio of 3.31x, compared to 4.00x threshold.

Strive Masiyiwa	Hardy Pemhiwa	Lorraine Harper
Group Chairman	Group Chief Executive Officer	Interim Group Chief Finance Officer

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS AND 3 MONTHS ENDED

31 AUGUST 2022

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 6 months and 3 months ended 31 August 2022

	Notes	6 months ended 31/08/2022 USD'000 (Unaudited)	6 months ended 31/08/2021 USD'000 (Unaudited)	3 months ended 31/08/2022 USD'000 (Unaudited)	3 months ended 31/08/2021 USD'000 (Unaudited)
Revenue	3	287,464	349,332	144,453	187,348
Interconnect related costs		(22,475)	(32,013)	(10,171)	(16,356)
Data and network related costs		(75,099)	(71,626)	(35,824)	(35,290)
Other income		1,449	2,972	800	2,111
Selling, distribution and marketing costs		(4,343)	(4,731)	(2,406)	(2,255)
Expected credit loss (provision) / reversal		(4,310)	(2,766)	(3,376)	1,571
Administrative expenses		(27,051)	(31,432)	(13,606)	(13,510)
Staff costs		(58,978)	(59,430)	(29,501)	(32,364)
Depreciation, impairment and amortisation		(57,138)	(61,867)	(28,074)	(32,081)
Operating profit		**39,519**	**88,439**	**22,295**	**59,174**
Restructuring costs	4	-	(22)	-	-
Acquisition and other investment costs		-	(563)	-	(540)
Fair value gain on derivatives assets		163	11,604	163	11,604
Interest income	5	8,759	5,863	4,244	3,280
Finance costs	6	(36,497)	(34,320)	(18,528)	(17,023)
Foreign exchange (loss) / gain	2.2	(218,281)	(1,779)	(107,204)	5,124
Hyperinflation monetary gain	2.2	163,250	54,441	120,015	37,590
Share of profits of associate		8	10	3	4
(Loss) / profit before taxation		(43,079)	123,673	20,988	99,213
Tax expense	7	(12,254)	(14,251)	(27,989)	(25,591)
(Loss) / profit for the period		**(55,333)**	**109,422**	**(7,001)**	**73,622**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / gain on accounting for foreign entities		(193,001)	5,823	(70,380)	(31,834)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	2.2.2	27,213	3,378	16,386	2,154
Total other comprehensive (loss) / income		(165,788)	9,201	(53,994)	(29,680)
(Loss) / profit and other comprehensive income for the year		**(221,121)**	**118,623**	**(60,995)**	**43,942**
(Loss) / profit attributable to:					
Owners of the company		(55,392)	108,582	(6,984)	73,146
Non-controlling interest		59	840	(17)	476
		(55,333)	**109,422**	**(7,001)**	**73,622**
(Loss) / profit and other comprehensive income attributable to:					
Owners of the company		(221,116)	117,833	(60,922)	43,569
Non-controlling interest		(5)	790	(73)	373
		(221,121)	**118,623**	**(60,995)**	**43,942**
Earnings per share					
Basic (Cents per share)	24	(44.36)	86.97	(5.59)	39.99

	Notes	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Non-current assets			
Goodwill	8	115,127	129,182
Intangible assets	9	69,954	77,605
Property, plant and equipment	10	573,418	706,237
Right-of-Use assets	11	138,599	168,687
Investment in associate		570	632
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	22	15,314	15,314
Deferred tax assets		28,160	31,471
Investments at amortised cost		8	35
Long-term receivables from affiliated entities	18	148,841	155,742
Net derivative assets	22	2,282	2,119
Pre-commencement lease payments		39,750	33,000
Total non-current assets		1,132,023	1,320,024
Current assets			
Inventories		21,053	24,572
Trade and other receivables	13	181,120	237,944
Taxation		3,404	3,344
Cash and cash equivalents	12	84,662	154,553
Restricted cash and cash equivalents	12	1,567	9,090
Total current assets		291,806	429,503
Total assets		1,423,829	1,749,527
Equity and liabilities			
Capital and reserves			
Share capital		3,716	3,716
Share premium		276,714	276,714
Convertible preference shares		180,000	180,000
(Accumulated losses) / retained earnings		(32,241)	23,151
Foreign currency translation reserve		(178,636)	(12,912)
Total equity attributable to owners of the parent		249,553	470,669
Non-controlling interests		2,517	2,522
Total equity		252,070	473,191
Non-current liabilities			
Long term borrowings	14	789,817	809,516
Long term lease liabilities	15	48,102	66,420
Long-term payable to affiliated entities	18	405	428
Long-term provisions		7,698	8,239
Deferred revenue	17	61,054	68,565
Deferred tax liabilities		11,439	47,763
Total non-current liabilities		918,515	1,000,931
Current liabilities			
Short term portion of long-term borrowing	14	24,985	33,093
Short term portion of long-term lease liabilities	15	20,422	31,009
Trade and other payables	16	135,106	148,206
Short-term provisions		31,044	33,408
Deferred revenue	17	25,686	24,433
Taxation		16,001	5,256
Total current liabilities		253,244	275,405
Total equity and liabilities		1,423,829	1,749,527

Approved by the Board of Directors and authorised for issue on 19 October 2022.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 AUGUST 2022

	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	USD'000	USD'000	USD'000	USD'000
At 1 March 2021 (Audited)		**3,716**	**276,714**	**180,000**	**(6,016)**	**(121,379)**	**2,001**	**335,036**
Profit on disposal of subsidiaries under common control	25	-	-	-	-	86,032	-	86,032
Profit and total comprehensive income for the year		-	-	-	9,251	108,582	790	118,623
Profit for the period		-	-	-	-	108,582	840	109,422
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	3,378	-	-	3,378
Translation gain / (loss) on accounting for foreign entities		-	-	-	5,873	-	(50)	5,823
At 31 August 2021 (Unaudited)		**3,716**	**276,714**	**180,000**	**3,235**	**73,235**	**2,791**	**539,691**
At 1 March 2022 (Audited)		**3,716**	**276,714**	**180,000**	**(12,912)**	**23,151**	**2,522**	**473,191**
Loss and total comprehensive loss for the year		-	-	-	(165,724)	(55,392)	(5)	(221,121)
(Loss) / profit for the period		-	-	-	-	(55,392)	59	(55,333)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	27,213	-	-	27,213
Translation loss on accounting for foreign entities		-	-	-	(192,937)	-	(64)	(193,001)
At 31 August 2022 (Unaudited)		**3,716**	**276,714**	**180,000**	**(178,636)**	**(32,241)**	**2,517**	**252,070**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months and 3 months ended 31 August 2022

	Notes	6 months ended 31/08/2022 USD'000 (Unaudited)	6 months ended 31/08/2021 USD'000 (Unaudited)	3 months ended 31/08/2022 USD'000 (Unaudited)	3 months ended 31/08/2021 USD'000 (Unaudited)
Cash flows from operating activities:					
(Loss) / profit before tax		(43,079)	123,673	20,988	99,213
Adjustments for:					
Depreciation, impairment and amortisation		57,138	61,867	28,074	32,081
Bad debts provision / (reversal)		4,134	2,738	8,232	(1,137)
Fair value adjustment on derivatives		(163)	(11,604)	(163)	(11,604)
Increase / (decrease) in provisions		846	4,092	(3,568)	(2,866)
Foreign exchange loss / (gain)		218,644	861	109,051	(5,704)
Hyperinflation monetary gain		(163,250)	(54,441)	(120,015)	(37,590)
Loss / (profit) on disposal of fixed assets		565	(36)	(40)	(34)
Interest income	5	(8,759)	(5,863)	(4,244)	(3,280)
Finance costs	6	36,497	34,320	18,528	17,023
Share of profit from associate		(8)	(10)	(3)	(4)
		102,565	155,597	56,840	86,098
Working capital changes:					
Increase in inventories		(2,953)	(11,284)	(3,452)	(10,314)
Increase in trade and other receivables		(40,621)	(10,960)	(27,237)	(542)
Increase / (decrease) in trade and other payables		49,638	(19,351)	44,223	17,210
Increase / (decrease) in deferred revenue		1,321	(9,854)	478	(7,735)
Cash generated from operations		109,950	104,148	70,852	84,717
Income tax paid		(12,883)	(11,590)	(8,767)	(6,034)
Net cash generated from operating activities		97,067	92,558	62,085	78,683
Cash flows from investing activities:					
Interest income		8,759	5,863	4,244	3,280
Purchase of property, plant and equipment		(38,808)	(29,373)	(22,575)	(14,290)
Proceeds on disposal of property, plant and equipment		2,833	770	2,765	467
Purchase of intangible assets	9	(10,697)	(7,100)	(2,327)	(6,265)
Proceeds on disposal of intangible assets		-	211	-	195
Decrease in other long-term receivables		-	13	4,194	-
Pre-commencement lease payments		(850)	-	(400)	-
Increase in long-term receivables from affiliated entities		(8,157)	(4,840)	(8,157)	(2,850)
Net cash used in investing activities		(46,920)	(34,456)	(22,256)	(19,463)
Cash flows from financing activities:					
Finance costs paid		(29,915)	(7,384)	(6,048)	(1,500)
Decrease in lease liabilities		(22,052)	(19,978)	(13,473)	(11,163)
Decrease in borrowings		(8,032)	(5,600)	(7,152)	(4,803)
Increase / (decrease) in long-term payable to affiliated entities		-	70	-	(678)
Net cash used in financing activities		(59,999)	(32,892)	(26,673)	(18,144)
Net (decrease) / increase in cash and cash equivalents		(9,852)	25,210	13,156	41,076
Cash and cash equivalents at beginning of the period		163,643	172,638	91,377	160,654
Translation of cash with respect to foreign subsidiaries		(67,562)	(5,846)	(18,304)	(9,728)
Cash and cash equivalents at end of the period	12	**86,229**	**192,002**	**86,229**	**192,002**
Represented by:					
Cash and cash equivalents	12	84,662	182,212	84,662	182,212
Restricted cash and cash equivalents	12	1,567	9,790	1,567	9,790
		86,229	**192,002**	**86,229**	**192,002**

1. General information

Liquid Telecommunications Holdings Limited (trading as Liquid Intelligent Technologies), 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, which was converted to a Global Business Company licence on 30 June 2021. 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 across Africa and certain other countries, 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").

Russia-Ukraine conflict

On 24 February 2022, Russia invaded Ukraine in an internationally condemned act of aggression. This conflict is ongoing with a devastating impact on human life in the region. Globally the impact is being felt through increasing fuel prices, widening sanctions against Russia and its citizens and instability in the financial markets. The group continues to assess any potential impact on its business model for the financial year 2023 and onwards. It is likely that higher fuel costs will continue to be passed on globally by energy suppliers, product manufacturers and in logistics and transport services. The group continues to factor such price increases into its forward looking plans where possible.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the 6 months ended 31 August 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The preparation of condensed consolidated interim 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 condensed consolidated interim financial statements. Taking into account the available cash position at 31 August 2022 and at the date of signing of the condensed consolidated interim financial statements, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), 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, and the Russia-Ukraine conflict on the operations, business plan and cashflow for the financial year 2023, including the instability of financial markets, volatility of currency markets, particularly the South African Rand and the economic situation in Zimbabwe, 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 by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026) and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 6.2 million is outstanding at 31 August 2022.

<u>Cash position</u>

As at 31 August 2022, the group has an unrestricted cash position of USD 84.7 million (28 February 2022: USD 154.6 million). Of this amount, USD 10.8 million (28 February 2022: USD 80.3 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$:USD exchange rate of 546.8:1 (28 February 2022: ZWL$:USD of 124.0:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

<u>Operational performance</u>

For the period ended 31 August 2022, the group reported an operating profit of USD 39.5 million (31 August 2021: 88.4 million) and a net cash inflow from operating activities of USD 97.1 million (31 August 2021: USD 92.6 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 condensed interim financial statements for the period ended 31 August 2022 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 continued the application of hyperinflation accounting during the period ended 31 August 2022, 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 notes 2.2.1 and 2.2.2 below.

2. Accounting policies (continued)

2.2 Zimbabwean currency and hyperinflation accounting (continued)

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$).

During the quarter ended 31 August 2022, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 546.8:1 (28 February 2022: ZWL$:USD 124.0:1) to translate both the statement of profit or loss and the statement of financial position at 31 August 2022. Of the USD 218.3 million (31 August 2021: USD 1.8 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 220.1 million (31 August 2021: USD 6.6 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

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 financial year ended 29 February 2020, 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 the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe had been met. Furthermore, the International Practices Task Force (“IPTF”) of the Centre of Audit Quality (“CAQ”) monitors inflation in certain countries and reported Zimbabwe’s three-year cumulative inflation rate as exceeding 100% in its 19 November 2019, 10 November 2020, 18 May 2021 and 6 November 2021 reports.

Based on these reports, the group has concluded that hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019. The group has applied hyperinflation accounting to all periods presented in these financial statements, effective from 1 October 2018. The impact of foreign exchange on opening balance adjustment under hyperinflation accounting of the Zimbabwe entities at 1 March 2022 of USD 27.2 million (1 March 2021: USD 3.4 million) have been recognised directly in the statement of comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 31 August 2022.

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 163.3 million (31 August 2021: USD 54.4 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 12,286.26 (31 August 2021: 3,191.05).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 546.8:1 (28 February 2022: ZWL$:USD 124.0:1) 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.

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 28 February 2022.

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 28 February 2022. In addition, the following significant accounting judgements and critical estimates have also been made:

Key judgements

Revenue Recognition

Management enters into contracts with customers from time to time that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. A key judgement is whether these bespoke contracts have an embedded lease, and should be accounted for under IFRS 16 – *Leases* rather than IFRS 15 – *Revenue from Contracts with Customers*, given that some of these contracts provide for the right of use over specifically identified fibre line channels, rather than capacity. The directors considered the detailed criteria for the recognition of revenue, and are satisfied that the accounting treatment is appropriate in the current year.

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 26 for *Contingent liabilities* disclosure.

2. Accounting policies (continued)

2.4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key estimates

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.

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.

Fair value measurement

As described in our accounting policies on financial instruments, the fair value of our financial assets and financial liabilities, except for the derivative assets (explained below), 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.

A number of global events in recent months have had an impact on the performance of the group's bond. These factors have largely been external and the group's underlying business has proved to be reasonably resilient. As a result, the group has recorded a fair value gain on derivative assets as at 31 August 2022. This financial instrument is classified under the level 2 of the fair value hierarchy which contains some elements of market data.

As such, appropriate fair value measurement has been applied at 31 August 2022 and management estimates that the pandemic has a low to nil impact on the fair value measurements applied.

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).

The group categorises its revenue streams as shown below:

- Network - primarily revenue from long haul, metro networks and roaming services;
- C2 - primarily revenue from cloud services, managed services and cybersecurity services;
- Dataport - primarily revenue from undersea assets, international wholesale, international enterprise and VSAT;
- Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

For comparison, the previous revenue streams were:

- Network - primarily revenue from long haul and metro networks;
- Digital solutions - primarily revenue from cloud services, managed services and cybersecurity services;
- Data technologies - primarily revenue from roaming services and other innovations and undersea assets;
- Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

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 interest, taxation, depreciation, amortisation, and impairment, and is also presented before recognising the following items:

- Restructuring costs
- Acquisition and other investment costs
- Fair value gain on derivatives assets
- Net foreign exchange (loss) / gain
- Hyperinflation monetary gain (see note 2.2.2)
- Share of profits of associate

A reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA (see above) is shown in *note 27.1 - Reconciliation.*

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 2022 (Unaudited).

	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
Network	80,380	49,167	60,693	39,531	-	(29,585)	200,186
C2	20,314	5,782	5,107	8,924	-	(6,264)	33,863
Dataport	3,356	1,378	6,669	14,276	-	(6,703)	18,976
Voice traffic	3,894	40	52	31,255	-	(802)	34,439
Inter-segmental revenue	(3,858)	(352)	(4,011)	(35,133)	-	43,354	-
Group External Revenue	**104,086**	**56,015**	**68,510**	**58,853**	**-**	**-**	**287,464**
Adjusted EBITDA	34,077	23,857	15,888	36,480	(9,622)	(4,023)	96,657
Depreciation, impairment and amortisation							(57,138)
Fair value gain on derivatives assets							163
Interest income							8,759
Finance costs							(36,497)
Foreign exchange loss							(218,281)
Hyperinflation monetary gain							163,250
Share of profits of associate							8
Loss before taxation							**(43,079)**
Tax expense							(12,254)
Loss for the period							**(55,333)**

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 2021 (Unaudited).

	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
Network	92,656	97,168	56,394	52,156	-	(39,505)	258,869
C2	20,367	7,699	2,949	3,978	-	(3,589)	31,404
Dataport	4,044	1,666	6,530	7,103	-	(6,305)	13,038
Voice traffic	4,879	86	5	41,721	-	(670)	46,021
Inter-segmental revenue	(3,674)	(556)	(6,114)	(39,725)	-	50,069	-
Group External Revenue	**118,272**	**106,063**	**59,764**	**65,233**	**-**	**-**	**349,332**
Adjusted EBITDA	39,101	68,461	15,913	42,775	(14,683)	(1,261)	150,306
Depreciation, impairment and amortisation							(61,867)
Restructuring costs							(22)
Acquisition and other investment costs							(563)
Fair value gain on derivatives assets							11,604
Interest income							5,863
Finance costs							(34,320)
Foreign exchange loss							(1,779)
Hyperinflation monetary gain							54,441
Share of profits of associate							10
Profit before taxation							**123,673**
Tax expense							(14,251)
Profit for the period							**109,422**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 August 2022 (Unaudited).

	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	38,750	24,171	31,245	20,478	-	(14,133)	100,511
C2	10,635	3,128	2,663	3,836	-	(2,520)	17,742
Dataport	1,767	780	3,528	7,486	-	(3,523)	10,038
Voice traffic	1,960	17	8	14,579	-	(402)	16,162
Inter-segmental revenue	(1,861)	(208)	(2,070)	(16,439)	-	20,578	-
Group External Revenue	**51,251**	**27,888**	**35,374**	**29,940**	**-**	**-**	**144,453**
Adjusted EBITDA	17,909	8,898	8,162	20,583	(4,982)	(201)	50,369
Depreciation, impairment and amortisation							(28,074)
Fair value gain on derivatives assets							163
Interest income							4,244
Finance costs							(18,528)
Foreign exchange loss							(107,204)
Hyperinflation monetary gain							120,015
Share of profits of associate							3
Profit before taxation							**20,988**
Tax expense							(27,989)
Loss for the period							**(7,001)**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 August 2021 (Unaudited).

	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	49,242	53,280	29,829	32,515	-	(24,287)	140,579
C2	10,260	4,321	1,576	2,101	-	(2,076)	16,182
Dataport	2,113	890	3,690	3,802	-	(3,493)	7,002
Voice traffic	2,523	45	4	21,338	-	(325)	23,585
Inter-segmental revenue	(1,998)	(270)	(3,905)	(24,008)	-	30,181	-
Group External Revenue	**62,140**	**58,266**	**31,194**	**35,748**	**-**	**-**	**187,348**
Adjusted EBITDA	21,587	41,891	8,401	25,398	(8,084)	2,062	91,255
Depreciation, impairment and amortisation							(32,081)
Acquisition and other investment costs							(540)
Fair value gain on derivatives assets							11,604
Interest income							3,280
Finance costs							(17,023)
Foreign exchange gain							5,124
Hyperinflation monetary gain							37,590
Share of profits of associate							4
Profit before taxation							**99,213**
Tax expense							(25,591)
Profit for the period							**73,622**

4. Restructuring costs

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Redundancy costs	-	20	-	-
Legal fees	-	2	-	-
	-	**22**	**-**	**-**

5. Interest income

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest received - bank / external	649	1,518	302	682
Interest received - inter-group (note 18)	8,110	4,345	3,942	2,598
	8,759	**5,863**	**4,244**	**3,280**

6. Finance costs

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	13,558	10,997	6,410	4,921
Finance cost on Senior Secured Notes	17,050	17,050	8,525	8,809
Finance arrangement fees amortised	1,843	2,090	928	1,217
Interest on lease liabilities	3,963	4,113	2,616	2,045
Interest paid - inter-group (note 18)	83	70	49	31
	36,497	**34,320**	**18,528**	**17,023**

7. Taxation

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation	20,378	19,356	15,831	14,972
Deferred taxation (credit) / charge	(12,526)	(8,265)	9,836	9,463
Withholding taxation	4,402	3,160	2,322	1,156
	12,254	**14,251**	**27,989**	**25,591**

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) / profit before taxation	(43,079)	123,673	20,988	99,213
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(11,909)	50,317	3,806	74,662
Tax effect of non-deductible expenses	52,012	(15,038)	47,639	(32,265)
Tax effect of non-taxable income	(2,883)	(4,027)	(2,860)	(4,002)
Tax effect of foreign tax credit	(244)	(3,902)	17	(2,321)
Effect of tax losses not recognised as deferred tax assets	2,429	336	2,352	(398)
Tax effect of utilised unrecognised tax losses	(2,711)	(3,492)	(1,943)	(2,175)
Tax effect on IAS 29 adjustments	(28,842)	(13,103)	(23,344)	(9,066)
Withholding taxation	4,402	3,160	2,322	1,156
	12,254	**14,251**	**27,989**	**25,591**

The company's Global Business Licence (category 2) was converted to a Global Business Company licence on 30 June 2021. Taxation is calculated at the rates prevailing in the respective jurisdictions:

Mauritius (tax credit of 80%, depending on type of income)	15%	15%
South Africa (27% for years ending on or after 31 March 2023)	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

8. Goodwill

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Cost		
Opening balance	129,182	129,364
Impairment*	-	(245)
Foreign exchange loss	(15,724)	(1,596)
Adjustments - IAS 29	1,669	1,659
Closing balance	**115,127**	**129,182**

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.

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe**	4,049	1,441
Zimbabwe Online (Private) Limited**	-	4,140
Liquid Telecommunications Holdings South Africa (Pty) Limited	100,443	112,966
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	115,127	**129,182**

*During the year ended 28 February 2022, the goodwill in Transaction Payment Solutions Indian Ocean Limited was found to be irrecoverable and has been impaired.

** Zimbabwe Online (Private) Limited is a 100% subsidiary of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and was merged into its parent on 1 March 2022 resulting in a reallocation of the goodwill.

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGUs) 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 CGUs and operating country.

The group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each CGU to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

9. Intangible assets

	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 2021 (Audited)	31,465	44,926	116,260	34,465	2,975	50,215	280,306
Disposal of subsidiary	(62)	-	-	-	-	-	(62)
Additions during the year	988	3,113	488	-	6,827	2,719	14,135
Disposals during the year	-	(2,799)	(2,658)	-	(198)	-	(5,655)
Transfers	-	846	121	-	(846)	(121)	-
Reclassification	-	-	-	-	-	(372)	(372)
Transfers from Property, plant and equipment (note 10)	-	1,050	-	-	-	-	1,050
Write off	-	(4,633)	-	-	-	-	(4,633)
Foreign exchange differences	(2,347)	(878)	740	(163)	-	(432)	(3,080)
Adjustments - IAS 29	3,086	1,136	-	-	-	-	4,222
Transfer to Right-of-Use assets (note 11)	-	-	(114,951)	-	-	-	(114,951)
At 28 February 2022 (Audited)	33,130	42,761	-	34,302	8,758	52,009	170,960
Purchases during the year	7,493	1,726	-	-	1,478	-	10,697
Transfers	-	360	-	-	(360)	-	-
Foreign exchange differences	(8,346)	(5,955)	-	(4,984)	-	(3,178)	(22,463)
Adjustments - IAS 29	3,060	1,177	-	-	-	-	4,237
Transfer to Pre-commencement lease payments	-	-	-	-	(5,900)	-	(5,900)
At 31 August 2022 (Unaudited)	35,337	40,069	-	29,318	3,976	48,831	157,531
Accumulated amortisation:							
At 1 March 2021 (Audited)	11,347	37,329	58,847	15,044	-	26,145	148,712
Amortisation	2,283	4,702	6,012	3,352	-	579	16,928
Disposals during the year	-	(2,737)	-	-	-	-	(2,737)
Transfer to Right-of-Use assets (note 11)	-	-	(65,312)	-	-	-	(65,312)
Transfers to Property, plant and equipment (note 10)	-	-	(46)	-	-	-	(46)
Write off	-	(4,633)	-	-	-	-	(4,633)
Foreign exchange differences	(1,022)	(438)	499	(111)	-	(270)	(1,342)
Adjustments - IAS 29	1,290	495	-	-	-	-	1,785
At 28 February 2022 (Audited)	13,898	34,718	-	18,285	-	26,454	93,355
Amortisation	1,144	1,989	-	1,589	-	270	4,992
Foreign exchange differences	(3,860)	(4,541)	-	(1,614)	-	(2,882)	(12,897)
Adjustments - IAS 29	1,497	630	-	-	-	-	2,127
At 31 August 2022 (Unaudited)	12,679	32,796	-	18,260	-	23,842	87,577
Carrying amount:							
At 28 February 2022 (Audited)	19,232	8,043	-	16,017	8,758	25,555	77,605
At 31 August 2022 (Unaudited)	22,658	7,273	-	11,058	3,976	24,989	69,954

LIQUID INTELLIGENT TECHNOLOGIES

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	Fibre infrastructure USD'000	Total USD'000
Cost:								
At 1 March 2021 (Audited)	21,540	12,252	33,812	95,560	11,399	57,933	1,087,506	1,320,002
Disposal of subsidiaries	-	-	-	-	-	1,043	-	1,043
Additions during the year	3	705	1,678	3,340	1,685	33,261	39,708	80,380
Disposals during the year	(196)	(81)	(220)	(291)	(96)	(562)	(15,718)	(17,164)
Impairment	-	-	-	-	-	(322)	-	(322)
Transfers	3	8	318	11,441	-	(45,259)	33,489	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	(1,050)	-	(1,050)
Transfer (to)/from inventory	-	-	(13)	(598)	-	122	(86)	(575)
Foreign exchange differences	(1,284)	(1,306)	(951)	(3,938)	(2,074)	(3,819)	(116,809)	(130,181)
Adjustments - IAS 29	1,698	506	(1,547)	3,288	2,237	4,255	150,964	161,401
At 28 February 2022 (Audited)	21,764	12,084	33,077	108,802	13,151	45,602	1,179,054	1,413,534
Additions during the year	3	246	777	2,248	264	17,187	19,373	40,098
Disposals during the year	-	(78)	(59)	(18)	(29)	(2,722)	(31,667)	(34,573)
Impairment	-	-	-	-	-	(66)	-	(66)
Transfers	-	44	43	1,096	-	(7,341)	6,158	-
Foreign exchange differences	(5,195)	(3,148)	(2,730)	(12,888)	(5,911)	(11,775)	(373,386)	(415,033)
Adjustments - IAS 29	1,683	1,512	145	3,184	3,023	4,371	160,260	174,178
At 31 August 2022 (Unaudited)	18,255	10,660	31,253	102,424	10,498	45,256	959,792	1,178,138
Accumulated depreciation								
At 1 March 2021 (Audited)	7,342	9,675	28,646	88,170	8,575	(2,257)	500,225	640,376
Depreciation	377	1,226	4,175	8,818	1,562	-	65,270	81,428
Disposals during the year	(11)	(62)	(165)	(263)	(34)	-	(12,538)	(13,073)
Write offs	-	-	(2)	-	-	-	-	(2)
Transfers	-	2	(2)	-	-	-	-	-
Transfer from Intangible assets (note 9)	-	-	-	-	-	-	46	46
Foreign exchange differences	(37)	(910)	(707)	(3,433)	(1,556)	-	(40,742)	(47,385)
Adjustments - IAS 29	-	130	(1,687)	2,950	1,343	-	43,171	45,907
At 28 February 2022 (Audited)	7,671	10,061	30,258	96,242	9,890	(2,257)	555,432	707,297
Depreciation	153	325	885	4,277	515	-	26,449	32,604
Disposals during the year	-	(79)	(64)	(1)	(23)	-	(31,008)	(31,175)
Foreign exchange differences	(861)	(2,561)	(2,319)	(10,303)	(4,393)	-	(147,795)	(168,232)
Adjustments - IAS 29	-	1,310	32	3,147	2,175	-	57,562	64,226
At 31 August 2022 (Unaudited)	6,963	9,056	28,792	93,362	8,164	(2,257)	460,640	604,720
Carrying amount:								
At 28 February 2022 (Audited)	14,093	2,023	2,819	12,560	3,261	47,859	623,622	706,237
At 31 August 2022 (Unaudited)	11,292	1,604	2,461	9,062	2,334	47,513	499,152	573,418

11. Right-of-Use assets

	Land and buildings USD'000	Furniture and fittings USD'000	Network equipment USD'000	Motor vehicles USD'000	Fibre infrastructure USD'000	Fibre Optical - IRU USD'000	Total USD'000
Cost:							
At 1 March 2021 (Audited)	76,250	16	46,695	1,772	23,380	-	148,113
Additions during the year	25,489	-	11,584	534	15,643	-	53,250
Disposals during the year	(1,572)	-	(17,565)	-	(4,145)	-	(23,282)
Foreign exchange differences	(6,682)	-	2,638	37	81	(171)	(4,097)
Adjustments - IAS 29	24,450	-	-	-	-	-	24,450
Transfer from intangible assets (note 9)	-	-	-	-	-	114,951	114,951
At 28 February 2022 (Audited)	117,935	16	43,352	2,343	34,959	114,780	313,385
Additions during the year	3,296	-	3,208	-	2,687	-	9,191
Disposals during the year	(9)	-	(51)	-	-	-	(60)
Reclassification	(105)	-	658	(149)	(1,314)	-	(910)
Write offs	(2,652)	-	-	-	-	-	(2,652)
Foreign exchange differences	(48,493)	-	1,884	(136)	(2,545)	(1,495)	(50,785)
Adjustments - IAS 29	22,227	-	-	-	-	-	22,227
At 31 August 2022 (Unaudited)	92,199	16	49,051	2,058	33,787	113,285	290,396
Accumulated depreciation:							
At 1 March 2021 (Audited)	20,313	-	24,661	1,118	15,254	-	61,346
Depreciation	17,738	-	7,566	455	10,109	-	35,868
Disposals during the year	(1,332)	-	(14,765)	-	(4,130)	-	(20,227)
Foreign exchange differences	(614)	-	770	11	150	(220)	97
Adjustments - IAS 29	2,302	-	-	-	-	-	2,302
Transfer from intangible assets (note 9)	-	-	-	-	-	65,312	65,312
At 28 February 2022 (Audited)	38,407	-	18,232	1,584	21,383	65,092	144,698
Depreciation	7,193	-	6,014	227	3,195	2,819	19,448
Disposals during the year	(9)	-	(51)	-	-	-	(60)
Reclassification	(105)	-	658	(149)	(1,314)	-	(910)
Write offs	(2,652)	-	-	-	-	-	(2,652)
Foreign exchange differences	(10,042)	-	620	(140)	(1,714)	(1,391)	(12,667)
Adjustments - IAS 29	3,940	-	-	-	-	-	3,940
At 31 August 2022 (Unaudited)	36,732	-	25,473	1,522	21,550	66,520	151,797
At 28 February 2022 (Audited)	79,528	16	25,120	759	13,576	49,688	168,687
At 31 August 2022 (Unaudited)	55,467	16	23,578	536	12,237	46,765	138,599

12. Cash and cash equivalents, and restricted cash and cash equivalents

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Cash and bank balances	84,546	154,121
Money market deposits	116	432
Cash and cash equivalents	**84,662**	**154,553**
Restricted cash and cash equivalents	**1,567**	**9,090**
Total cash and cash equivalents	**86,229**	**163,643**

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 10.8 million (28 February 2022: USD 80.3 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 546.8:1 (28 February 2022: ZWL$:USD of 124.0:1). See *note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.*

The group has restricted cash for the following purposes:

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Guarantees	1	7,501
Customer deposits held	1,566	1,589
	1,567	**9,090**

13. Trade and other receivables

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Trade receivables	115,117	129,411
Affiliated entities (note 18)	25,472	29,423
Expected credit loss provision	(44,149)	(44,874)
Total trade and affiliated entities receivables, net of expected credit loss provision	**96,440**	**113,960**
Short-term inter-company receivables (note 18)	5,615	46,307
Sundry debtors	32,695	41,834
Deposits paid	5,548	4,832
Prepayments	40,822	31,011
	181,120	**237,944**

Sundry debtors mainly include accrued income, VAT receivable and non-operating receivables.

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 based 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.

The following table details the risk profile of trade receivables and affiliated entities receivables. Lifetime ECL on receivables are assessed individually.

		Past due				
	Current USD'000	**31 - 60 days USD'000**	**61 - 90 days USD'000**	**91 - 120 days USD'000**	**> 120 days USD'000**	**Total USD'000**
At as 31 August 2022						
Trade and affiliated entities receivables - Gross	37,302	11,188	17,089	14,731	60,279	140,589
Lifetime ECL	(1,225)	(1,980)	(867)	(970)	(39,107)	(44,149)
Trade and affiliated entities receivables - Net	**36,077**	**9,208**	**16,222**	**13,761**	**21,172**	**96,440**
Default rate	3.3%	17.7%	5.1%	6.6%	64.9%	
As at 28 February 2022						
Trade and affiliated entities receivables - Gross	75,725	21,964	9,810	7,336	43,999	158,834
Lifetime ECL	(2,787)	(3,005)	(919)	(1,604)	(36,559)	(44,874)
Trade and affiliated entities receivables - Net	**72,938**	**18,959**	**8,891**	**5,732**	**7,440**	**113,960**
Default rate	3.7%	13.7%	9.4%	21.9%	83.1%	

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 expected credit loss provision, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

14. Long term borrowings and short term portion of long-term borrowings

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Long term borrowings:		
USD 620 million 5.5% Senior Secured Notes (i)	608,393	606,973
USD 220 million equivalent South African Rand term loan (ii)	176,755	198,350
Stanbic Bank of Zambia Limited (iii)	4,669	4,193
	789,817	**809,516**
Short term portion of long term borrowings (including interest accrued):		
USD 620 million 5.5% Senior Secured Notes (i)	17,050	17,050
USD 220 million equivalent South African Rand term loan (ii)	6,176	13,050
Stanbic Bank of Zambia Limited (iii)	1,556	2,795
USD 60 million revolving credit facility (iv)	203	198
	24,985	**33,093**

(i) On 22 February 2021, Liquid Telecommunications Financing Plc ("LTF") launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered were redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021, Liquid Telecommunications Financing Plc announced the issue of USD 620 million of new 5.5 years Senior Secured Notes. Settlement for both transactions took place on 4 March 2021.

The new Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The Notes are issued by Liquid Telecommunications Financing Plc and are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, 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 with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, 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.

(ii) On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a 5 year ZAR 3.3 billion term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively. In June 2021, Liquid Telecommunications South Africa (Pty) Limited refinanced a portion of the term loan, amounting to ZAR 1.0 billion, with the International Finance Corporation with interest payable quarterly at JIBAR plus 5%.

(iii) Liquid Telecommunications Zambia Limited has USD 23.3 million (maturity in the financial year 2025) of term loans denominated in local currency (Zambian Kwacha). As at 31 August 2022, the outstanding balance on all term loans is USD 6.2 million. Liquid Telecommunications Holdings 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 facility bears interest at the rate of 23.5%. Capital and interest are repaid on a quarterly basis.

(iv) In addition to the USD 620 million 5.5% Senior Secured Notes and the USD 220 million equivalent South African Rand term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man), Standard Chartered Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited. 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 Kenya Limited, Liquid Telecommunications Holdings South Africa (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 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

15. Lease liabilities

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Long term portion of lease liabilities	48,102	66,420
Short term portion of lease liabilities	20,422	31,009
	68,524	**97,429**

16. Trade and other payables

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Trade accounts payable	67,967	61,786
Payable balance to affiliated entities (note 18)	7,195	7,661
Short-term inter-company payables (note 18)	2,973	9,586
Accruals	46,788	51,833
Staff payables	4,122	3,813
Transaction taxes due in various jurisdictions	1,523	8,875
Other short term payables	4,538	4,652
	135,106	**148,206**

The average credit period on purchases of goods and services is 30 to 60 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.

16. Trade and other payables (continued)

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 expenditure for on-going fibre related projects.

17. Deferred revenue

	31/08/2022	28/02/2022
	USD'000	USD'000
	(Unaudited)	(Audited)
Long term portion of deferred revenue	61,054	68,565
Short term portion of deferred revenue	25,686	24,433
	86,740	**92,998**

Deferred revenue mainly relates to revenue billed in advance which includes deferred revenue on any Indefeasible-Rights-of-Use (IRU) that will be amortised over a period of 10 to 15 years, roaming services and other advance billings that 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 Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet South Africa (Pty) Limited, Steward Bank Limited, Cassava FinTech (Pty) Ltd, Distributed Power Africa Proprietary Limited, VAYA Africa Mauritius Ltd and Distributed Power Africa Limited and are referred to as "Econet Global related group companies";

- Africa Data Centres Holdings Limited (UK), African Data Centres (Pty) Limited (South Africa), Africa Data Centres SA Development (Pty) Limited (South Africa), ADC (Jersey) Limited and East Africa Data Centre Limited (Kenya) and are referred to as ''Africa Data Centres related group companies'';

- Liquid Technologies Infrastructure Finance SARL;

- Liquid Intelligent Technologies Limited;

- Liquid Delta (Jersey) Limited; and

- Liquid Telecommunications (Jersey) Ltd.

The above companies 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:

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods and services				
Econet Global related group companies	36,315	64,681	19,654	36,791
Purchase of goods and services				
Econet Global related group companies	10,910	12,935	5,273	7,066
Management fees paid				
Africa Data Centres related group companies	-	-	146	-
Econet Global related group companies	120	120	60	60
Management fees received				
Africa Data Centres related group companies	397	493	-	254
Econet Global related group companies	82	37	20	19
Liquid Intelligent Technologies Limited	61	-	30	-
Liquid Telecommunications (Jersey) Ltd	688	-	688	-
	1,228	530	738	273
Interest income				
Econet Global related group companies	165	107	93	54
Liquid Intelligent Technologies Limited	62	-	36	-
Africa Data Centres related group companies	7,883	4,238	3,813	2,544
	8,110	4,345	3,942	2,598
Finance costs				
Liquid Technologies Infrastructure Finance SARL	83	70	49	31
Administration fees paid				
DTOS Limited	143	148	74	80

18. Related party transactions and balances (continued)

The group has the following balances at the period / year end:

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Short term intercompany receivables		
Africa Data Centres related group companies	4,705	45,569
Liquid Intelligent Technologies Limited	7	7
Econet Global related group companies	903	731
	5,615	**46,307**
Short term intercompany payables		
Liquid Technologies Infrastructure Finance SARL	1,700	6,704
Liquid Telecommunications (Jersey) Ltd	1,273	2,882
	2,973	**9,586**
Receivables balances from affiliated entities		
Econet Global Limited (Mauritius)	4,999	4,999
Liquid Technologies Infrastructure Finance SARL	-	613
Econet Global Related Group Companies	19,766	19,063
Liquid Delta (Jersey) Limited	28	28
Liquid Intelligent Technologies Limited	-	180
Liquid Telecommunications (Jersey) Ltd	679	-
Africa Data Centres related group companies	-	4,540
	25,472	**29,423**
Payable balance to affiliated entities		
Econet Global related group companies	288	4,429
Africa Data Centres related group companies	5,894	1,702
Liquid Intelligent Technologies Limited	96	-
Liquid Technologies Infrastructure Finance SARL	917	1,530
	7,195	**7,661**
Long-term receivables from affiliated entities		
Africa Data Centres related group companies	146,480	153,737
Liquid Intelligent Technologies Limited	2,361	2,005
	148,841	**155,742**
Long-term payable to affiliated entities		
Africa Data Centres related group companies	405	428

19. Capital commitments

	31/08/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
At 31 August 2022, the group was committed to making the following capital commitments:		
Authorised and contracted	47,021	33,001

The capital expenditure is to be financed from internal cash generation and existing funding facilities.

20. Events after reporting date

There have been no material events after reporting date which would have a material impact on the group.

21. Dividend paid

No dividend has been declared or paid in the 3 and 6 months period ended 31 August 2022 (31 August 2021: Nil).

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 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31 August 2022				
Investments at FVTOCI (i)	-	-	15,314	15,314
Net derivative assets (ii)	-	2,282	-	2,282
Total (Unaudited)	**-**	**2,282**	**15,314**	**17,596**

22. Fair value measurements recognised in the consolidated statement of financial position (continued)

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
28 February 2022				
Investments at FVTOCI (i)	-	-	15,314	15,314
Net derivative assets (ii)	-	2,119	-	2,119
Total (Audited)	**-**	**2,119**	**15,314**	**17,433**

(i) Investments at Fair Value Through Other Comprehensive Income (FVTOCI)

	31/08/2022	28/02/2022
	USD'000	USD'000
	(Unaudited)	(Audited)
Opening balance	15,314	23,814
Disposal	-	(8,500)
Closing balance	**15,314**	**15,314**

During the year ended 28 February 2022, following a strategic decision, the company disposed its shareholding in West Indian Ocean Cable Company Limited for USD 9.6 million. A gain on disposal of USD 1.1 million was recognised in the consolidated statement of profit or loss.

(ii) Net derivative assets

The following table details the group’s liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The derivatives represent the fair value of the call options embedded within the terms of the Notes. The call options give the group the right to redeem the Notes at a date prior to the maturity date (4 September 2026), at a premium over the initial notional amount.

The options are fair valued using an option pricing model that is commonly used by market participants to value such options and makes the maximum use of market inputs, relying as little as possible on the group's specific inputs and making reference to the fair value of similar instruments in the market. Thus, it is considered a level 2 financial instrument in the fair value hierarchy of *IFRS 13 - Fair value measurement.*

The key assumptions used to estimate the fair value are:

1. the initial fair value of the Notes (being the issue price of 100% on the issue date);
2. the credit spread (implied from the issue price of the bond); and
3. the discount curve (3-month USD LIBOR).

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 31 August 2022					
Net settled: Embedded derivatives	-	-	2,282	-	2,282
Group - 28 February 2022					
Net settled: Embedded derivatives	-	-	2,119	-	2,119

	31/08/2022	28/02/2022
	USD'000	USD'000
	(Unaudited)	(Audited)
Opening balance	2,119	-
Fair value gain recognised in statement of profit or loss	163	2,119
Closing balance	**2,282**	**2,119**

23. Non-cash transactions

In the current financial period, the non-cash portion of finance costs consists of USD 1.8 million (31 August 2021: USD 2.1 million) of amortised arrangement fees relating to the USD 620 million 5.5% Senior Secured Notes and USD 220 million equivalent South African Rand term loan. Accrued interest of USD 17.5 million (31 August 2021: USD 17.5 million) has been excluded from financing activities as at 31 August 2022.

24. Earnings per share

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Basic (loss) / profit per share (Cents per share)	(44.36)	86.97	(5.59)	39.99

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	6 months ended		3 months ended	
(Loss) / profit attributable to owners of the company	(55,392)	108,582	(6,984)	73,146

	31/08/2022	31/08/2021
	USD'000 (Unaudited)	USD'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss) / profit per share for the period ended	124,857,914	124,857,914

At 31 August 2022, the share capital of 3.7 million represents 124,857,914 ordinary shares (31 August 2021: 124,857,914 ordinary shares).

25. Assets held for sale

During the year ended 28 February 2021, the group has transferred the assets and liabilities of the Data centre line of business from the Liquid Group, the holding company of the group, to the Africa Data Centres (ADC) group. The group entered into a sale agreeement with Africa Data Centres Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited), which was completed on 4 March 2021, for the disposal of the ADC line of business carried out by the South African and Kenyan subsdiaries of the group for a consideration of USD 193.0 million.

A profit of USD 86.0 million arose on the disposal of the ADC assets, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill upon the completion of the transaction in the subsequent reporting period. The profit has been disclosed in the consolidated statement of changes in equity.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31/08/2022	31/08/2021
Assets classified as held for sale	USD'000	USD'000
Intangible assets	-	21
Property, plant and equipment	-	106,917
Right-of-Use assets	-	9,785
Inventories	-	154
Trade and other receivables	-	2,865
Foreign exchange	-	7,096
	-	126,838
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	7,231
Lease liabilities	-	11,267
Foreign exchange	-	1,594
	-	20,092
Net assets of disposal group	-	106,746

26. Contingent liabilities

Uncertain Tax Positions

The group has a number of tax audits underway across the various jurisdictions in which it operates. These audits are routine and often involve discussion and negotiation with the relevant authorities. When assessing the potential outcome of these audits, the group uses judgement based on past experience, industry practice and advice from local tax advisers. Where the assessment finds that a tax liability is probable, a tax provision is made through current tax. Where the group considers it has a robust position, no tax provision is made, however, these positions are kept under review as the audit process progresses and in some or all cases, the outcome of the audit and discussions with the tax authorities may be different to that anticipated by the group.

27. Reconciliation

27.1 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* .

	6 months ended		3 months ended	
	31/08/2022	31/08/2021	31/08/2022	31/08/2021
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	39,519	88,439	22,295	59,174
Add back:				
Depreciation, impairment and amortisation	57,138	61,867	28,074	32,081
Adjusted EBITDA (note 3)	**96,657**	**150,306**	**50,369**	**91,255**

27. Reconciliation (continued)

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 USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
6 months ended 31 August 2022:			
Revenue	287,464	-	287,464
Interconnect related costs	(22,475)	-	(22,475)
Data and network related costs	(75,099)	16,827	(58,272)
Gross Profit	189,890	16,827	206,717
Other income	1,449	-	1,449
Selling, distribution and marketing costs	(4,343)	-	(4,343)
Expected credit loss provision	(4,310)	-	(4,310)
Administrative expenses	(27,051)	(16,827)	(43,878)
Staff costs	(58,978)	-	(58,978)
Adjusted EBITDA	**96,657**	**-**	**96,657**
6 months ended 31 August 2021:			
Revenue	349,332	-	349,332
Interconnect related costs	(32,013)	-	(32,013)
Data and network related costs	(71,626)	18,085	(53,541)
Gross Profit	245,693	18,085	263,778
Other income	2,972	-	2,972
Selling, distribution and marketing costs	(4,731)	-	(4,731)
Expected credit loss provision	(2,766)	-	(2,766)
Administrative expenses	(31,432)	(18,085)	(49,517)
Staff costs	(59,430)	-	(59,430)
Adjusted EBITDA	**150,306**	**-**	**150,306**
3 months ended 31 August 2022:			
Revenue	144,453	-	144,453
Interconnect related costs	(10,171)	-	(10,171)
Data and network related costs	(35,824)	6,949	(28,875)
Gross Profit	98,458	6,949	105,407
Other income	800	-	800
Selling, distribution and marketing costs	(2,406)	-	(2,406)
Expected credit loss provision	(3,376)	-	(3,376)
Administrative expenses	(13,606)	(6,949)	(20,555)
Staff costs	(29,501)	-	(29,501)
Adjusted EBITDA	**50,369**	**-**	**50,369**
3 months ended 31 August 2021:			
Revenue	187,348	-	187,348
Interconnect related costs	(16,356)	-	(16,356)
Data and network related costs	(35,290)	9,205	(26,085)
Gross Profit	135,702	9,205	144,907
Other income	2,111	-	2,111
Selling, distribution and marketing costs	(2,255)	-	(2,255)
Expected credit loss reversal	1,571	-	1,571
Administrative expenses	(13,510)	(9,205)	(22,715)
Staff costs	(32,364)	-	(32,364)
Adjusted EBITDA	**91,255**	**-**	**91,255**

28 Immediate, intermediate and ultimate holding companies

The directors regard Liquid Telecommunications (Jersey) Limited, incorporated in Jersey, as the immediate holding company, Econet New Arx Limited as the intermediate holding company and Econet Global Limited as the ultimate holding company, both incorporated in Mauritius.