LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
("the Group", "Liquid" or "Liquid Intelligent Technologies")

FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 NOVEMBER 2022

Good Q3 sales growth excluding the impact of exchange rate movements

26 January 2023

Leading pan-African technology solutions group Liquid Intelligent Technologies, a business of Cassava Technologies, today announces its financial results for the third quarter and nine months ended 30 November 2022.

Strategic highlights:

- Liquid Network officially launched operations in Nigeria and separately joined Nokia's global partner programme
- Liquid C2 opened its second Cyber Security Fusion Centre (CSFC) in Nairobi, Kenya and achieved Microsoft's new Solutions Partners Designations
- Liquid Dataport partnered with Eutelsat to further enhance broadband connectivity in Uganda, South Sudan and the DRC

Financial highlights:

- Good underlying revenue growth of 7.5% excluding the impact of adverse FX rates in South Africa and Zimbabwe
- Reported revenue of USD 156.4 million, down 8.9% year-on-year due to the FX headwinds as well as the ongoing decline in Voice, partly offset by strong growth in Rest of Africa
- Adjusted EBITDA[1] of USD 59.8 million, down 22.5% year-on-year, driven by adverse FX movements, partly mitigated by improved performances in Rest of Africa and Rest of World
- Net debt[2] at the end of the quarter was USD 842.5 million, giving a net debt to Adjusted EBITDA[1,2,3] ratio of 3.68x compared to the 4.0x covenant threshold

Group Financials	For the nine-month period ended:			For the three-month period ended:		
	30 Nov 2022	30 Nov 2021	YoY	30 Nov 2022	30 Nov 2021	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	443.8	521.1	(14.8)	156.4	171.7	(8.9)
Adjusted EBITDA	156.4	226.9	(31.1)	59.8	77.2	(22.5)
Cash generated from operations	155.8	165.7	(6.0)	45.8	61.5	(25.5)
Net Debt	842.5	751.4	12.1	842.5	751.4	12.1
Net Debt / Adjusted EBITDA (x)	3.68	2.70	n/a	3.68	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, gain on disposal of investments at fair value through other comprehensive income, 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.

Group Chief Executive Officer, Hardy Pemhiwa, commented:
"Against the backdrop of rising inflation and a looming global recession, it was an encouraging quarter of underlying revenue growth. Excluding the exchange rate headwinds and the ongoing decline in the Voice segment, revenue grew 16.7% driven by broad based growth across geographies and segments. Most notable was the improved underlying performance in our South Africa business.

Our business segments benefited from the strategic progress we continue to make as we leverage our infrastructure to provide value added digital services to new and existing customers that will help to deliver sustainable and profitable growth.

In Liquid Network we officially launched operations in Nigeria, a key strategic market in which we provide added impetus to the country's digital transformation via our offerings of high-speed connectivity, cloud and cyber security services. Liquid Network also joined Nokia's global partner programme and will partner with them on private wireless 4G and 5G opportunities including marketing, distributing and servicing their Digital Automation Cloud solutions via our Liquid C2 segment.

In Liquid C2, we continued our momentum with the launch of our second Cyber Security Fusion Centre in Nairobi, Kenya. In addition, Liquid C2 achieved Microsoft's new Solutions Partners Designations. Finally, Liquid Dataport partnered with Eutelsat to further enhance broadband connectivity in Uganda, South Sudan and the DRC."

Group Chairman, Strive Masiyiwa, added:
"It is reassuring to see the improved underlying revenue performance across the Group, which reflects the overall resilience of the business as well as the markets in which it operates. This is despite the exogenous challenges of rising inflation, rising interest rates and adverse exchange rate movements across most of our markets.

I am particularly pleased that Liquid Networks was awarded, for the eleventh consecutive year, 'The Best MEA Wholesale Carrier' at the Global Carrier Awards. This award once again demonstrates that we are very well positioned to be at the forefront of Africa's digital transformation as the owner and operator of Africa's leading independent fibre network."

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

For further information please contact:
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About Liquid Intelligent Technologies

Liquid Intelligent Technologies is a business of Cassava Technologies, a pan-African technology group, 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	Q3 2022-23
Total fibre network (Kms) [1]	100,017	100,402	100,629	101,724	101,724	102,559	102,722	103,794
Average churn rate (%) [2]	0.79%	0.68%	0.83%	0.45%	0.69%	0.66%	0.87%	0.83%
Monthly recurring revenue (%) [3]	93.0%	88.8%	95.0%	85.0%	90.0%	89.6%	90.6%	92.7%
Cloud seats YoY growth (%) [4]	64.4%	62.5%	51.2%	56.4%	56.4%	53.6%	62.3%	59.0%
Total capacity on subsea assets (Gbps) [5]	621	621	621	621	621	821	834	1,034

[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 gigabits per second, purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (incl. IRUs).

As the majority of our network build is largely complete, the increase in our total fibre network will naturally slow. At the end of the third quarter, our network footprint reached 103,794 kilometres, with the additional 1,072 kilometres of build being concentrated on our strategic East to West route in the DRC and the launch of our new territory in Nigeria.

As we continue to focus our attention on customer satisfaction and providing competitive propositions, churn remained low at 0.83% in the third quarter, a small decrease on the prior quarter and flat year-on-year.

We continue to maintain a high level of monthly recurring revenue (MRR), this increased to 92.7% in the third quarter, up 210 basis points versus the previous quarter. The higher level of MRR leads to more consistent and predictable revenue due to increased levels of committed monthly revenue.

The year-on-year growth in Cloud seats was 59.0% driven by contract wins and underlying market growth in what remains a relatively nascent but key strategic segment for the Group.

Subsea capacity increased to 1,034 Gbps in the third quarter, as we activated 200 Gbps of additional capacity on the PEACE cable to further support our Dataport segment and provide additional resilience to the network.

Segments

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 as well as Metro and FTTH lines.

C2 - This encompasses our cloud and cyber security offerings, 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 into and out of Africa.

Revenue

Revenue per Segment	For the nine-month period ended:			For the three-month period ended:		
	30 Nov 2022	30 Nov 2021	YoY	30 Nov 2022	30 Nov 2021	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Network	313.3	378.3	(17.2)	113.2	119.3	(5.1)
C2	51.1	47.5	7.6	17.3	16.1	7.5
Dataport	28.4	21.8	30.3	9.4	8.8	6.8
Voice	51.0	73.5	(30.6)	16.5	27.5	(40.0)
Total Revenue	**443.8**	**521.1**	**(14.8)**	**156.4**	**171.7**	**(8.9)**

Total revenue for the third quarter was USD 156.4 million (Q3 2021-22: USD 171.7 million), a decline of 8.9% year-on-year on a reported basis, which predominantly resulted from the deterioration of the exchange rates in Zimbabwe, as well as in South Africa. This was partly offset by the benefit of three price increases granted by the Zimbabwean Regulator which have now been fully implemented. In South Africa, the impact of the adverse exchange rate movement amounted to USD 9.7 million year-on-year (Q3 2022-23 average rate of 17.70 compared to Q3 2021-22 average rate of 14.97).

Excluding these items as well as the year-on-year decline in Voice, total revenue increased by 16.7% in the third quarter as strong growth in Rest of Africa, up 16.1% year-on-year on the same basis, benefited from continued good performances in the C2 segment across the region, particularly in Zambia. The Network segment also contributed through IRU deals in Kenya and good growth in FTTH in the DRC. Rest of World also performed well with good growth in C2 through indirect sales and in Dataport due to a strong performance in satellite services and large capacity links with hyperscalers and international carriers, which more than offset the ongoing decline in Voice.

On a year-to-date basis, total revenue was USD 443.8 million, 14.8% lower year-on-year (Q3 YTD 2021-22: USD 521.1 million) as a result of the adverse exchange rates in Zimbabwe and South Africa as well as the aforementioned decline in Voice revenue. This was partly offset by the strong performances in Kenya, Zambia and Rwanda in Rest of Africa. Excluding the adverse exchange rate movements and the decline in Voice, total revenue growth would have increased by 8.3%.

Network

Network revenue, which includes all intra- and inter-country fibre activity, declined 5.1% year-on-year in the third quarter to USD 113.2 million, (Q3 2021-22: USD 119.3 million), however, excluding Zimbabwe and the exchange rate impact in South Africa, it increased by 22.7%. Zambia and Rwanda's continued contract wins in their respective retail markets saw an increase in FTTH and enterprise customers, a major contributor to the 12.4% 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.

On a year-to-date basis, Network revenue was USD 313.3 million compared to USD 378.3 million in the same period last year. We continue to drive forward with our strategic initiatives in the segment including the launch of our network operations in the key market of Nigeria and the partnership with Nokia on private wireless 4G and 5G opportunities, which will include the marketing, distributing and servicing of Nokia's Digital Automation Cloud.

C2

C2, which largely comprises of our cloud and cyber security offerings as well as other digital services, continued to grow steadily, up 7.5% year-on-year in the third quarter to USD 17.3 million (Q3 2021-22: USD 16.1 million), with customers ranging from government bodies to corporate enterprises. Growth was driven by the 59.0% year-on-year increase in Cloud seats with particularly good performances in Rest of Africa, which included a large contract win with a Zambian Government Institution, and in Rest of World, via indirect channels, as there continues to be a healthy appetite for our cloud offerings as more businesses continue to move towards integrated cloud solutions.

On a year-to-date basis, C2 revenue was USD 51.1 million compared to USD 47.5 million in the same period last year, a 7.6% increase year-on-year. We continued our momentum in Liquid C2 with the launch of our second Cyber Security Fusion Centre (CSFC) in Nairobi, Kenya. Following on from our first launch in Johannesburg, these are the first CSFCs in a planned network of six that will span the continent. In addition, we were pleased that Liquid C2 was one of the first Microsoft partners in Africa to have achieved its new Solutions Partners Designations which is focused on delivering best in class standards on behalf of Microsoft.

Dataport

Dataport, covering all our sea-to-land connections, subsea capacity and satellite services, had a good third quarter, up 6.8% year-on-year to USD 9.4 million (Q3 2021-22: USD 8.8 million). This was driven by growth in the Rest of World due to a strong performance in satellite services and large capacity links with hyperscalers and international carriers.

On a year-to-date basis, Dataport revenue was USD 28.4 million compared to USD 21.8 million in the same period last year, a 30.3% increase year-on-year. We continue to focus on providing enhanced capabilities to our customers in this segment and this includes a partnership agreed with Eutelsat to further enhance broadband connectivity in Uganda, South Sudan and the DRC.

Voice

Voice revenue continued to follow the global trend away from traditional voice traffic resulting in revenue in the third quarter declining 40.0% year-on-year to USD 16.5 million (Q3 2021-22: USD 27.5 million), the decline was exacerbated by a strong prior year comparator which benefited from the start of our focus on better performing, higher margin, markets. This concentration on higher margin destinations continued, ensuring stable gross profit in the period.

On a year-to-date basis, Voice revenue was USD 51.0 million compared to USD 73.5 million for the same period last year.

Gross Profit

Gross Profit	For the nine-month period ended:			For the three-month period ended:		
	30 Nov 2022	30 Nov 2021	YoY	30 Nov 2022	30 Nov 2021	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	443.8	521.1	(14.8)	156.4	171.7	(8.9)
Costs per quarterly financial statements	(125.9)	(133.9)	6.0	(45.2)	(48.3)	6.4
Gross Profit	**317.9**	**387.2**	**(17.9)**	**111.2**	**123.4**	**(9.9)**
Gross Profit Margin (%)	71.6%	74.3%	-2.7pp	71.1%	71.9%	-0.8pp

Absolute gross profit in the third quarter was USD 111.2 million (Q3 2021-22: USD 123.4 million) and reflected the exchange rate headwinds which impacted revenue and the lower contribution from the higher margin Zimbabwean business. This was offset to some extent by lower cost of sales, as reduced interconnect costs more than mitigated the dilution of the faster growing C2 segment. As a result, third quarter gross profit margin of 71.1% was down 80 basis points compared to the equivalent period in the prior year (Q3 2021-22: 71.9%).

On a year-to-date basis, gross profit was USD 317.9 million, compared to USD 387.2 million for the same period last year.

Total Overheads and Other Income

Total Overheads and Other Income	For the nine-month period ended:			For the three-month period ended:		
	30 Nov 2022	30 Nov 2021	YoY	30 Nov 2022	30 Nov 2021	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Other income	2.3	4.6	(50.0)	0.8	2.2	(63.6)
Selling, distribution and marketing costs	(7.4)	(6.5)	(13.8)	(2.9)	(2.0)	(45.0)
Expected credit loss (provision) / reversal	(6.1)	(1.3)	(369.2)	(1.9)	1.7	(211.8)
Administrative costs	(67.8)	(67.0)	(1.2)	(23.9)	(17.5)	(36.6)
Staff costs	(82.5)	(90.0)	8.3	(23.5)	(30.6)	23.2
Total overheads and Other income	**(161.5)**	**(160.2)**	**(0.8)**	**(51.4)**	**(46.2)**	**(11.3)**
% to Total Revenue	36.4%	30.7%	-5.7pp	32.9%	26.9%	-6.0pp

Total Overheads and Other Income for the third quarter was USD 51.4 million (Q3 2021-22: USD 46.2 million). Staff costs, although impacted by inflationary increases and a higher network headcount to maintain our robust network, declined year-on-year due to the exchange rate movements, in particular in Zimbabwe. Against this however, we incurred higher Administrative costs and Selling, Distribution and Marketing costs compared to the prior year when we experienced a reduced level of activity due to COVID-19 lockdowns. Administrative costs also included elevated power costs due to the increased frequency and severity of utility power outages in South Africa, which amounted to USD 0.5 million in the third quarter (Q3 YTD 2022-23 USD 1.3 million). The increase in expected credit loss provision reflected a return to a more normal level following a release in the same period last year.

On a year-to-date basis, Total Overheads and Other Income amounted to USD 161.5 million compared to USD 160.2 million for the same period last year; although we continue to control our overheads and there was a positive impact from exchange rate movements, these benefits were offset by the releases referred to above and the current year ramp up in activity as the impact of COVID-19 lockdowns alleviated.

Adjusted EBITDA and Profit

Adjusted EBITDA	For the nine-month period ended:			For the three-month period ended:		
	30 Nov 2022 (USDm)	30 Nov 2021 (USDm)	YoY (%)	30 Nov 2022 (USDm)	30 Nov 2021 (USDm)	YoY (%)
Adjusted EBITDA	**156.4**	**226.9**	(31.1)	**59.8**	**77.2**	(22.5)
Depreciation, impairment and amortisation	(82.8)	(93.1)	11.1	(25.7)	(31.2)	17.6
Operating Profit	**73.6**	**133.8**	(45.0)	**34.1**	**46.0**	(25.9)
Restructuring costs	-	-	n/a	-	-	n/a
Acquisition and other investment costs	(1.2)	-	n/a	(1.2)	-	n/a
Fair value gain on derivatives assets	0.2	11.6	(98.3)	-	-	n/a
Gain on disposal of investments at Fair Value Through Other Comprehensive Income	-	1.1	n/a	-	1.1	n/a
Interest income	12.5	8.6	45.3	3.7	2.8	32.1
Finance costs	(54.2)	(51.6)	(5.0)	(17.7)	(17.3)	(2.3)
Foreign exchange loss	(229.9)	(66.9)	(243.6)	(11.7)	(65.3)	(82.1)
Monetary Adjustment - IAS 29	138.9	80.6	72.3	(24.3)	26.2	(192.7)
Share of profit of associate	-	-	n/a	-	-	n/a
(Loss) / profit before tax	**(60.1)**	**117.2**	**(151.3)**	**(17.1)**	**(6.5)**	**163.1**
Tax credit / (expense)	3.7	(34.7)	110.7	16.0	(20.5)	178.0
(Loss) / profit for the period	**(56.4)**	**82.5**	**(168.4)**	**(1.1)**	**(27.0)**	**(95.9)**

On a year-on-year basis in the third quarter, the combination of reduced gross profit, adverse exchange rate movements and the prior year release described above resulted in an Adjusted EBITDA of USD 59.8 million, a 22.5% decline compared to the same period last year (Q3 2021-22: USD 77.2 million).

On a year-to-date basis, Adjusted EBITDA was USD 156.4 million compared to USD 226.9 million for the same period last year.

Depreciation, impairment and amortisation costs were lower year-on-year in the third quarter at USD 25.7 million (Q3 2021-22: USD 31.2 million) and on a year-to-date basis totalled USD 82.8 million (Q3 YTD 2021-22: USD 93.1 million), both lower largely as a result of the weaker exchange rates in South Africa and Zimbabwe.

Finance costs on a year-to-date basis and third quarter were slightly higher year-on-year and reflected the interest on the Bond, the ZAR term loan and local debt in Zambia.

The third quarter foreign exchange loss of USD 11.7 million (Q3 2021-22: USD 65.3 million) was mainly driven by the South African and Zimbabwe exchange rate movements. The ZWL$:USD closing exchange rate was 654.9:1 (Q2 2022-23: ZWL$:USD 546.8, Q3 2021-22 ZWL$:USD 105.7:1). CPI in Zimbabwe for the period was 13,349.42 (Q2 2022-23: 12,286.26, Q3 2021-22: 3,760.86) which resulted in a monetary adjustment loss of USD 24.3 million for the quarter (Q3 2021-22: monetary adjustment gain of USD 26.2 million) and resulted in a net loss after tax for the period of USD 1.1 million (Q3 2021-22: USD 27.0 million net loss after tax).

Cash generated from operations

Cashflow	For the nine-month period ended:			For the three-month period ended:		
	30 Nov 2022 (USDm)	30 Nov 2021 (USDm)	YoY (%)	30 Nov 2022 (USDm)	30 Nov 2021 (USDm)	YoY (%)
Cash generated from operations	**155.8**	**165.7**	(6.0)	**45.8**	**61.5**	(25.5)
Tax paid	(21.4)	(25.9)	17.4	(8.5)	(14.3)	40.6
Net cash generated from operating activities	**134.4**	**139.8**	**(3.9)**	**37.3**	**47.2**	**(21.0)**
Net cash used in investing activities	(74.1)	(51.7)	(43.3)	(27.2)	(17.3)	(57.2)
Net cash used in financing activities	(92.0)	(68.3)	(34.7)	(32.0)	(35.4)	9.6
Net (decrease) / increase in cash and cash equivalents	**(31.7)**	**19.8**	**260.1**	**(21.9)**	**(5.5)**	**(298.2)**

Cash generated from operations in the third quarter decreased year-on-year to USD 45.8 million (Q3 2021-22: USD 61.5 million) as a result of the decline in Adjusted EBITDA described above. Included in this reduction was a significant working capital outflow for Zimbabwe of almost USD 30.0 million (Q3 2021-22: USD 7.3 million). Although this was partly offset by cash received in advance from IRUs, it still resulted in an overall working capital requirement for the group in the period, compared to a small outflow in the same quarter last year.

Net cash used on investing activities in the quarter of USD 27.2 million (Q3 2021-22: USD 17.3 million) was largely as a result of further build out of the network infrastructure, maintenance and customer connections, predominantly in the DRC and South Africa as well as our launch in Nigeria. The prior year quarter contained a one-off disposal of an investment in which we held a minority stake.

Cash outflow used in financing activities for the period was USD 32.0 million (Q3 2021-22: USD 35.4 million), resulting from the Bond, ZAR Term loan interest and leases.

On a year-to-date basis, cash generated from operations was USD 155.8 million (Q3 YTD 2021-22: USD 165.7 million), a decline of 6.0%, largely due to the working capital outflow in Zimbabwe in the third quarter referred to above. Excluding this there was a strong working capital inflow from the rest of the Group as a result of the ongoing focus on cash and collections. 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 nine months totalled USD 92.0 million (Q3 YTD 2021-22: USD 68.3 million), higher due to timing of interest and capital payments in the first full year of the new funding structure.

Capital investment and network developments

Capital expenditure for the first nine months increased 20.6% year-on-year to USD 75.0 million (Q3 YTD 2021-22: USD 62.2 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, the spectrum payment in South Africa and the build of our network in Nigeria. We have also secured a fibre pair on the Equiano subsea cable, the capacity from which will be active in Q4 this year.

Gross and net debt

Gross and Net Debt	Q3 2022-23 (USDm)
Total Gross Debt	**903.2**
Long term borrowings (incl interest accrued)	790.7
Short term portion of long-term borrowings (incl interest accrued)	15.6
Unamortised arrangement fees	13.4
Leases - LT	63.1
Leases - ST	20.4
Less: Unrestricted cash	**(60.7)**
Net Debt	**842.5**
Last twelve months Adjusted EBITDA	**229.0**
Last twelve months interest	**75.4**
Covenants:	
Gross Debt / LTM EBITDA (x)	3.94
Net Debt / LTM EBITDA (x)	3.68
Interest / LTM EBITDA (x)	3.04
Debt Service Cover Ratio (DSCR)	2.18

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. Unrestricted cash at the end of Q3 was USD 60.7 million (Q3 FY 2021-22: USD 166.8 million), of this, USD 19.8 million (Q3 FY 2021-22: USD 79.1 million) was held in Zimbabwe.

Gross debt was USD 903.2 million at the end of the third quarter, lower 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 842.5 million, giving a net debt to Adjusted EBITDA ratio of 3.68x, compared to 4.00x threshold.

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID INTELLIGENT TECHNOLOGIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 9 MONTHS AND 3 MONTHS ENDED

30 November 2022

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 9 months and 3 months ended 30 November 2022

	Notes	9 months ended 30/11/2022 USD'000 (Unaudited)	9 months ended 30/11/2021 USD'000 (Unaudited)	3 months ended 30/11/2022 USD'000 (Unaudited)	3 months ended 30/11/2021 USD'000 (Unaudited)
Revenue	3	443,812	521,067	156,350	171,734
Interconnect related costs		(34,082)	(53,418)	(11,607)	(21,405)
Data and network related costs		(118,762)	(106,117)	(43,664)	(34,491)
Other income		2,274	4,615	825	2,205
Selling, distribution and marketing costs		(7,366)	(6,530)	(2,948)	(2,026)
Expected credit loss (provision) / reversal		(6,112)	(1,317)	(1,877)	1,676
Administrative expenses		(40,889)	(41,363)	(13,838)	(9,931)
Staff costs		(82,457)	(89,995)	(23,479)	(30,565)
Depreciation, impairment and amortisation		(82,793)	(93,086)	(25,656)	(31,219)
Operating profit		**73,625**	**133,856**	**34,106**	**45,978**
Restructuring costs	4	-	(22)	-	-
Acquisition and other investment costs		(1,247)	-	(1,247)	-
Fair value gain on derivatives assets		163	11,604	-	-
Gain on disposal of investments at Fair Value Through Other Comprehensive Income	22	-	1,090	-	1,090
Interest income	5	12,458	8,620	3,699	2,757
Finance costs	6	(54,223)	(51,592)	(17,726)	(17,272)
Foreign exchange loss	2.2	(229,909)	(66,969)	(11,627)	(65,190)
Hyperinflation monetary gain / (loss)	2.2	138,902	80,605	(24,348)	26,163
Share of profits of associate		13	14	5	5
(Loss) / profit before taxation		**(60,218)**	**117,206**	**(17,138)**	**(6,469)**
Tax credit / (expense)	7	3,735	(34,749)	15,989	(20,498)
(Loss) / profit for the period		**(56,483)**	**82,457**	**(1,149)**	**(26,967)**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation loss on accounting for foreign entities		(195,352)	(32,617)	(2,352)	(38,440)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	2.2.2	21,484	4,990	(5,728)	1,612
Total other comprehensive loss		(173,868)	(27,627)	(8,080)	(36,828)
(Loss) / profit and other comprehensive income for the year		**(230,351)**	**54,830**	**(9,229)**	**(63,795)**
(Loss) / profit attributable to:					
Owners of the company		(56,174)	80,932	(781)	(27,652)
Non-controlling interest		(309)	1,525	(368)	685
		(56,483)	**82,457**	**(1,149)**	**(26,967)**
(Loss) / profit and other comprehensive income attributable to:					
Owners of the company		(229,900)	53,439	(8,783)	(64,397)
Non-controlling interest		(451)	1,391	(446)	602
		(230,351)	**54,830**	**(9,229)**	**(63,795)**
(Loss) / earnings per share					
Basic (Cents per share)	24	(44.99)	64.82	(0.63)	(22.15)

LIQUID INTELLIGENT TECHNOLOGIES

	Notes	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Non-current assets			
Goodwill	8	116,778	129,182
Intangible assets	9	69,356	77,605
Property, plant and equipment	10	565,480	706,237
Right-of-Use assets	11	132,384	168,687
Investment in associate		575	632
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	22	15,314	15,314
Deferred tax assets		50,678	31,471
Investments at amortised cost		51	35
Long-term receivables from related parties	18	151,760	155,742
Net derivative assets	22	-	2,119
Pre-commencement lease payments		41,270	33,000
Total non-current assets		1,143,646	1,320,024
Current assets			
Inventories		24,612	24,572
Trade and other receivables	13	225,884	237,944
Taxation		3,408	3,344
Cash and cash equivalents	12	60,701	154,553
Restricted cash and cash equivalents	12	1,568	9,090
Total current assets		316,173	429,503
Total assets		1,459,819	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		(33,464)	23,151
Foreign currency translation reserve		(186,638)	(12,912)
Total equity attributable to owners of the parent		240,328	470,669
Non-controlling interests		2,071	2,522
Total equity		242,399	473,191
Non-current liabilities			
Long-term borrowings	14	788,349	809,516
Long-term lease liabilities	15	63,073	66,420
Long-term payable to related parties	18	397	428
Long-term provisions		7,483	8,239
Deferred revenue	17	61,009	68,565
Deferred tax liabilities		24,142	47,763
Total non-current liabilities		944,453	1,000,931
Current liabilities			
Short-term portion of long-term borrowing	14	15,629	33,093
Short-term portion of long-term lease liabilities	15	20,442	31,009
Trade and other payables	16	158,924	148,206
Short-term provisions		30,571	33,408
Deferred revenue	17	38,475	24,433
Taxation		8,926	5,256
Total current liabilities		272,967	275,405
Total equity and liabilities		1,459,819	1,749,527

Approved by the Board of Directors and authorised for issue on 25 January 2023.

Eric Venpin
Director

Mike Mpotien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDED 30 NOVEMBER 2022

	Notes	Share capital USD'000	Share premium USD'000	Convertible preference shares USD	Foreign currency translation reserve USD'000	(Accumulated losses) / retained earnings USD'000	Non-controlling interest USD'000	Total equity 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
Dividend	21	-	-	-	-	(16)	-	(16)
Profit and total comprehensive income for the year		-	-	-	(27,493)	80,932	1,391	54,830
Profit for the period		-	-	-	-	80,932	1,525	82,457
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	4,990	-	-	4,990
Translation loss on accounting for foreign entities		-	-	-	(32,483)	-	(134)	(32,617)
At 30 November 2021 (Unaudited)		**3,716**	**276,714**	**180,000**	**(33,509)**	**45,569**	**3,392**	**475,882**
At 1 March 2022 (Audited)		**3,716**	**276,714**	**180,000**	**(12,912)**	**23,151**	**2,522**	**473,191**
Dividend	21	-	-	-	-	(441)	-	(441)
Loss and total comprehensive loss for the year		-	-	-	(173,726)	(56,174)	(451)	(230,351)
Loss for the period		-	-	-	-	(56,174)	(309)	(56,483)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	21,484	-	-	21,484
Translation loss on accounting for foreign entities		-	-	-	(195,210)	-	(142)	(195,352)
At 30 November 2022 (Unaudited)		**3,716**	**276,714**	**180,000**	**(186,638)**	**(33,464)**	**2,071**	**242,399**

	Notes	9 months ended 30/11/2022 USD'000 (Unaudited)	9 months ended 30/11/2021 USD'000 (Unaudited)	3 months ended 30/11/2022 USD'000 (Unaudited)	3 months ended 30/11/2021 USD'000 (Unaudited)
Cash flows from operating activities:					
(Loss) / profit before tax		(60,218)	117,206	(17,138)	(6,469)
Adjustments for:					
Depreciation, impairment and amortisation		82,793	93,086	25,656	31,219
Bad debts provision / (reversal)		3,403	(8,399)	(731)	(11,137)
Fair value adjustment on derivatives		(163)	(11,604)	-	-
Gain on disposal of investments at FVTOCI	22	-	(1,090)	-	(1,090)
Increase / (decrease) in provisions		352	7,350	(494)	3,258
Foreign exchange loss		228,213	66,943	9,569	66,082
Hyperinflation monetary gain / (loss)		(138,902)	(80,605)	24,348	(26,163)
Loss / (profit) on disposal of fixed assets		524	200	(41)	236
Interest income	5	(12,458)	(8,620)	(3,699)	(2,757)
Finance costs	6	54,223	51,592	17,726	17,272
Share of profit from associate		(13)	(14)	(5)	(5)
		157,754	226,045	55,191	70,446
Working capital changes:					
(Increase) / decrease in inventories		(6,941)	(9,647)	(3,988)	1,637
Increase in trade and other receivables*		(100,435)	(13,892)	(59,814)	(2,932)
Increase / (decrease) in trade and other payables**		90,890	(28,322)	41,252	(8,971)
Increase / (decrease) in deferred revenue		14,483	(8,529)	13,162	1,325
Cash generated from operations		155,751	165,655	45,803	61,505
Income tax paid		(21,389)	(25,938)	(8,506)	(14,348)
Net cash generated from operating activities		134,362	139,717	37,297	47,157
Cash flows from investing activities:					
Interest income		12,458	8,620	3,699	2,757
Proceeds from sale of investments	22	-	9,590	-	9,590
Purchase of investments at amortised cost		(44)	-	(44)	-
Purchase of property, plant and equipment		(64,270)	(54,696)	(25,462)	(25,323)
Proceeds on disposal of property, plant and equipment		2,919	1,562	86	792
Purchase of intangible assets	9	(11,431)	(9,322)	(734)	(2,222)
Proceeds on disposal of intangible assets		128	214	128	3
Decrease / (increase) in other long-term receivables		-	10	-	(3)
Pre-commencement lease payments		(2,370)	-	(1,520)	-
Increase in long-term receivables from related parties		(11,487)	(7,709)	(3,330)	(2,869)
Net cash used in investing activities		(74,097)	(51,731)	(27,177)	(17,275)
Cash flows from financing activities:					
Dividend paid		(441)	(10)	(441)	(10)
Finance costs paid		(53,025)	(32,892)	(23,110)	(25,508)
Decrease in lease liabilities		(29,738)	(31,337)	(7,686)	(11,359)
(Decrease) / increase in borrowings		(8,806)	(4,463)	(774)	1,137
Increase in long-term payable to related parties		-	412	-	342
Net cash used in financing activities		(92,010)	(68,290)	(32,011)	(35,398)
Net (decrease) / increase in cash and cash equivalents		(31,745)	19,696	(21,891)	(5,516)
Cash and cash equivalents at beginning of the period		163,643	172,638	86,229	192,002
Translation of cash with respect to foreign subsidiaries		(69,629)	(16,082)	(2,069)	(10,234)
Cash and cash equivalents at end of the period	12	**62,269**	**176,252**	**62,269**	**176,252**
Represented by:					
Cash and cash equivalents	12	60,701	166,750	60,701	166,750
Restricted cash and cash equivalents	12	1,568	9,502	1,568	9,502
		62,269	**176,252**	**62,269**	**176,252**

*Included in the trade and other receivables working capital changes are unrealised foreign exchange losses of USD 84.9m (30 November 2021: USD 24.6m) out of which Zimbabwe contributed USD 90.0m (30 November 2021: USD 22.3m).

**Included in the trade and other payables working capital changes are unrealised foreign exchange gains of USD 7.0m (30 November 2021: USD 13.7m) out of which Zimbabwe contributed USD 5.6m (30 November 2021: USD 11.9m).

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 9 months ended 30 November 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 30 November 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 ongoing impact of the COVID-19 pandemic, and the Russia-Ukraine conflict on the operations, business plan and cashflow for the financial year 2023 and beyond, 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 5.1 million is outstanding at 30 November 2022.

<u>Cash position</u>

As at 30 November 2022, the group has an unrestricted cash position of USD 60.7 million (28 February 2022: USD 154.6 million). Of this amount, USD 19.8 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$:USD exchange rate of 654.9:1 (28 February 2022: ZWL$: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 30 November 2022, the group reported an operating profit of USD 73.6 million (30 November 2021: 133.9 million) and a net cash inflow from operating activities of USD 134.4 million (30 November 2021: USD 139.7 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 30 November 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 30 November 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 30 November 2022, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 654.9:1 (28 February 2022: ZWL$:USD 124.0:1) to translate both the statement of profit or loss and the statement of financial position at 30 November 2022. Of the USD 229.9 million (30 November 2021: USD 67.0 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 229.3 million (30 November 2021: USD 66.9 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, 6 November 2021 and 25 May 2022 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 adjustments under hyperinflation accounting of the Zimbabwe entities at 1 March 2022 of USD 21.5 million (1 March 2021: USD 5.0 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 30 November 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 138.9 million (30 November 2021: USD 80.6 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 13,349.42 (30 November 2021: 3,760.86).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 654.9:1 (28 February 2022: ZWL$: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 30 November 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 30 November 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
- Gain on disposal of investments at Fair Value Through Other Comprehensive Income
- Net foreign exchange loss
- Hyperinflation monetary gain / (loss) (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 9 months ended 30 November 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	120,105	83,223	92,972	62,351	-	(45,326)	313,325
C2	30,793	8,176	7,734	13,982	-	(9,568)	51,117
Dataport	5,810	1,939	9,817	21,020	-	(10,171)	28,415
Voice traffic	6,943	48	57	45,054	-	(1,147)	50,955
Inter-segmental revenue	(5,833)	(643)	(5,819)	(53,917)	-	66,212	-
Group External Revenue	**157,818**	**92,743**	**104,761**	**88,490**	**-**	**-**	**443,812**
Adjusted EBITDA	49,443	45,716	26,721	56,392	(13,772)	(8,082)	156,418
Depreciation, impairment and amortisation							(82,793)
Acquisition and other investment costs							(1,247)
Fair value gain on derivatives assets							163
Interest income							12,458
Finance costs							(54,223)
Foreign exchange loss							(229,909)
Hyperinflation monetary gain							138,902
Share of profits of associate							13
Loss before taxation							**(60,218)**
Tax credit							3,735
Loss for the period							**(56,483)**

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 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	132,657	144,190	85,123	75,404	-	(59,113)	378,261
C2	30,395	11,642	4,733	6,292	-	(5,543)	47,519
Dataport	6,860	2,426	9,643	12,418	-	(9,553)	21,794
Voice traffic	7,358	146	11	66,988	-	(1,010)	73,493
Inter-segmental revenue	(5,472)	(849)	(8,535)	(60,363)	-	75,219	-
Group External Revenue	**171,798**	**157,555**	**90,975**	**100,739**	**-**	**-**	**521,067**
Adjusted EBITDA	58,115	100,702	24,288	59,549	(15,287)	(425)	226,942
Depreciation, impairment and amortisation							(93,086)
Restructuring costs							(22)
Fair value gain on derivatives assets							11,604
Gain on disposal of investments at Fair Value Through Other Comprehensive Income							1,090
Interest income							8,620
Finance costs							(51,592)
Foreign exchange loss							(66,969)
Hyperinflation monetary gain							80,605
Share of profits of associate							14
Profit before taxation							**117,206**
Tax expense							(34,749)
Profit for the period							**82,457**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 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	39,731	34,056	32,279	22,820	-	(15,742)	113,144
C2	10,479	2,394	2,627	5,057	-	(3,304)	17,253
Dataport	2,454	561	3,148	6,744	-	(3,468)	9,439
Voice traffic	3,049	8	4	13,798	-	(345)	16,514
Inter-segmental revenue	(1,975)	(291)	(1,808)	(18,785)	-	22,859	-
Group External Revenue	**53,738**	**36,728**	**36,250**	**29,634**	**-**	**-**	**156,350**
Adjusted EBITDA	15,367	21,858	10,833	19,912	(4,150)	(4,058)	59,762
Depreciation, impairment and amortisation							(25,656)
Acquisition and other investment costs							(1,247)
Interest income							3,699
Finance costs							(17,726)
Foreign exchange loss							(11,627)
Hyperinflation monetary gain							(24,348)
Share of profits of associate							5
Loss before taxation							**(17,138)**
Tax credit							15,989
Profit for the period							**(1,149)**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 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	39,999	47,022	28,729	23,248	-	(19,609)	119,389
C2	10,028	3,943	1,784	2,314	-	(1,955)	16,114
Dataport	2,816	760	3,114	5,315	-	(3,247)	8,758
Voice traffic	2,479	60	6	25,268	-	(340)	27,473
Inter-segmental revenue	(1,798)	(293)	(2,421)	(20,639)	-	25,151	-
Group External Revenue	**53,524**	**51,492**	**31,212**	**35,506**	**-**	**-**	**171,734**
Adjusted EBITDA	19,012	32,242	8,375	16,775	(42)	835	77,197
Depreciation, impairment and amortisation							(31,219)
Gain on disposal of investments at Fair Value Through Other Comprehensive Income							1,090
Interest income							2,757
Finance costs							(17,272)
Foreign exchange gain							(65,190)
Hyperinflation monetary gain							26,163
Share of profits of associate							5
Loss before taxation							**(6,469)**
Tax expense							(20,498)
Loss for the period							**(26,967)**

4. Restructuring costs

	9 months ended		3 months ended	
	30/11/2022	30/11/2021	30/11/2022	30/11/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Redundancy costs	-	20	-	-
Legal fees	-	2	-	-
	-	**22**	**-**	**-**

5. Interest income

	9 months ended		3 months ended	
	30/11/2022	30/11/2021	30/11/2022	30/11/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest received - bank / external	868	2,177	219	659
Interest received - inter-group (note 18)	11,590	6,443	3,480	2,098
	12,458	**8,620**	**3,699**	**2,757**

6. Finance costs

	9 months ended		3 months ended	
	30/11/2022	30/11/2021	30/11/2022	30/11/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	19,775	16,745	6,217	5,748
Finance cost on Senior Secured Notes	25,575	25,291	8,525	8,241
Finance arrangement fees amortised	2,757	2,987	914	897
Interest on lease liabilities	5,970	6,473	2,007	2,360
Interest paid - inter-group (note 18)	146	96	63	26
	54,223	**51,592**	**17,726**	**17,272**

7. Taxation

	9 months ended		3 months ended	
	30/11/2022	30/11/2021	30/11/2022	30/11/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation / (credit)	20,062	26,445	(316)	7,089
Deferred taxation (credit) / charge	(30,040)	3,087	(17,514)	11,352
Withholding taxation	6,243	5,217	1,841	2,057
	(3,735)	**34,749**	**(15,989)**	**20,498**

	9 months ended		3 months ended	
	30/11/2022	30/11/2021	30/11/2022	30/11/2021
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) / profit before taxation	(60,218)	117,206	(17,138)	(6,469)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(15,165)	47,033	(3,256)	(3,284)
Tax effect of non-deductible expenses	36,435	17,201	(15,577)	32,239
Tax effect of non-taxable income	(102)	(5,114)	2,781	(1,087)
Tax effect of foreign tax credit	-	(3,917)	244	(15)
Effect of tax losses not recognised as deferred tax assets	(1,247)	1,393	(3,676)	1,057
Tax effect of utilised unrecognised tax losses	(6,074)	(7,762)	(3,363)	(4,270)
Tax effect on IAS 29 adjustments	(23,755)	(19,302)	5,087	(6,199)
Withholding taxation	6,173	5,217	1,771	2,057
	(3,735)	**34,749**	**(15,989)**	**20,498**

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

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Cost		
Opening balance	129,182	129,364
Impairment*	-	(245)
Foreign exchange loss	(12,404)	(1,596)
Adjustments - IAS 29	-	1,659
Closing balance	**116,778**	**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.

	30/11/2022 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**	5,581	1,441
Zimbabwe Online (Private) Limited**	-	4,140
Liquid Telecommunications Holdings South Africa (Pty) Limited	100,562	112,966
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	116,778	**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.

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9. Intangible assets

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Other Intangible Assets USD'000	Total 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	7,247	2,565	-	-	1,619	-	11,431
Disposals during the year	-	(5,041)	-	-	-	-	(5,041)
Transfers	-	516	-	-	(516)	-	-
Foreign exchange differences	(8,391)	(5,929)	-	(4,938)	-	(2,990)	(22,248)
Adjustments - IAS 29	2,904	1,046	-	-	-	-	3,950
Transfer from Property, plant and equipment (note 10)	-	1,049	-	-	-	-	1,049
Transfer to Pre-commencement lease payments	-	-	-	-	(5,900)	-	(5,900)
At 30 November 2022 (Unaudited)	34,890	36,967	-	29,364	3,961	49,019	154,201
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	1,625	3,061	-	2,316	-	401	7,403
Foreign exchange differences	(4,004)	(4,436)	-	(1,577)	-	(3,002)	(13,019)
Adjustments - IAS 29	1,421	598	-	-	-	-	2,019
At 30 November 2022 (Unaudited)	12,940	29,028	-	19,024	-	23,853	84,845
Carrying amount:							
At 28 February 2022 (Audited)	19,232	8,043	-	16,017	8,758	25,555	77,605
At 30 November 2022 (Unaudited)	21,950	7,939	-	10,340	3,961	25,166	69,356

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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	171	347	1,049	2,645	637	35,492	27,021	67,362
Disposals during the year	-	(258)	(2,433)	(1,160)	(29)	(2,722)	(29,535)	(36,137)
Impairment	-	-	-	-	-	(66)	-	(66)
Transfers	-	49	192	1,532	-	(21,006)	19,233	-
Transfer to intangible assets (note 9)	-	-	-	-	-	(1,049)	-	(1,049)
Foreign exchange differences	(5,348)	(3,309)	(2,749)	(14,641)	(6,283)	(12,250)	(394,292)	(438,872)
Adjustments - IAS 29	1,598	1,402	204	2,994	2,998	4,157	152,564	165,917
At 30 November 2022 (Unaudited)	18,185	10,315	29,340	100,172	10,474	48,158	954,045	1,170,689
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	223	551	1,253	6,325	740	-	38,499	47,591
Disposals during the year	-	(263)	(2,437)	(1,079)	(23)	-	(28,893)	(32,695)
Foreign exchange differences	(850)	(2,685)	(2,331)	(11,693)	(4,684)	-	(155,853)	(178,096)
Adjustments - IAS 29	-	1,220	104	2,962	2,148	-	54,678	61,112
At 30 November 2022 (Unaudited)	7,044	8,884	26,847	92,757	8,071	(2,257)	463,863	605,209
Carrying amount:								
At 28 February 2022 (Audited)	14,093	2,023	2,819	12,560	3,261	47,859	623,622	706,237
At 30 November 2022 (Unaudited)	11,141	1,431	2,493	7,415	2,403	50,415	490,182	565,480

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	22,314	-	6,789	-	2,756	91	31,950
Disposals during the year	(348)	-	-	(152)	(1,876)	-	(2,376)
Write offs	(2,580)	-	-	-	-	-	(2,580)
Foreign exchange differences	(50,895)	-	1,184	(162)	(2,703)	(1,879)	(54,455)
Adjustments - IAS 29	(1,176)	-	-	-	-	-	(1,176)
At 30 November 2022 (Unaudited)	85,250	16	51,325	2,029	33,136	112,992	284,748
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	8,287	-	10,200	330	4,655	4,231	27,703
Disposals during the year	(348)	-	-	(152)	(1,876)	-	(2,376)
Write offs	(2,580)	-	-	-	-	-	(2,580)
Foreign exchange differences	(10,625)	-	689	(141)	(1,770)	(1,674)	(13,521)
Adjustments - IAS 29	(1,560)	-	-	-	-	-	(1,560)
At 30 November 2022 (Unaudited)	31,581	-	29,121	1,621	22,392	67,649	152,364
At 28 February 2022 (Audited)	79,528	16	25,120	759	13,576	49,688	168,687
At 30 November 2022 (Unaudited)	53,669	16	22,204	408	10,744	45,343	132,384

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

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Cash and bank balances	60,604	154,121
Money market deposits	97	432
Cash and cash equivalents	**60,701**	**154,553**
Restricted cash and cash equivalents	**1,568**	**9,090**
Total cash and cash equivalents	**62,269**	**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 19.8 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$:USD of 654.9:1 (28 February 2022: ZWL$: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:

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Guarantees	1	7,501
Customer deposits held	1,567	1,589
	1,568	**9,090**

13. Trade and other receivables

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Trade receivables	128,968	129,411
Related parties (note 18)	34,350	29,423
Expected credit loss provision	(42,389)	(44,874)
Total trade and related parties receivables, net of expected credit loss provision	**120,929**	**113,960**
Short-term inter-company receivables (note 18)	14,231	46,307
Sundry debtors	44,121	41,834
Deposits paid	5,828	4,832
Prepayments	40,775	31,011
	225,884	**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 related parties 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 related parties 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 30 November 2022						
Trade and related parties receivables - Gross	38,737	22,037	30,287	13,231	59,026	163,318
Lifetime ECL	(1,229)	(562)	(2,559)	(744)	(37,295)	(42,389)
Trade and related parties receivables - Net	**37,508**	**21,475**	**27,728**	**12,487**	**21,731**	**120,929**
Default rate	3.2%	2.6%	8.4%	5.6%	63.2%	
As at 28 February 2022						
Trade and related parties 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 related parties 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 related parties 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

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Long-term borrowings:		
USD 620 million 5.5% Senior Secured Notes (i)	609,116	606,973
USD 220 million equivalent South African Rand term loan (ii)	177,163	198,350
Embedded derivatives (note 22)	(2,282)	-
Stanbic Bank of Zambia Limited (iii)	4,352	4,193
	788,349	**809,516**
Short-term portion of long term borrowings (including interest accrued):		
USD 620 million 5.5% Senior Secured Notes (i)	8,525	17,050
USD 220 million equivalent South African Rand term loan (ii)	6,181	13,050
Stanbic Bank of Zambia Limited (iii)	725	2,795
USD 60 million revolving credit facility (iv)	198	198
	15,629	**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 was originally 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%. This ZAR 1.0 billion tranche was taken equally from the amortising and bullet repayment tranches and made fully non-amortising.

(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 30 November 2022, the outstanding balance on all term loans is USD 5.1 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

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Long-term portion of lease liabilities	63,073	66,420
Short-term portion of lease liabilities	20,442	31,009
	83,515	**97,429**

16. Trade and other payables

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Trade accounts payable	90,382	61,786
Payable balance to related parties (note 18)	13,748	7,661
Short-term inter-company payables (note 18)	-	9,586
Accruals	45,111	51,833
Staff payables	3,523	3,813
Transaction taxes due in various jurisdictions	5,196	8,875
Other short-term payables	964	4,652
	158,924	**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 related parties 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

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Long-term portion of deferred revenue	61,009	68,565
Short-term portion of deferred revenue	38,475	24,433
	99,484	**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, Econet Wireless Zimbabwe 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:

	9 months ended		3 months ended	
	30/11/2022 USD'000 (Unaudited)	30/11/2021 USD'000 (Unaudited)	30/11/2022 USD'000 (Unaudited)	30/11/2021 USD'000 (Unaudited)
Sales of goods and services				
Econet Global related group companies	59,553	95,972	23,238	31,291
Purchase of goods and services				
Econet Global related group companies	16,993	19,376	6,083	6,441
Management fees paid				
Econet Global related group companies	180	180	60	60
Management fees received				
Africa Data Centres related group companies	397	768	-	275
Econet Global related group companies	184	59	102	22
Liquid Intelligent Technologies Limited	92	-	31	-
Liquid Telecommunications (Jersey) Ltd	1,231	-	543	-
	1,904	827	676	297
Dividend				
Other shareholders (net of taxes)	371	16	371	16
Interest income				
Econet Global related group companies	281	160	116	53
Liquid Intelligent Technologies Limited	109	-	47	-
Africa Data Centres related group companies	11,200	6,283	3,317	2,045
	11,590	6,443	3,480	2,098
Finance costs				
Liquid Technologies Infrastructure Finance SARL	146	96	63	26
Administration fees paid				
DTOS Limited	240	227	97	79

18. Related party transactions and balances (continued)

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

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
Short-term receivables from related parties		
Africa Data Centres related group companies	4,284	45,569
Liquid Technologies Infrastructure Finance SARL	8,919	-
Liquid Intelligent Technologies Limited	7	7
Econet Global related group companies	1,021	731
	14,231	**46,307**
Short-term payables from related parties		
Liquid Technologies Infrastructure Finance SARL	-	6,704
Liquid Telecommunications (Jersey) Ltd	-	2,882
	-	**9,586**
Receivables balances from related parties		
Econet Global Limited (Mauritius)	4,999	4,999
Liquid Technologies Infrastructure Finance SARL	-	613
Econet Global Related Group Companies	26,909	19,063
Liquid Delta (Jersey) Limited	28	28
Liquid Intelligent Technologies Limited	63	180
Liquid Telecommunications (Jersey) Ltd	2,351	-
Africa Data Centres related group companies	-	4,540
	34,350	**29,423**
Payable balance to related parties		
Econet Global related group companies	485	4,429
Africa Data Centres related group companies	12,346	1,702
Liquid Technologies Infrastructure Finance SARL	917	1,530
	13,748	**7,661**
Long-term receivables from related parties		
Africa Data Centres related group companies	149,257	153,737
Liquid Intelligent Technologies Limited	2,503	2,005
	151,760	**155,742**
Long-term payable to related parties		
Africa Data Centres related group companies	397	428

19. Capital commitments

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (Audited)
At 30 November 2022, the group was committed to making the following capital commitments:		
Authorised and contracted	41,214	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

Period ended 30 November 2022:

Liquid Telecommunications Rwanda limited, a subsidiary of the group, paid a dividend during the period. USD 300,000 is attributable to the non-controlling interests of the subsidiary.

Worldstream (Pty) Ltd, a subsidiary of the group, paid a dividend during the period. USD 141,456 is attributable to the non-controlling interests of the subsidiary.

Period ended 30 November 2021:

Zanlink Ltd, a subsidiary of the group, declared a dividend during the period. USD 16,000 is attributable to the non-controlling interests of the subsidiary out of which USD 10,000 has been paid.

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
30 November 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 USD'000	Level 2 USD'000	Level 3 USD'000	Total 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)

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (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 USD'000	1 to 2 years USD'000	2 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Group - 30 November 2022					
Net settled: Embedded derivatives	-	-	2,282	-	2,282
Group - 28 February 2022					
Net settled: Embedded derivatives	-	-	2,119	-	2,119

	30/11/2022 USD'000 (Unaudited)	28/02/2022 USD'000 (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 2.8 million (30 November 2021: USD 3.0 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 9.2 million (30 November 2021: USD 8.9 million) has been excluded from financing activities as at 30 November 2022.

24. (Loss) / earnings per share

	9 months ended		3 months ended	
	30/11/2022	**30/11/2021**	**30/11/2022**	**30/11/2021**
	USD'000	**USD'000**	**USD'000**	**USD'000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Basic (loss) / profit per share (Cents per share)	(44.99)	64.82	(0.63)	(22.15)

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

(Loss) / profit attributable to owners of the company	(56,174)	80,932	(781)	(27,652)

	30/11/2022	**30/11/2021**
	USD'000	**USD'000**
	(Unaudited)	**(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 30 November 2022, the share capital of 3.7 million represents 124,857,914 ordinary shares (30 November 2021: 124,857,914 ordinary shares).

25. Profit on disposal of subsidiaries under common control

During the year ended 28 February 2021, the group 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.

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* .

	9 months ended		3 months ended	
	30/11/2022	**30/11/2021**	**30/11/2022**	**30/11/2021**
	USD'000	**USD'000**	**USD'000**	**USD'000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Operating profit	73,625	133,856	34,106	45,978
Add back:				
Depreciation, impairment and amortisation	82,793	93,086	25,656	31,219
Adjusted EBITDA (note 3)	**156,418**	**226,942**	**59,762**	**77,197**

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)
9 months ended 30 November 2022:			
Revenue	443,812	-	443,812
Interconnect related costs	(34,082)	-	(34,082)
Data and network related costs	(118,762)	26,898	(91,864)
Gross Profit	290,968	26,898	317,866
Other income	2,274	-	2,274
Selling, distribution and marketing costs	(7,366)	-	(7,366)
Expected credit loss provision	(6,112)	-	(6,112)
Administrative expenses	(40,889)	(26,898)	(67,787)
Staff costs	(82,457)	-	(82,457)
Adjusted EBITDA	**156,418**	**-**	**156,418**
9 months ended 30 November 2021:			
Revenue	521,067	-	521,067
Interconnect related costs	(53,418)	-	(53,418)
Data and network related costs	(106,117)	25,674	(80,443)
Gross Profit	361,532	25,674	387,206
Other income	4,615	-	4,615
Selling, distribution and marketing costs	(6,530)	-	(6,530)
Expected credit loss reversal	(1,317)	-	(1,317)
Administrative expenses	(41,363)	(25,674)	(67,037)
Staff costs	(89,995)	-	(89,995)
Adjusted EBITDA	**226,942**	**-**	**226,942**
3 months ended 30 November 2022:			
Revenue	156,350	-	156,350
Interconnect related costs	(11,607)	-	(11,607)
Data and network related costs	(43,664)	10,071	(33,593)
Gross Profit	101,079	10,071	111,150
Other income	825	-	825
Selling, distribution and marketing costs	(2,948)	-	(2,948)
Expected credit loss provision	(1,877)	-	(1,877)
Administrative expenses	(13,838)	(10,071)	(23,909)
Staff costs	(23,479)	-	(23,479)
Adjusted EBITDA	**59,762**	**-**	**59,762**
3 months ended 30 November 2021:			
Revenue	171,734	-	171,734
Interconnect related costs	(21,405)	-	(21,405)
Data and network related costs	(34,491)	7,589	(26,902)
Gross Profit	115,838	7,589	123,427
Other income	2,205	-	2,205
Selling, distribution and marketing costs	(2,026)	-	(2,026)
Expected credit loss reversal	1,676	-	1,676
Administrative expenses	(9,931)	(7,589)	(17,520)
Staff costs	(30,565)	-	(30,565)
Adjusted EBITDA	**77,197**	**-**	**77,197**

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.