LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
("the Group" or "Liquid Telecom")
FINANCIAL RESULTS FOR THE FOURTH QUARTER AND
FULL YEAR ENDED 29 FEBRUARY 2020

Strong finish to the year as more global partners join Liquid's network

23 June 2020

Leading pan-African telecoms group Liquid Telecom, a subsidiary of the Econet Global group, today announces its financial results for the year ended 29 February 2020.

Highlights

- Pre- and post-IFRS 16 full year revenue up 17.5% on prior year at USD 785.7 million, driven by strong Wholesale data performance in South Africa (2018-19: USD 668.9 million)

- Underlying pre-IFRS 16 EBITDA up 15.7% on prior year at USD 210.0 million (2018-19: USD 181.5 million). Post-IFRS16 EBITDA USD 247.3 million (up 36.3%)

- Outside Zimbabwe, pre-IFRS 16 EBITDA up 38.9% on prior year with strong performances in South Africa and East Africa

- Benefits from prior year cost control initiatives and ongoing focus on reducing the cost base saw pre-IFRS 16 operating expenses fall by 5.3% on prior year. Pre-IFRS 16 operating expenses were USD 222.5 million (2018-19: USD 234.9 million) and post-IFRS 16 USD 209.1 million

- Material long term contracts signed in fourth quarter with a large global technology company and during the year with new and existing network operator customers, together with the initiation of major services to other key customers on our NLD 5 & 6 routes, all contributed to improved financial results and confirm our commitment to the delivery of a pan-African technology and fibre connectivity objective

- First organisation to build critical fibre infrastructure in South Sudan, in partnership with the South Sudanese government. First phase of 200km fibre backbone completed in fourth quarter, connecting the capital city, Juba to the border of Uganda

- Strong cash generation in the year of USD 33.9 million (2018-19: cash outflow USD 8.8 million) resulted in a closing cash balance of USD 85.0 million (2018-19: USD 95.1 million)

- Controlled capex spend in the year of USD 104.0 million (net of disposal proceeds) lower than forecast, in line with the operating environment, nonetheless drove further footprint expansion, notably in Kenya and the DRC and opened up the East-West link (2018-19: USD 178.2 million, net of disposal proceeds)

- Net debt at the end of the period pre-IFRS 16 was USD 669.6 million giving a net debt to EBITDA ratio of 3.19x comfortably below the threshold of 4.25x. Post-IFRS 16 net debt was USD 765.0 million

	FY 2019-20 (Post IFRS 16)	FY 2019-20 (Pre IFRS 16)	FY 2018-19	Post IFRS 16 Change	Pre IFRS 16 Change
	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	785.7	785.7	668.9	17.5	17.5
Adjusted EBITDA	247.3	210.0	181.5	36.3	15.7
Cash generated from operations	146.0	100.0	170.8	(14.5)	(41.4)
Net Debt	765.0	669.6	738.6	3.6	(9.3)
Net Debt / adjusted EBITDA (x)	3.09	3.19	3.50	n/a	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, 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] FY2018-19 net debt covenant calculation adjusted for the retrospective functional currency change in Zimbabwe

[4] IFRS 16 is the new accounting standard relating to leases effective for accounting periods beginning on or after 1 January 2019 and was adopted by the Group on 1 March 2019.

Full year and fourth quarter 2019-20 numbers include adjustments for IAS 29 "*Financial Reporting in Hyperinflationary Economies*" in respect of Zimbabwe.

Chief Executive Officer, Nic Rudnick, commented:

"I am pleased to announce that we have concluded the year with a strong financial performance despite challenging trading conditions in some of the territories in which we operate. Our relentless focus on delivering technology solutions and connectivity to our customers has never been more relevant and diversifying our geographical footprint has been instrumental in delivering this success. This past year has shown how the dedication of our staff and the strong relationships we have built with our customers has delivered for our stakeholders.

We have signed some key partnership deals during the year, including one with a large global technology company and expanded our services to a number of key network operators, which secure revenue streams for the business for the longer term, whilst leveraging the investments made to date. We saw continued growth in our South African business and in East Africa, where Kenya demonstrated impressive pre-IFRS 16 EBITDA growth of over 40 per cent.

Combined with securing new shareholder investment, signing our second roaming agreement, progressing our data centre expansion, winning several awards and laying the groundwork for our future East-West network, the commercial wins we have seen in the fourth quarter close out a successful year and put the group on a secure footing for the future. Increased collaboration with international technology companies is also leading to new partnerships to increase international connectivity, expand cloud services and provide funding to secure further roll out across our network, particularly in the DRC.

Since the year end, the spread of the COVID-19 pandemic has caused much disruption across the globe. Whilst we have taken steps first and foremost to protect the health and wellbeing of our staff and their families, we also continue to serve our customers in these challenging times. Connectivity is and will continue to be a lifeline for many homes and businesses going forward and Liquid believes it is in a privileged position to deliver that service."

Group Chairman, Strive Masiyiwa, added:

"FY 2019-20 has been both a challenging and highly successful year for Liquid Telecom. The Board and I are proud of the team for delivering significant new business in the year, as well as their continued dedication in times of adversity. We have achieved excellent year-on-year growth, returned to a positive cash generating position and have laid the foundations for our next milestone; completing the East-West link.

We will continue to review our strategic options, securing new opportunities at the right time and will look to raise funds to accelerate the Group's growth plans and service the demands of our customers as appropriate. Liquid has a clear competitive advantage that it will draw upon as we continue to build Africa's digital future and roll out a new set of products and services in the coming year."

There will be an investor call at 14:00 GMT in order to present the results and answer questions. Please register on our website to gain access to the details for the call.

For further information please contact:

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About Liquid Telecom

Liquid Telecom is a leading communications solutions provider across 13 countries primarily in Eastern, Southern and South Africa that serves mobile operators, carriers, enterprise, media and content companies and retail customers with high-speed, reliable connectivity, hosting and co-location and digital services. It has built Africa's largest independent fibre network, over 70,000km, and operates state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined potential 19,000 square metres of rack space and 78 MegaWatts (MW) of power. This is in addition to offering leading cloud-based services, such as Microsoft Office365 and Microsoft Azure across our fibre footprint. Through this combined offering Liquid Telecom is enhancing customers' experience on their digital journey.

For more information, visit www.liquidtelecom.com

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OPERATIONAL AND FINANCIAL REVIEW

Liquid Telecom is a leading communications solutions provider across 13 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and cloud services. We have built Africa's largest independent fibre network, more than 70,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined potential capacity of over 6,000 racks.

The Group reports in four segments: Wholesale Data, Enterprise, Retail and Wholesale Voice.

Wholesale Data

Our Wholesale Data division provides Global IP Transit and fibre connectivity to 2G, 3G, 4G and 5G mobile base stations across our extensive independent, self-owned fibre network and international leased lines. We cover a wide range of customers from international carriers to African mobile and public telecom operators and African Internet Service Providers (ISPs). We also help other ISPs reach more customers with attractive offers using our wholesale FTTH services whilst also monetising our open-access fibre network. In addition, we provide services to Mobile Network Operators (MNOs) where they can roam across our network, together with a range of wholesale cloud products, where we are a tier 1 and tier 2 supplier for Microsoft across Africa, as well as co-location services.

Enterprise

Our Enterprise segment provides solutions to large-scale corporate and governmental consumers of bandwidth with complex, multi-country connectivity, co-location, hosting and cloud services. Here, in partnering with leading software, content and internet service providers to package business service offerings, supported by our fibre local access networks and data centre facilities, we provide high-speed broadband, cloud and co-location services, Voice over Internet Protocol (VoIP) and global connectivity to small and medium sized enterprises and non-governmental organisations, as well as payment solutions to financial institutions through our Liquid Payments business. We also aim to expand our metro and "Fibre to the Business" (FTTB) networks with a view to driving multi-tenancy growth in the buildings enabled to use the fibre network. Complementary Very Small Aperture Terminal (VSAT) and fixed-wireless (point-to-point or point-to-multipoint) networks extend the reach of the network to connect remote locations.

Retail

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

Wholesale Voice

We provide connectivity via fibre and satellite, in the voice market, into and out of Africa to national and international operators as well as African mobile network operators. Many destinations in Africa still offer regulated prices set at levels where margins are attractive for international voice carriers. Our ability to carry voice traffic on our own fibre network from international interconnection points for our customers to the nearest point of interconnection with local voice service providers is a major differentiator in an otherwise commoditised marketplace. In doing so, we can control the routing of the voice traffic, deliver high quality calls, avoid fraud schemes that are prevalent on the international voice transit market and provide a stable and reliable service for our customers.

Key performance indicators (KPIs)

The following table sets out the Group's key financial and operating measures by division for the full year 2019-20:

	FY 2017-18	(Q1) 2018-19	(Q2) 2018-19	(Q3) 2018-19	(Q4) 2018-19	FY 2018-19	(Q1) 2019-20	(Q2) 2019-20	(Q3) 2019-20	(Q4) 2019-20	FY 2019-20
Operating measures											
Wholesale voice											
Total wholesale voice minutes (in millions) on our network [1]	1,471	323	332	322	327	1,304	306	298	272	255	1,131
Wholesale data											
Number of kilometres of fibre [2]	50,061	52,084	53,132	68,904	69,007	69,007	69,193	69,550	70,349	73,114	73,114
Number of Data Centre racks sold[3]	1,078	1,092	1,436	1,433	1,451	1,451	1,443	1,436	1,497	1,474	1,474
Enterprise											
Number of Enterprise customers [4]	10,596	10,464	10,694	10,813	10,723	10,723	10,830	11,290	11,439	11,699	11,699
Retail											
Number of Retail customers[5]	46,504	50,259	54,481	61,083	60,579	60,579	65,183	74,527	96,220	117,326	117,326
Financial Measures											
Average churn rate [6]	1.55%	1.58%	1.55%	1.38%	1.24%	1.44%	1.08%	0.61%	0.83%	0.41%	0.73%
New sales ("sold TCV for new services", USD million) [7]	289.4	38.8	107.2	65.7	88.2	299.7	80.0	58.5	114.4	56.5	309.5
Service Activation Pipeline ('MRR backlog") (USD 000) [8]	4,515	3,844	3,066	3,238	4,050	4,050	4,500	2,584	2,754	2,710	2,710

[1] Total number of voice minutes on the Group's network.

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

[3] Number of racks in a data centre or co-location facility sold and billed to Wholesale or Enterprise customers.

[4] Total number of Enterprise customers.

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

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

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

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

We have laid over 4,000 kilometres more fibre during the year, mainly in the DRC, contributing significantly to the build out of our East-West link. Note that the build rate for 2019-20 is similar to that in the prior year, after taking into account the change in definition implemented in the third quarter of 2018-19.

New Total Contract Value (TCV) was USD 309.5 million for the full year (2018-19: USD 299.7 million), reflecting the number of significant partnerships signed in the year. The TCV numbers exclude a significant roaming deal on Liquid Telecom's 5G network, with a 20 year duration. The roaming service commenced in April 2020.

We continue to secure new contracts across all segments to ensure a steady and operationally feasible pipeline. The service activation pipeline at the end of the year was USD 2.7 million (2018-19: USD 4.1 million).

Revenue

Revenue per segment	**For the twelve-month period ended**			**For the three-month period ended**		
	29 February 2020	28 February 2019	2019-20 vs 2018-19	29 February 2020	28 February 2019	2019-20 vs 2018-19
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Data and Other services	**640.8**	**518.4**	**23.6**	**206.9**	**125.4**	**64.9**
Wholesale data	353.9	216.3	63.6	125.9	56.9	121.4
Enterprise	246.7	254.2	(2.9)	66.0	59.2	11.5
Retail	40.1	47.8	(16.1)	15.0	9.4	58.9
Wholesale voice	**145.0**	**150.5**	**(3.7)**	**38.4**	**38.2**	**0.6**
Total Revenue	**785.7**	**668.9**	**17.5**	**245.3**	**163.6**	**49.9**

Full year revenue increased 17.5 per cent to USD 785.7 million (2018-19: USD 668.9 million), driven by a number of significant contracts signed in the final quarter of the year in the Wholesale data segment in South Africa and Rest of World. In addition, the 4G roaming contract signed at the end of 2018-19 commenced in the year providing nine months of Monthly Recurring Revenue (MRR) in the period for South Africa.

The Rest of Africa segment achieved a USD 9.4 million uplift in revenue in the year driven by strong growth in Kenya. Rwanda saw a 14.0 per cent uplift in revenue as a result of a number of customer wins in the education and banking sectors and Uganda contributed a 24.0 per cent increase in revenue on the prior year, whilst Tanzania, despite a highly price competitive local market, was able to hold revenue steady year on year.

In the DRC, the prior year investment has become active and commercialised in the year, resulting in a year on year increase in revenue of 39.0 per cent.

Offsetting the above growth was the impact of a weakening South African Rand and ZWL$ in the year. The average ZAR:USD average rate for FY20 was 14.6:1 compared to 13.5:1 for the year to 28 February 2019. The impact on revenue from the movement in the Rand was USD 34.6 million. The ZWL$ fell from ZWL$:USD 2.5:1 to 18.0:1 in the year, adversely impacting revenue by USD 20.0 million.

Wholesale Data

Wholesale Data revenue increased by 63.6 per cent in the full year to USD 353.9m (2018-19: USD 216.3 million). The fourth quarter increase of 121.4 per cent was driven by the closing of several high value contracts in South Africa in the final months of the year. The full year results include MRR from the 4G roaming deal and an initial fee for the 5G roaming deal. Further sales on our established NLD routes in South Africa have contributed to the current year and sales in the Rest of Africa show we are now able to monetise the investment of recent years.

Our data centre offering continues to see strong demand, particularly in South Africa, where companies are keen to host data services in country, both to address local regulatory demands and achieve lower latency.

We have received ongoing recognition for the reach and quality of our network and won a number of awards in 2019-20, including 'The Best African Wholesale Carrier' for the 8th consecutive year at the Global Carrier Awards in London and 'Best Fixed Network of the Year' in South Africa in October and November 2019 respectively.

Enterprise

The number of Enterprise customers at 11,699, was up on the prior year by almost 1,000 (2018-19: 10,723 customers). Enterprise revenue for 2019-20 was USD 246.7 million (2018-19: USD 254.2 million), mainly due to a change in product mix from one customer in South Africa, and the impact of weaker exchange rates. Enterprise revenue for the fourth quarter was up 11.5 per cent to USD 66.0 million (2018-19: USD 59.2 million) as we concluded a number of deals in the last months of the financial year.

Government agencies and corporates across a diverse range of industries recognise the value that our transmission backbone and digital service capabilities can bring to their organisations. Our reach across Africa helps to deliver critical services to businesses and citizens and we are seeing continued demand in this segment.

Retail

Broadband customers grew in the year following increased demand for LTE services in Zimbabwe. This is reflected in the increase in retail customer numbers from 60,579 at 28 February 2019 to 117,326 at 29 February 2020. A significant proportion of this increase arose in the latter part of the year and we expect to see the benefit translate into higher revenue in the new financial year.

Wholesale Voice

During the year the global trend for declining voice minutes continued, but we were able to mitigate this by offering connections to less digitally enable and well served geographies. Wholesale voice revenue for the full year was therefore maintained at a relatively stable level, with only a USD 5.5 million drop year on year to USD 145.0 million (2018-19: USD 150.5 million). Voice minutes for 2019-20 were 1.1 billion, compared to 1.3 billion in 2018-19.

Gross profit

In the year we adopted IFRS 16, the new accounting standard for leases, resulting in an increase in gross profit of USD 24.0 million for 2019-20, compared to the pre-IFRS 16 gross profit in the same year. The fourth quarter adjustment to gross profit was USD 5.8 million.

Gross Profit	For the twelve-month period ended					
	29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	785.7	-	785.7	668.9	17.5	17.5
Costs per quarterly financial statements	(329.3)	(24.0)	(353.3)	(253.1)	30.1	39.6
Gross Profit	**456.4**	**(24.0)**	**432.5**	**415.8**	**9.8**	**4.0**
Gross Profit Margin (%)	**58.1%**	**n/a**	**55.0%**	**62.2%**	**-406.7%**	**(7.1)pp**

Gross Profit	For the three-month period ended					
	29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	245.3	-	245.3	163.6	49.9	49.9
Costs per quarterly financial statements	(104.7)	(5.8)	(110.5)	(60.7)	72.3	81.9
Gross Profit	**140.6**	**(5.8)**	**134.8**	**102.9**	**36.7**	**31.0**
Gross Profit Margin (%)	**57.3%**	**n/a**	**55.0%**	**62.9%**	**(5.5)pp**	**(7.9)pp**

Pre-IFRS 16 gross profit increased by USD 16.7 million to USD 432.5 million, compared to the prior year (2018-19: USD 415.8 million) driven by the increased revenue. Gross profit margin (pre-IFRS 16) reduced year-on-year by 7.1 percentage points, reflecting a reduced gross profit margin in Zimbabwe and margin dilution from the long term 4G roaming contract. Pre-IFRS 16 fourth quarter gross profit increased in line with the revenue as a result of the material contracts signed in the final reporting period of the year.

Total overheads and other income

The IFRS 16 adjustment reduces full year overheads and other income by USD 13.4 million for the full year and by USD 5.2 million in the fourth quarter.

Total Overheads and Other Income	For the twelve-month period ended					
	29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Other income	4.6	0.0	4.6	1.8	150.2	150.2
Selling, distribution and marketing costs	(27.0)	(0.2)	(27.2)	(18.8)	43.9	44.8
Administrative costs	(87.3)	(13.2)	(100.5)	(102.5)	(14.8)	(1.9)
Staff costs	(99.3)	0.0	(99.3)	(115.4)	(14.0)	(14.0)
Total overheads and Other income	**(209.1)**	**(13.4)**	**(222.5)**	**(234.9)**	**(11.0)**	**(5.3)**
% to Total Revenue	**(26.6)**	***n/a***	**(28.3)**	**(35.1)**	***8.50pp***	***6.80pp***

Total Overheads and Other Income	For the three-month period ended					
	29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Other income	2.5	0.0	2.5	1.3	n/a	n/a
Selling, distribution and marketing costs	(17.6)	(0.1)	(17.6)	(6.5)	169.2	170.1
Administrative costs	(24.6)	(5.1)	(29.7)	(25.7)	(4.3)	15.7
Staff costs	(25.4)	0.0	(25.4)	(26.7)	(4.6)	(4.6)
Total overheads and Other income	**(65.1)**	**(5.2)**	**(70.3)**	**(57.5)**	**13.1**	**22.1**
% to Total Revenue	**(26.5)**	***n/a***	**(28.6)**	**(35.2)**	***8.64pp***	***6.52pp***

Pre-IFRS 16 overheads and other income for the full year, at USD 222.5 million, were USD 12.4 million lower than last year (2018-19: USD 234.9 million). The reduction was largely driven by lower staff costs, as we now see the annualised benefit from the cost optimisation strategies implemented in the prior year. Headcount for the group at 29 February 2020 was 2,126. Savings in administrative costs were re-invested in selling, distribution and marketing to drive revenue growth as can be seen from the successful commercial activity in the 2019-20 year, as well as setting up a meaningful pipeline going into the new financial year.

Adjusted EBITDA and profit

Adjusted EBITDA	For the twelve-month period ended					
	29 February (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Adjusted EBITDA	**247.3**	**(37.3)**	**210.0**	**181.5**	**36.3**	**15.7**
Depreciation, impairment and amortisation	(149.9)	34.7	(115.2)	(99.4)	50.8	15.9
Dividend received	-	-	-	(0.6)	(100.0)	(100.0)
Operating Profit	**97.5**	**(2.7)**	**94.8**	**81.5**	**19.6**	**16.3**
Dividend received	-	-	-	0.6	(100.0)	(100.0)
Restructuring costs	(0.5)	-	(0.5)	(5.8)	(92.1)	(92.1)
Acquisition and other investment costs	(0.9)	-	(0.9)	(5.3)	(82.5)	(82.5)
Interest income	3.0	-	3.0	5.6	(46.7)	(46.7)
Finance costs	(79.4)	9.5	(69.9)	(73.5)	8.0	(4.9)
Foreign exchange (loss) / gain	(599.1)	-	(599.1)	(91.8)	552.7	552.7
Monetary Adjustment - IAS 29	458.5	-	458.5	-	n/a	n/a
Share of profit of associate	0.1	-	0.1	0.1	69.5	69.5
Profit before tax	**(120.8)**	**6.8**	**(114.0)**	**(88.6)**	**36.4**	**28.7**
Tax expense	57.5	-	57.5	(27.5)	(308.8)	(308.8)
Profit for the period	**(63.3)**	**6.8**	**(56.5)**	**(116.1)**	**(45.5)**	**(51.4)**

Adjusted EBITDA	For the three-month period ended					
	29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Adjusted EBITDA	**75.5**	**(11.0)**	**64.6**	**45.3**	**66.6**	**42.4**
Depreciation, impairment and amortisation	(59.6)	10.0	(49.6)	(26.5)	124.8	87.0
Dividend received	-	-	-	-	n/a	n/a
Operating Profit	**15.9**	**(1.0)**	**15.0**	**18.8**	**(15.4)**	**(20.5)**
Dividend received	-	-	-	-	n/a	n/a
Restructuring costs	0.0	-	0.0	1.0	(99.1)	(99.1)
Acquisition and other investment costs	(0.6)	-	(0.6)	(1.7)	(67.0)	(67.0)
Interest income	0.7	-	0.7	1.7	(58.5)	(58.5)
Finance costs	(21.4)	2.6	(18.8)	(21.7)	(1.5)	(13.3)
Foreign exchange (loss) / gain	(173.3)	-	(173.3)	7.0	(2,588.2)	(2,588.2)
Monetary Adjustment - IAS 29	133.5	-	133.5	-	n/a	n/a
Share of profit of associate	0.1	-	0.1	0.0	260.2	260.2
Profit before tax	**(45.0)**	**1.6**	**(43.4)**	**5.1**	**(981.0)**	**(949.6)**
Tax expense	60.5	-	60.5	(6.3)	(1,062.8)	(1,062.8)
Profit for the period	**15.4**	**1.6**	**17.0**	**(1.2)**	**(1,421.4)**	**(1,558.9)**

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, foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

Pre-IFRS 16 adjusted EBITDA for the full year was USD 210.0 million (2018-19: USD 181.5 million), an increase of 15.7 per cent, reflecting the increase in revenue and continued disciplined cost control. IFRS 16 resulted in an increase to EBITDA of USD 37.3 million, giving a full year reported post-IFRS 16 adjusted EBITDA of USD 247.3 million.

Fourth quarter pre-IFRS 16 adjusted EBITDA was USD 64.6 million (2018-19: USD 45.3 million), an uplift of 42.4 per cent on the fourth quarter in the prior year due to the increase in commercial contracts signed in the final months of 2019-20.

Post-IFRS 16 depreciation, impairment and amortisation in the fourth quarter was USD 59.6 million (2018-19: USD 26.5 million), bringing the total for the year to USD 149.9 million (2018-19: USD 99.4 million). The year on year increase is due to the impact of hyperinflation accounting on property, plant and equipment and the associated accumulated depreciation. IFRS 16 also contributed USD 34.7 million to the full year increase.

Pre-IFRS 16 finance costs reduced again in the fourth quarter by 13.3 per cent to USD 18.8 million (Q4 2018-19: USD 21.7 million) as we paid down a further tranche of the term loan in Zambia and did not incur the RCF interest costs per the fourth quarter 2018-19, as we re-paid the borrowings in April 2019. Leaving the RCF undrawn for the majority of the year contributed to an overall reduction in pre-IFRS 16 finance costs to USD 69.9 million against USD 73.5 million in the prior year. The change in accounting treatment for leases under IFRS 16 added USD 9.5 million to post-IFRS 16 finance charges for the full year.

Foreign exchange losses incurred in both the full year and the fourth quarter were predominantly non-cash and largely fell in Zimbabwe due to the translation of US Dollar trade payables and liabilities. The monetary adjustment relates entirely to the adoption of IAS 29 *Financial Reporting in Hyperinflationary Economies*. For further detail see note 2.2.1 of the financial statements.

Cash generated from operations

Cashflow	For the twelve-month period ended 29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Cash generated from operations	**146.0**	**(46.0)**	**100.0**	**170.8**	**(14.5)**	**(41.4)**
Tax paid	(9.4)	0.0	(9.4)	(18.4)	(48.6)	(48.6)
Net cash from / (used in) operating activities	**136.5**	**(46.0)**	**90.6**	**152.4**	**(10.4)**	**(40.6)**
Net cash used in investing activities	(101.0)	0.0	(101.0)	(113.2)	(10.8)	(10.8)
Net cash from (used in) financing activities	(1.6)	46.0	44.4	(48.1)	(96.6)	(192.3)
Net increase / (decrease) in cash and cash equivalent	**33.9**	**-**	**33.9**	**(8.8)**	**(485.3)**	**(485.3)**

Cashflow	For the three-month period ended 29 February 2020 (Post IFRS 16)	IFRS 16 impact	29 February 2020 (Pre IFRS 16)	28 February 2019	2019-20 vs 2018-19 (Post IFRS 16)	2019-20 vs 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Cash generated from operations	**52.8**	**(11.8)**	**41.0**	**44.9**	**17.6**	**(8.6)**
Tax paid	(5.0)	0.0	(5.0)	0.9	(657.9)	(657.9)
Net cash from / (used in) operating activities	**47.8**	**(11.8)**	**36.0**	**45.8**	**4.3**	**(21.4)**
Net cash used in investing activities	(10.7)	0.0	(10.7)	(33.9)	(68.4)	(68.4)
Net cash (used in)/generated from financing activities	(44.6)	11.8	(32.8)	3.7	(1,305.7)	(987.3)
Net decrease in cash and cash equivalent	**(7.5)**	**-**	**(7.5)**	**15.6**	**(148.4)**	**(148.4)**

Pre-IFRS 16 cash flow generated from operations was USD 100.0 million (2018-19: 170.8 million) as a result of working capital timing differences. The 2019-20 working capital outflow is largely due to the large deals completed at the end of the financial year, where the service has been invoiced, but not yet collected.

Net cash used in investing activities reduced by 10.8 per cent due to lower capital expenditure resulting from tighter control of investment projects.

The USD 180.0 million cash received from the CDC investment was partially offset by the repayment of the RCF in the early part of the year, and this together with stable interest costs resulted in an overall increase in pre-IFRS 16 net cash used in financing activities to USD 44.4 million (2018-19: USD outflow 48.1 million).

Overall, there was a net increase in cash and cash equivalents for the year of USD 33.9 million (2018-19: decrease of USD 8.8 million) after operational cash generation and new investment.

Capital investment and network developments

Capital expenditure in the fourth quarter was USD 11.4 million (2018-19: USD 34.0 million), bringing the total spend for the year to USD 104.0 million (2018-19: USD 178.1 million), all net of disposal proceeds. This capital expenditure was focused on further build out of NLD 5 & 6 in South Africa, establishing our fibre footprint in South Sudan and the roll out of a major fibre link in the DRC to progress our East to West delivery.

We continue to spend efficiently on maintenance, upgrades and customer connections, ensuring our network continues to be fit for purpose and future proof, providing resilience and redundancy, so we are well positioned to meet increases in customer demand and respond to unforeseen events. The remainder of the capital expenditure is invested in strategic growth projects, such as the connections across the DRC, either on our own or in conjunction with key partners with whom we look to build long-term relationships. These projects are at the discretion of the Board and reviewed regularly to ensure delivery and cost management is on track.

Current capex spend in relation to the data centres is limited to projects on existing owned sites and does not relate to any new projects or acquisitions.

Gross and net debt

In accordance with our financing agreements, all covenant compliance is on a pre-IFRS 16 basis.

	29 February 2020 (Post IFRS 16)	29 February 2020 (IFRS 16 Impact)	29 February 2020 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)
Total Gross Debt	**848.5**	**(95.4)**	**753.1**
Long term borrowings including interest accrued	798.0	(65.5)	732.5
Short term portion of long-term borrowings	42.1	(29.9)	12.2
Unamortised arrangement fees	8.4		8.4
Less: Unrestricted cash	**83.5**		**83.5**
Net debt	**765.0**	**(95.4)**	**669.6**
Last twelve months EBITDA	**247.3**	**(37.3)**	**210.0**
Last twelve months interest	**79.4**	**(9.5)**	**69.9**
Covenants			
Gross debt / LTM EBITDA (x)	3.43		3.59
Net Debt / LTM EBITDA (x)	3.09		3.19
Interest / LTM EBITDA (x)	3.11		3.00

Gross debt for the purposes of the bond excludes accrued interest

We closed the year with a total cash balance of USD 85.0 million (2018-19: USD 95.1 million). Cash is generated locally in the operations of each country and largely used to self-fund operational and capital expenditure, repay intercompany borrowings and service group debt.

Post-IFRS 16 gross debt at 29 February 2020 was USD 848.5 million (2018-19: USD 831.9 million), with the increase largely due to the adoption of IFRS 16 meaning lease costs are now included in the debt figures. Post-IFRS 16 net debt at the year end was USD 765.0 million (2018-19: USD 738.6 million), with the increase again being due to IFRS 16.

During the year, the tenor of group RCF was extended to give a final maturity of April 2022 and the covenants were amended to give increased headroom.

The closing net debt to EBITDA ratio was 3.19x, against a threshold of 4.25x. Interest cover was 3.0x against a requirement to exceed 2.5x. The gross debt ratio is monitored for the purpose of the bond incurrence covenant and at the year end this was 3.59x, against a threshold of 3.75x.

The medium-term policy of the Group is to have a net debt to EBITDA ratio of between 2.0x and 3.0x.

Reporting under IAS 29 *Financial Reporting in Hyperinflationary Economies*

Following the introduction of a new currency in Zimbabwe (previously RTGS, now ZWL$) in the prior year, the country has continued to experience a deteriorating ZWL$:USD exchange rate. This has led to local economic conditions indicative of a hyperinflationary economy and therefore, following guidance from local accounting bodies, the Group implemented the requirements of accounting standard IAS 29 "Financial Reporting in Hyperinflationary Economies" for the first time in the third quarter. These changes were applied with effect from 1 October 2018 (the date on which the currency change was deemed to have taken place for accounting purposes).

IAS 29 requires that all non-monetary assets and liabilities and all revenues and expenses are inflated in local currency using a general price index and then translated to the reporting currency at the closing rate. The Group has used the official Zimbabwe Consumer Price Index (CPI) of 640.2 per cent (the CPI for February 2020) and has applied a closing rate of 18.0:1. The gain arising in the statement of profit or loss on the application of IAS 29 for the full year 2019-20 is USD 458.5 million. A further gain of USD 100.3 million has been taken directly to other comprehensive income as it relates to opening balances. Prior year revenue and adjusted EBITDA comparatives have been adjusted for the retrospective introduction of the ZWL$ as stated at the full year 2018-19. No restatement of prior year group comparatives is required under IAS 29.

Strive Masiyiwa	Nic Rudnick	Kate Hennessy
Group Chairman	Chief Executive Officer	Chief Finance Officer

23 June 2020

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 12 months and 3 months ended 29 February 2020

	Notes	12 months ended		3 months ended	
		29/02/2020	28/02/2019	29/02/2020	28/02/2019
		USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)
Revenue	3	785,741	668,910	245,305	163,643
Interconnect related costs		(123,560)	(119,875)	(33,637)	(28,164)
Data and network related costs		(242,414)	(178,413)	(80,230)	(42,560)
Other income		4,583	1,832	2,485	1,308
Selling, distribution and marketing costs		(27,032)	(18,787)	(17,574)	(7,589)
Administrative expenses		(50,659)	(57,362)	(15,372)	(14,606)
Staff costs		(99,319)	(115,428)	(25,433)	(26,662)
Depreciation, impairment and amortisation		(149,889)	(99,414)	(59,620)	(26,518)
Operating profit		**97,451**	**81,463**	**15,924**	**18,852**
Dividend received		-	629	-	-
Restructuring costs	4	(455)	(5,757)	11	1,050
Acquisition and other investment costs		(921)	(5,269)	(572)	(1,732)
Interest income	5	2,979	5,589	717	1,732
Finance costs	6	(79,427)	(73,528)	(21,425)	(21,741)
Net foreign exchange (loss)/gain*	2.2.1	(599,078)	(91,780)	(173,325)	6,894
Hyperinflation monetary gain**	2.2.2	458,507	-	133,495	-
Share of profits of associate		105	62	88	25
Profit / (loss) before taxation		**(120,839)**	**(88,591)**	**(45,087)**	**5,080**
Tax credit / (expense)	7	57,511	(27,540)	60,460	(6,280)
Profit / (loss) for the period		**(63,328)**	**(116,131)**	**15,373**	**(1,200)**
Other comprehensive income / (loss) for the year					
Items that may be reclassified subsequently to profit or loss:					
Translation loss on accounting for foreign entities		(95,462)	(100,964)	(35,588)	(8,708)
Impact of application of Hyperinflation accounting on opening balances**	2.2.2	100,338	-	19,795	-
Other comprehensive income / (loss) for the period		**4,876**	**(100,964)**	**(15,793)**	**(8,708)**
(Loss) / Profit and other comprehensive (loss) / income for the year		**(58,452)**	**(217,095)**	**(420)**	**(9,908)**
(Loss) / Profit attributable to:					
Owners of the company		(63,120)	(72,739)	15,633	34
Non-controlling interest		(208)	(43,392)	(260)	(1,234)
		(63,328)	**(116,131)**	**15,373**	**(1,200)**
Loss and other comprehensive income attributable to:					
Owners of the company		(57,887)	(173,363)	(93)	(8,583)
Non-controlling interest		(565)	(43,732)	(327)	(1,325)
		(58,452)	**(217,095)**	**(420)**	**(9,908)**
(Loss) / Profit per share					
Basic (Cents per share)	24	(51.64)	(65.20)	12.86	0.03

* Net foreign exchange (loss) / gain, in financial year ended 28 February 2019, includes USD 93.3 million for the adjustment of assets and liabilities in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group on initial application of the change in functional currency in Zimbabwe on 1 October 2018. See note 2.2 for more details.

** In the year ended 29 February 2020 the group reallocated USD 100.3 million of the Hyperinflation monetary gain to Other comprehensive income for the year. This amount represents the Hyperinflation monetary gain on the opening balances at 1 March 2019, as calculated from 1 October 2018.

	12 months ended		3 months ended	
Reconciliation of Operating profit to Adjusted EBITDA	29/02/2020	28/02/2019	29/02/2020	28/02/2019
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	97,451	81,463	15,924	18,852
Add back:				
Depreciation, impairment and amortisation	149,889	99,414	59,620	26,518
Dividend received	-	629	-	-
	247,340	181,506	75,544	45,370
Impact of retrospective change in functional currency in Zimbabwe ***	-	29,583	-	17,955
Impact of initial application of IFRS 16 "Leases" ****	(37,346)	-	(10,986)	-
Adjusted EBITDA	**209,994**	**211,089**	**64,558**	**63,325**

*** The impact of retrospective change in functional currency in Zimbabwe represents the difference in Adjusted EBITDA for the period from 1 October 2018 to 22 February 2019 translated at a ZWL$:USD rate of 2.5:1 compared to the original rate of 1:1 for reporting results in Zimbabwe in financial year 28 February 2019.
**** Excluding the increase in Adjusted EBITDA relating to the impact of application of IFRS 16 "Leases". See note 2.3 for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 29 February 2020

	Notes	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Non-current assets			
Goodwill	8	125,770	137,341
Intangible assets	9	127,325	153,126
Property, plant and equipment	10	741,380	786,596
Right-of-Use assets	11	97,342	-
Investment in associate		528	480
Investments at FVTOCI		10,814	10,814
Deferred tax assets		31,708	34,938
Investments at amortised cost		193	1,384
Long-term receivables		61	437
Total non-current assets		**1,135,121**	**1,125,116**
Current assets			
Inventories		27,049	11,701
Trade and other receivables	13	221,373	172,586
Taxation		966	451
Cash and cash equivalents	12	83,492	93,275
Restricted cash and cash equivalents	12	1,511	1,807
Total current assets		**334,391**	**279,820**
Total assets		**1,469,512**	**1,404,936**
Equity and liabilities			
Capital and reserves			
Share capital		3,638	3,638
Share premium		251,446	251,446
Convertible preference shares		180,000	-
(Accumulated losses) / Retained earnings		(56,607)	7,008
Foreign currency translation reserve		(15,560)	(20,793)
Total equity attributable to owners of the parent		**362,917**	**241,299**
Non-controlling interests		2,026	10,458
Total equity		**364,943**	**251,757**
Non-current liabilities			
Long term borrowings	14	732,515	732,790
Long term lease liabilities	15	65,492	-
Long term provisions		1,396	1,831
Other long term payables		12,324	15,046
Deferred revenue	17	52,898	54,422
Deferred tax liabilities		17,638	62,909
Total non-current liabilities		**882,263**	**866,998**
Current Liabilities			
Short term portion of long term borrowings	14	12,211	87,246
Short term portion of long term lease liabilities	15	29,922	-
Trade and other payables	16	154,687	151,812
Short term provisions		16,353	20,801
Deferred revenue	17	6,690	21,960
Taxation		2,443	4,362
Total current liabilities		**222,306**	**286,181**
Total equity and liabilities		**1,469,512**	**1,404,936**

Approved by the Board of Directors and authorised for issue on 22 June 2020.

Eric Venpin
Director

Gaetan Lan
Director

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 12 months and 3 months ended 29 February 2020

Group

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated Losses) / Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2018*		**3,319**	**116,765**	**-**	**79,831**	**225,465**	**92,422**	**517,802**
Issue of share capital		319	134,681	-	-	-	-	135,000
Change in ownership		-	-	-	-	(133,893)	(36,557)	(170,450)
Loss and other comprehensive loss for the year		-	-	-	-	(72,739)	(43,392)	(116,131)
Translation loss on accounting for foreign entities		-	-	-	(100,624)	-	(340)	(100,964)
Dividend paid	21	-	-	-	-	(13,500)	-	(13,500)
Reclassification		-	-	-	-	1,675	(1,675)	-
At 28 February 2019 (audited)		**3,638**	**251,446**	**-**	**(20,793)**	**7,008**	**10,458**	**251,757**
At 1 March 2019 (Audited)		3,638	251,446	-	(20,793)	7,008	10,458	251,757
Adjustments - IFRS 16	2	-	-	-	-	992	-	992
At 1 March 2019 - restated		3,638	251,446	-	(20,793)	8,000	10,458	252,749
Issue of convertible preference shares**		-	-	180,000	-	-	-	180,000
Change in ownership		-	-	-	-	(1,487)	(7,867)	(9,354)
Loss and other comprehensive loss for the year		-	-	-	-	(63,120)	(208)	(63,328)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	100,338	-	-	100,338
Translation loss on accounting for foreign entities		-	-	-	(95,105)	-	(357)	(95,462)
At 29 February 2020 (audited)		**3,638**	**251,446**	**180,000**	**(15,560)**	**(56,607)**	**2,026**	**364,943**

* Restated for the effect of change in accounting policy (net of deferred tax) for IFRS 15 and IFRS 9.
** Issue of convertible preference shares with same par value as the ordinary shares.

The results for the 12 month period to 29 February 2020 and 3 month period to 29 February 2020 have been adjusted for the application of IAS 29 - "Financial Reporting in Hyperinflationary Economies". See note 2.2.2 - Hyperinflation accounting for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
for the 12 months and 3 months ended 29 February 2020

	Notes	12 months ended 29/02/2020 USD'000 (Audited)	12 months ended 28/02/2019 USD'000 (Audited)	3 months ended 29/02/2020 USD'000 (Audited)	3 months ended 28/02/2019 USD'000 (Audited)
Cash flows from operating activities:					
Profit / (Loss) before tax		(120,839)	(88,591)	(45,087)	5,080
Adjustments for:					
Depreciation, impairment and amortisation		149,889	99,414	59,620	26,518
Bad debts provision		14,045	8,337	13,923	6,850
Bad debts recovered		(88)	(211)	(88)	1
(Decrease) / increase in provisions		(2,748)	1,877	3,517	771
Net foreign exchange loss / (gain)		602,026	94,160	177,593	(1,576)
Hyperinflation monetary gain		(458,507)	-	(133,495)	-
Profit on disposal of fixed assets		(675)	(54)	(520)	(17)
Interest income	5	(2,979)	(5,589)	(717)	(1,732)
Finance costs	6	79,427	73,528	21,424	21,741
Share of profit from associate		(105)	(62)	(88)	(25)
		259,446	182,809	96,082	57,611
Working capital changes:					
(Increase) / decrease in inventories		(2,581)	185	(2,097)	820
(Increase) in trade and other receivables		(103,576)	(886)	(41,721)	(24,181)
Increase / (decrease) in trade and other payables		2,052	(6,217)	5,265	11,834
Decrease in deferred revenue		(12,758)	(3,537)	(4,648)	(6,852)
Increase / (decrease) in accruals		3,988	(2,466)	70	5,318
(Decrease) / increase in unfavourable contracts		(582)	917	(155)	332
Cash generated / (used in) from operations		145,989	170,805	52,796	44,882
Income tax (paid) / credit		(9,447)	(18,395)	(5,021)	942
Net cash generated from operating activities		136,542	152,410	47,775	45,824
Cash flows from investing activities:					
Interest income		2,979	5,278	717	1,609
Acquisition of other investments		-	(310)	-	-
Recovery of related party advance		-	60,000	-	-
Purchase of property, plant and equipment	10	(104,861)	(173,966)	(23,119)	(37,967)
Proceeds on disposal of property, plant and equipment		14,191	9,973	13,758	6,246
Purchase of intangible assets	9	(13,498)	(14,393)	(2,071)	(2,233)
Proceeds on disposal of intangible assets		194	256	-	256
Proceeds from sale of held to maturity investments		-	-	-	(1,848)
Net cash used in investing activities		(100,995)	(113,162)	(10,715)	(33,937)
Dividend paid		-	(13,500)	-	-
Finance costs		(66,365)	(64,819)	(33,490)	(31,199)
Issue of convertible preference shares		180,000	-	-	-
Acquisition of minority interests in foreign operations		-	(35,000)	-	(31,500)
Decrease in lease liabilities		(36,445)	-	(9,215)	-
(Decrease) / increase in borrowings		(78,802)	65,263	(1,905)	66,366
Net cash generated (used in) / from financing activities		(1,612)	(48,056)	(44,610)	3,667
Net increase / (decrease) in cash and cash equivalents		33,935	(8,808)	(7,550)	15,554
Cash and cash equivalents at beginning of the period		95,082	163,655	93,772	78,372
Translation of cash with respect to foreign subsidiaries		(44,014)	(59,765)	(1,219)	1,156
Cash and cash equivalents at end of the period		**85,003**	**95,082**	**85,003**	**95,082**
Represented by:					
Cash and cash equivalents		83,492	93,275	83,492	93,275
Restricted cash and cash equivalents		1,511	1,807	1,511	1,807
		85,003	**95,082**	**85,003**	**95,082**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior year.

These financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, Sudanese Pound, United Arab Emirates Dirham and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

As part of their ongoing review of the group's strategy, the directors consider the Data Centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the year, to a future restructure of the group to allow greater operational focus and additional fund-raising for this sector. A new holding company for the Liquid Telecommunications group has been formed which will hold both Liquid Telecommunications Holdings Limited and the new Data Centre holding company. The ownership of these two entities has not yet transferred to the new holding company. The new Data Centre holding company will then be used to acquire any new data centre assets as the opportunity arises. As part of this exercise, it has identified a data centre it wishes to purchase in Midrand, South Africa. This transaction will proceed subject to the new Data Centre holding company arranging the necessary funding. The current intention is for the Data Centre holding company to be initially funded by a rights issue. The directors consider this restructure to be the optimum way to drive growth in the Data Centre line of business in a way that protects the rights of bond holders, comply with the group's existing borrowing requirements and enables the execution of the group strategy.

On 20 January 2020, the group announced the commencement of the first 5G wholesale roaming service in South Africa. Available from early 2020 in all major South African cities, this latest fifth generation of mobile internet connectivity will enable wholesale operators to create innovative, ultra-fast and scalable digital services for their customers. The 5G wholesale network will also help accelerate the evolution of the Fourth Industrial Revolution (4IR) in South Africa. Reliable connectivity up to 10 times faster than 4G will allow businesses to harness trends such as the Internet of Things (IoT), robotics and artificial intelligence (AI) to innovate transformative new services, increase productivity and deliver more connected customer experiences.

On 26 February 2020, Liquid Telecommunications Rwanda Limited launched affordable super-fast broadband in Rwanda which also coincides with the re-branding of our retail arm from Hai (in Zambia) to Liquid Home. With Liquid Home, users get unlimited high-speed internet, significant price reductions and free installation across all of our packages.

On 28 February 2020, the group entered into a 20 year agreement with a large global technology company in which the group will provide access to its terrestrial backbone network across the African continent.

Response to COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments.

The group's top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic.

The group believes that 'every individual on the African continent has the right to be connected'. This enduring belief is guiding the group's response to the current crisis.

The health and safety of our people and those of our customers, suppliers and other business partners is paramount. The group has implemented robust contingency planning across the business to protect the health of our people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources.

As the situation evolves, the group continues to work closely with our employees, partners and suppliers to support ongoing business operations and serve our customers' needs.

As a strategic supplier to our customers, the group has been executing plans to ensure network and system continuity as the situation evolves over time. The group has remote working capability in place for all major processes and systems for our key personnel. All personnel are able to work remotely at short notice when necessary while maintaining full business functionality.

The group regards the economic impact of COVID-19 to be a non-adjusting post balance sheet. As of 29 February 2020, there has not been any direct or indirect impact of the pandemic on operations or state imposed restrictions on individual movements in the geographies where the group operates. These measures were noted mainly in March 2020.

Management has provided information on the financial effects of COVID-19 pandemic in note 2.4.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the twelve months ended 29 February 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 29 February 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2021. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account; instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

The going concern assumption is supported by the following key considerations:

Funding facilities
The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in January 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in 2020 and 2021 financial years which has been extended to the 2025 financial year) and term loans (maturity in the financial years 2020 to 2022) in Zambia, of which USD 14.7 million is outstanding at the statement of financial position date. The USD 73.0 million RCF was still undrawn at the statement of financial position date. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic.

Impact of IFRS 16 "Leases"
The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which became effective for the first time in financial year 2020 and are of the opinion that it will not have a material impact on the going concern of the group.

Cash position
As at 29 February 2020, the group has an unrestricted cash position of USD 83.5 million (28 February 2019: USD 93.3 million). Of this amount, USD 22.5 million (28 February 2019: USD 49.1 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 18.0:1 (28 February 2019: 2.5:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

New equity finance
On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares. The funds were received in April 2019. The money was used to invest in capital expenditure projects designed to expand the network footprint and grow EBITDA.

Operational performance
For the year ended 29 February 2020, the group reported an operating profit of USD 97.5 million (28 February 2019: 81.5 million) and a net cash inflow from operating activities of USD 136.5 million (28 February 2019: USD 152.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 29 February 2020 is appropriate.

2. Accounting policies (continued)

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has therefore adopted hyperinflation accounting during the year ended 29 February 2020, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

More details on the currency changes and the adoption of hyperinflation accounting are set out in note 2.2.1 and 2.2.2 below.

2.2.1 Zimbabwean currency

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the US dollar represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5 and this was the rate on 28 February 2019. The Zimbabwean currency is now denominated as the Zimbabwean Dollar (ZWL$).

In the 12 month period to 29 February 2020, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 18.0:1 to translate both the statement of profit or loss and the statement of financial position at 29 February 2020. Of the USD 599.1 million of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 595.6 million. The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

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 year, the group has observed that the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe have been met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has applied the requirements of IAS 29 in its consolidated financial statements for the year to 29 February 2020, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2019 of USD 100.3 million have been recognised in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 29 February 2020.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index (“CPI”) as the general price index. The gains on the net monetary position of USD 458.5 million have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 640.2.

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 18.0:1 has been used.

The comparative amounts in the consolidated financial statements have not been restated as the presentation currency of the group is that of a non-hyperinflationary economy.

The directors continue to monitor the economic conditions in Zimbabwe.

2. Accounting policies (continued)

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 2019 with the exception of:

(i) IFRS 16 "Leases", which was adopted as at 1 March 2019 *(see Impact of initial application of IFRS 16 "Leases" below)* , and
(ii) IAS 29 "Financial Reporting in Hyperinflationary Economies" *(see note 2.2.2 Hyperinflation accounting above).*

Impact of initial application of IFRS 16 "Leases"

IFRS 16 “Leases” was issued in January 2016 to replace IAS 17 “Leases”. The standard was effective for accounting periods beginning on or after 1 January 2019 and was adopted by the group on 1 March 2019.

IFRS 16 primarily changed lease accounting for lessees; lease agreements give rise to the recognition of an asset representing the right to use the leased item (a "Right-of-Use asset") and a lease obligation ("Lease Liabilities") for future lease payables. Lease costs are recognised in the form of depreciation of the Right-to-Use asset and interest on the Lease Liability.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and did not have a material impact for the group.

The group has assessed the impact of the accounting changes under IFRS 16 with effect from 1 March 2019 and notes the following:

• Right-of-Use assets have been recorded for assets that were leased, measured at the present value of future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which includes future lease periods for which the group has extension options. Previously, no leased assets were included in the group‘s consolidated statement of financial position for operating leases. Under IFRS 16, Right-of-Use assets are tested for impairment in accordance with IAS 36 “Impairment of Assets”. This replaces the previous requirement to recognise a provision for onerous lease contracts. The group has recognised a Right-Of-Use asset at the date of initial application for leases previously classified as an operating lease under IAS 17 "Leases". The group has elected, on a lease-by-lease basis, to measure that Right-Of-Use asset at either:

(a) its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application; or
(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

After the commencement date, the Right-Of-Use asset has been measured applying a cost model. To apply a cost model, the entity shall measure the Right-Of-Use asset at cost:

(a) less any accumulated depreciation and any accumulated impairment losses; and
(b) adjusted for any remeasurement of the Lease Liability.

• At commencement date, Lease Liabilities have been recorded at the present value of future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which includes future lease periods for which the group has extension options. Previously, Lease Liabilities were generally not recorded for future operating lease payments and were, instead, disclosed as commitments. After the commencement date, the Lease Liability has been measured by:

(a) increasing the carrying amount to reflect interest on the Lease Liability;
(b) reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

• At the commencement date, the rate implicit in the lease has been used as the discount rate. If this rate cannot be readily determined, the group uses incremental borrowing rates applicable to each entity and class of lease. The group’s weighted average incremental borrowing rate is 8.5% as per the practical expedient provided by IFRS 16.

2. Accounting policies (continued)

2.3 Accounting policies (continued)

Impact of initial application of IFRS 16 "Leases" (continued)

If the group is required to revise the discount rate due to changes in conditions related to the lease, the interest rate implicit in the lease will be used, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

• Lease expenses are now recorded through depreciation for Right-of-Use assets and interest on Lease Liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Previously, operating lease rentals were expensed on a straight-line basis over the lease term and disclosed as part of administrative expenses.

• Operating lease cash outflows were previously included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these are recorded as cash flows from financing activities reflecting the repayment of Lease Liabilities (borrowings) and related interest.

• An operating lease under IAS 17 "Leases" may have had asset and service components and both parts would have been expensed. As a practical expedient under IFRS 16, the group has elected that any existing lease comprising both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead accounts for each lease component and the associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors.

For short term leases (lease term of 12 months or less) and leases of low-value assets, the group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss. Additionally, the group has elected to apply this to leases for which the lease term ends within 12 months of the date of initial application of IFRS 16. In this case, the group has accounted for those leases in the same way as short-term leases and included the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

On adoption of IFRS 16, the group had a choice between applying the fully retrospective approach or the modified retrospective approach for initial recognition of Right-of-Use assets. The group chose to apply the modified retrospective approach under which the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application (1 March 2019).

IFRS 16 has impacted a high volume of transactions and material judgements were required in identifying and accounting for leases. At 1 March 2019, the group has assessed the impact of these and other accounting changes that arose under IFRS 16 and the amount of adjustment for each financial statement line item affected by the implementation of IFRS 16 is illustrated below.

2. Accounting policies (continued)

2.3 Accounting policies (continued)

Impact of initial application of IFRS 16 "Leases" (continued)

Consolidated Statement of Financial Position	Previously Reported USD'000 (Audited)	IFRS 16 Impact USD'000 (Audited)	Adjusted USD'000 (Audited)
Non-current assets			
Right-of-Use assets (note 11)	-	108,386	108,386
Impact on total non-current assets	-	108,386	108,386
Equity and liabilities			
Capital and reserves			
Retained earnings	7,008	992	8,000
Impact on total equity	7,008	992	8,000
Non-current liabilities			
Long term lease liabilities	-	76,032	76,032
Impact on total non-current liabilities	-	76,032	76,032
Current liabilities			
Trade and other payables	151,812	(3,825)	147,987
Short term portion of long-term lease liabilities	-	35,187	35,187
Impact on total current liabilities	151,812	31,362	183,174

The impact of IFRS 16 on the consolidated interim statement of profit or loss for the 12 months ended 29 Februrary 2020 is as follows:

	29/02/2020 USD'000 (Audited)
Increase in Adjusted EBITDA	37,346
Increase in Depreciation, impairment and amortisation (note 11)	(34,669)
Increase in Operating profit	2,677
Increase Finance costs (note 6)	(9,524)
Net impact on loss for the period	(6,847)

The application of IFRS 16 for the year ended 29 February 2020 had a negative impact on the consolidated statement of profit or loss of USD 6.8 million. Adjusted EBITDA (as defined in note 4.1) increased by USD 37.3 million as operating lease rentals were previously expensed on a straight line basis over the lease term and were disclosed under administrative expenses. Under IFRS 16 depreciation of the Right-of-Use asset and interest costs associated with the Lease Liability are recorded in the consolidated statement of profit or loss under depreciation, impairment and amoritisation and finance costs, respectively.

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 2019. In addition, the following significant accounting judgements and critical estimates have also been made:

2. Accounting policies (continued)

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

Material judgements (continued)

Revenue Recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 "Revenue from Contracts with Customers" and whether the group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current period is appropriate.

Classification and measurement of financial instruments

• Classification of financial assets: The group uses judgement in the assessment of the business models within which the non-equity financial assets are held and the assessment of whether the contractual terms of such financial assets are solely payments of principal and interest on the principal amounts outstanding.

• Valuation of investments: Previously, under IAS 39, the investments were classified as 'Available-for-sale' and measured at cost. As of 1 March 2018, under the new standard, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

• Impairment: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Identification of leases and lease term

In making their judgement, the directors considered the detailed criteria for the recognition of leases as set out in IFRS 16. The group, at the inception of the contract, assesses whether the contract contains a lease by considering if the contract conveys a right of control to use the identified asset for a period of time in exchange for consideration. The group considers whether the contract involves the use of an identified asset, whether the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and also if the group has the right to direct the use of the asset.

Further, judgements are made when determining the appropriate lease term and whether it is reasonably certain that a termination or extension option will be exercised, and in relation to any incremental borrowing rate used.

The directors are satisfied that leases have been appropriately identified and that the lease terms have been correctly measured.

Material estimates

Royal Bafokeng Holdings - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 29 February 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agreed price, an additional USD 2.3 million of share value will be issued to RBH.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values which, in compliance with of IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2. Accounting policies (continued)

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

Material judgements (continued)

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable 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.

Impact of COVID-19 pandemic

Due to the unpredictable financial outcome of the COVID-19 pandemic, management has made the following estimates:

1. Expected credit loss assessment on Trade and affiliated entities receivables

Of the USD 16.1 million of doubtful debt provision raised (included under Allowance for doubtful debts in note 13 - Trade and other receivables), USD 2.0 million relates to the expected credit loss for the potential impact of the pandemic on the recoverability of the trade and affiliated entities receivables.

2. Impairment assessment on Intangible assets, Property, plant and equipment, and Right-of-Use assets.

Considering the nature of the group's business (see note 1 - General information), management considers that there is no indication of impairment as telecommunications is a key resource during this pandemic.

3. Operating activities

None of the group's operations have been suspended or are expected to be suspended. In March 2020, USD 40.0 million was drawn down on the USD 73.0 million RCF as a precautionary measure to preserve liquidity. Management is confident that the business is sufficiently capitalised with the appropriate level of liquidity and profitability and remains a going concern. As such, the group is able to meet its known obligations in the ordinary course of business for the next twelve months from date of signing of the financial statements and has therefore adopted the going concern assumption in the preparation of these financial statements.

Management also continues to monitor the business for any further impact including volatility of exchange rates.

4. Fair value measurement

As described in our accounting policies on financial instruments (see note 2 - Summary of significant accounting policies) and note 22 on fair value measurements recognised in the consolidated statement of financial position, the fair value of our financial assets and financial liabilities are based on unobservable inputs which are not market dependent.

Further, the directors consider the financial assets and financial liabilities stated at amortised cost in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

As such, appropriate fair value measurement has been applied at 29 February 2020 and management estimates that the pandemic would have little to no impact on the fair value measurements applied in the near future.

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).

Group revenue can be classified into four revenue streams:

• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

The measure of reporting profit for each operating segment, which also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

Adjusted EBITDA is defined as earnings before profit before interest, taxation, depreciation, amortisation, and impairment, and is also presented before recognising the following items:

• Restructuring costs
• Acquisition and other investment costs
• Foreign exchange (loss) / gain
• Impact of retrospective change in functional currency in Zimbabwe (see note 2.2)
• Impact of application of IFRS 16 "Leases" (see note 2.3)
• Hyperinflation monetary gain
• Share of profits of associate

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 29 February 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	249,020	39,998	46,866	84,761	-	(66,713)	353,932
Enterprise	157,659	27,862	58,603	2,600	-	-	246,724
Retail	2,453	28,881	8,780	-	-	-	40,114
Wholesale voice traffic	10,718	-	14	147,778	-	(13,539)	144,971
Inter-segmental revenue	(11,949)	(1,031)	(8,342)	(58,930)	-	80,252	-
Group External Revenue	**407,901**	**95,710**	**105,921**	**176,209**	**-**	**-**	**785,741**
EBITDA including impact of application of IFRS 16 "Leases"	132,894	33,437	27,761	68,822	(8,098)	(7,476)	247,340
Excluding impact of application of IFRS 16 "Leases"	(17,457)	(962)	(7,664)	(11,263)	-	-	(37,346)
Adjusted EBITDA	115,437	32,475	20,097	57,559	(8,098)	(7,476)	209,994
Impact of application of IFRS 16 "Leases"							37,346
Depreciation, impairment and amortisation							(149,889)
Restructuring costs							(455)
Acquisition and other investment costs							(921)
Interest income							2,979
Finance costs							(79,427)
Foreign exchange loss							(599,078)
Hyperinflation monetary gain							458,507
Share of profits of associate							105
Loss before taxation							**(120,839)**
Tax credit							57,511
Loss for the year							**(63,328)**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 28 Februray 2019 and includes the impact of the currency changes in Zimbabwe.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Data and other services							
Wholesale	86,334	60,776	42,151	77,195	-	(50,125)	216,331
Enterprise	170,790	25,066	52,893	5,453	-	-	254,202
Retail	9,359	31,077	7,404	-	-	-	47,840
Wholesale voice traffic	17,854	-	11	163,993	-	(31,321)	150,537
Inter-segmental revenue	(14,081)	(916)	(5,910)	(60,539)	-	81,446	-
Group External Revenue	**270,256**	**116,003**	**96,549**	**186,102**	**-**	**-**	**668,910**
EBITDA including impact of retrospective change in functional currency	65,136	53,623	19,627	76,299	(23,005)	(10,174)	181,506
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	-	29,583	-	-	-	-	29,583
Adjusted EBITDA	65,136	83,206	19,627	76,299	(23,005)	(10,174)	211,089

Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	(29,583)
Depreciation, impairment and amortisation	(99,414)
Restructuring costs	(5,757)
Acquisition and other investment costs	(5,269)
Interest income	5,589
Finance costs	(73,528)
Foreign exchange loss	(91,780)
Share of profits of associate	62
Loss before taxation	**(88,591)**
Tax expense	(27,540)
Loss for the period	**(116,131)**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 29 February 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	88,559	21,221	10,560	27,081	-	(21,499)	125,922
Enterprise	34,627	15,187	15,882	293	-	-	65,989
Retail	-	12,509	2,449	-	-	-	14,958
Wholesale voice traffic	2,091	-	-	38,474	-	(2,129)	38,436
				-		-	
Inter-segmental revenue	(2,420)	(258)	(2,179)	(18,771)	-	23,628	-
Group External Revenue	**122,857**	**48,659**	**26,712**	**47,077**	**-**	**-**	**245,305**
EBITDA including impact of application of IFRS 16 "Leases"	34,796	18,351	53	17,135	10,227	(5,020)	75,542
Excluding impact of application of IFRS 16 "Leases"	(6,004)	(247)	(1,986)	(2,747)	-	-	(10,984)
Adjusted EBITDA	28,792	18,104	(1,933)	14,388	10,227	(5,020)	64,558
Impact of application of IFRS 16 "Leases"							10,984
Depreciation, impairment and amortisation							(59,618)
Restructuring costs							11
Acquisition and other investment costs							(572)
Interest income							717
Finance costs							(21,425)
Net foreign exchange loss							(173,325)
Hyperinflation monetary gain							133,495
Share of profits of associate							88
Loss before taxation							**(45,087)**
Tax credit							60,460
Loss for the period							**15,373**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 28 February 2019.

	South Africa USD'000	Zimbabwe USD'000	Rest of Africa USD'000	Rest of the World USD'000	Central Administration Costs USD'000	Eliminations USD'000	Total USD'000
Data and other services							
Wholesale	31,873	9,823	10,297	13,728	-	(8,840)	56,881
Enterprise	39,432	3,834	13,857	2,037	-	-	59,160
Retail	1,616	5,923	1,873	-	-	-	9,412
Wholesale voice traffic	3,725	-	3	43,985	-	(9,523)	38,190
Inter-segmental revenue	(3,952)	(238)	(1,698)	(12,475)	-	18,363	-
Group External Revenue	**72,694**	**19,342**	**24,332**	**47,275**	**-**	**-**	**163,643**
EBITDA including impact of retrospective change in functional currency	29,942	6,597	4,486	14,498	(7,171)	(2,982)	45,370
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	-	17,955	-	-	-	-	17,955
Adjusted EBITDA	29,942	24,552	4,486	14,498	(7,171)	(2,982)	63,325

Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	(17,955)
Depreciation, impairment and amortisation	(26,518)
Restructuring costs	1,050
Acquisition and other investment costs	(1,732)
Interest income	1,732
Finance costs	(21,741)
Net foreign exchange gain	6,894
Share of profits of associate	25
Profit before taxation	**5,080**
Tax expense	(6,280)
Loss for the period	**(1,200)**

4. Restructuring costs

On 30 March 2019, the group commenced restructuring of its operations, primarily in Liquid Telecommunications Zambia Limited (2019: costs related to restructuring of Liquid Telecommunications South Africa (Pty) Ltd, Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) Limited), due to the introduction of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	12 months ended		3 months ended	
	29/02/2020	28/02/2019	29/02/2020	28/02/2019
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)
Redundancy costs	406	4,685	(44)	(1,165)
Employee support costs	-	441	-	(239)
Legal fees	23	175	23	60
Other costs	26	456	10	294
	455	**5,757**	**(11)**	**(1,050)**

5. Interest income

	12 months ended		3 months ended	
	29/02/2020	28/02/2019	29/02/2020	28/02/2019
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)
Interest received - bank / external	2,554	5,251	586	1,650
Interest received - inter-group (note 18)	425	338	131	82
	2,979	**5,589**	**717**	**1,732**

6. Finance costs

	12 months ended		3 months ended	
	29/02/2020	28/02/2019	29/02/2020	28/02/2019
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)
Interest on bank overdraft and loans	4,315	7,940	2,464	5,344
Finance cost on Senior Secured Notes	62,050	62,050	15,512	15,512
Finance arrangement fees	3,538	3,538	885	885
Interest expense on lease liabilities	9,524	-	2,564	-
	79,427	**73,528**	**21,425**	**21,741**

7. Taxation

	12 months ended		3 months ended	
	29/02/2020	28/02/2019	29/02/2020	28/02/2019
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)
Current taxation	6,953	11,760	3,370	190
Deferred taxation	(67,547)	14,088	(65,040)	5,348
Withholding taxation	3,083	1,692	1,210	742
Total taxation	**(57,511)**	**27,540**	**(60,460)**	**6,280**
Profit / (loss) before taxation	(120,839)	(88,591)	(45,087)	5,080
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(37,777)	(28,591)	(39,382)	(7,736)
Tax effect of non-deductible expenses	(6,326)	64,638	(13,966)	29,712
Tax effect of non-taxable income	(374)	(5,667)	(2,809)	(712)
Foreign tax credit	(7,533)	(7,997)	(2,977)	(1,428)
Effect of tax losses not recognised as deferred tax assets	3,784	4,147	1,201	(13,633)
Tax effect of utilised unrecognised tax losses	(12,368)	(682)	(3,737)	(665)
Withholding taxation	3,083	1,692	1,210	742
	(57,511)	**27,540**	**(60,460)**	**6,280**

7. Taxation (continued)

The company, being the holder of a GBL2 licence is not liable to income tax in Mauritius. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

	29/02/2020	28/02/2019
Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

8. Goodwill

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Cost		
Opening balance	137,341	162,069
Foreign exchange loss	(15,100)	(24,728)
Adjustments - IAS 29	3,529	-
Closing balance	**125,770**	**137,341**

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGU's) that are expected to benefit from that business combination.

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,922	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	109,527	122,199
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	125,770	**137,341**

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period.

The following key assumptions were used for the value in use calculations:

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 2.0% to 5.0%.
• Discount rates: discount rates ranged from 11.0% to 13.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

9. Intangible assets

Group

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2018 (Audited)	24,467	44,741	114,139	65,868	2,858	-	31,209	283,282
Purchases during the year	5,622	3,698	2,616	-	3,928	-	-	15,864
Disposals during the year	-	(1,289)	-	-	(2,746)	-	-	(4,035)
Transfers	-	40	-	-	(40)	-	-	-
Transfers from fixed assets (note 10)	-	-	2,183	-	-	-	-	2,183
Foreign exchange differences	(2,876)	(6,503)	(4,549)	(12,974)	-	-	(1,979)	(28,881)
At 28 February 2019 (Audited)	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases during the year	534	2,493	9,495	-	976	-	-	13,498
Disposals during the year	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from fixed assets (note 10)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-		-	8,207
At 29 February 2020 (Audited)	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Accumulated amortisation:								
At 1 March 2018 (Audited)	6,610	36,768	39,815	4,921	-	-	11,816	99,930
Amortisation	1,849	3,305	7,846	4,730	-	-	9,253	26,983
Disposals during the year	-	(1,289)	-	-	-	-	-	(1,289)
Transfers to fixed assets (note 10)	-	-	780	-	-	-	-	780
Foreign exchange differences	(765)	(5,367)	(2,131)	(792)	-	-	(2,062)	(11,117)
At 28 February 2019 (Audited)	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,851	3,286	8,105	3,398	-	-	8,202	24,842
Disposals during the year	-	(172)	-	-	-	-	-	(172)
Transfers from fixed assets (note 10)	-	(45)	-	-	-	2	-	(43)
Foreign exchange differences	(1,748)	(3,835)	(1,410)	(783)	-	-	(2,333)	(10,109)
Adjustments - IAS 29	1,720	862	-	-	-		-	2,582
At 29 February 2020 (Audited)	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Carrying amount:								
At 28 February 2019 (Audited)	19,519	7,270	68,079	44,035	4,000	-	10,223	153,126
At 29 February 2020 (Audited)	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325

9. Intangible assets (continued)

During the year ended 29 February 2020, the following major transactions took place with respect to Intangible assets:
• the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited. This transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million representing the capital contributed by the minority interest.
• the group acquired a 20 year Fibre Optical - IRU, through Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L), in the Democratic Republic of Congo ("DRC') for USD 7.6 million. This acquisition extends the group's fibre network across DRC.

During the year ended 28 February 2019, the group acquired a 20 year Operating Licence, through Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L), in the Democratic Republic of Congo ("DRC') for USD 5.6 million. This operating licence will facilitate the deployment and provision of fibre based internet services across DRC.

10. Property, plant and equipment

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Data centres[1]	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:									
At 1 March 2018 (Audited)	78,482	11,112	37,472	91,663	8,767	-	76,024	987,732	1,291,252
Additions	4,960	1,888	6,485	3,865	1,621	-	25,243	144,436	188,498
Disposals	-	(363)	(753)	(247)	(580)	-	(5,741)	(17,672)	(25,356)
Transfers	4,630	135	117	3,860	-	-	(25,632)	16,890	-
Transfer from / (to) intangible assets (note 9)	-	-	-	-	-	-	-	(2,183)	(2,183)
Transfer to inventory	-	-	7	-	-	-	-	-	7
Foreign exchange differences	(7,507)	(630)	(4,861)	(5,333)	(152)	-	(9,721)	(96,584)	(124,788)
At 28 February 2019 (Audited)	80,565	12,142	38,467	93,808	9,656	-	60,173	1,032,619	1,327,430
Additions	2	463	1,342	1,471	121	7,395	37,009	57,058	104,861
Disposals	-	(774)	(656)	(1,693)	(201)	-	(2,711)	(23,458)	(29,493)
Impairment	-	-	-	-	-	-	(2,284)	-	(2,284)
Transfers	(20,477)	(120)	(5,052)	2,729	-	94,711	(29,854)	(41,937)	-
Transfer from/(to) Intangible assets (note 9)	-	-	-	-	-	(14)	-	(26)	(40)
Foreign exchange differences[2]	(6,244)	(2,950)	(3,925)	(8,462)	(4,804)	(6,323)	(13,661)	(306,567)	(352,936)
Adjustments - IAS 29	3,785	3,431	2,231	7,228	6,044	-	8,227	359,128	390,074
At 29 February 2020 (Audited)	57,631	12,192	32,407	95,081	10,816	95,769	56,899	1,076,817	1,437,612
Accumulated depreciation									
At 1 March 2018 (Audited)	17,692	8,385	29,358	68,367	6,151	-	(2,257)	398,723	526,419
Depreciation	1,701	981	3,447	9,552	882	-	-	53,433	69,996
Disposals	-	(322)	(742)	(228)	(500)	-	-	(130)	(1,922)
Transfer from Intangible assets (note 9)	-	-	-	-	-	-	-	(780)	(780)
Foreign exchange differences	(2,586)	(494)	(3,726)	(1,262)	(110)	-	-	(44,701)	(52,879)
At 28 February 2019 (Audited)	16,807	8,550	28,337	76,429	6,423	-	(2,257)	406,545	540,834
Depreciation	649	1,250	4,412	9,935	1,339	5,986	-	63,385	86,956
Disposals	-	(753)	(531)	(1,763)	(190)	-	-	(2,133)	(5,370)
Transfers	(3,439)	(159)	(5,085)	(393)	-	23,528	-	(14,452)	-
Transfer from/(to) Intangible assets (note 9)	-	-	-	-	-	45	-	(2)	43
Foreign exchange differences[2]	(1,093)	(1,218)	(2,942)	(4,738)	(2,633)	(2,002)	-	(82,093)	(96,719)
Adjustments - IAS 29	-	2,493	1,282	5,452	4,839	-	-	156,422	170,488
At 29 February 2020 (Audited)	12,924	10,163	25,473	84,922	9,778	27,557	(2,257)	527,672	696,232
Carrying amount:									
At 28 February 2019 (Audited)	63,758	3,592	10,130	17,379	3,233	-	62,430	626,074	786,596
At 29 February 2020 (Audited)	44,707	2,029	6,934	10,159	1,038	68,212	59,156	549,145	741,380

Refer to note 14 for securities on property, plant and equipment.

During the year ended 29 February 2020:

• assets relating to the Data Centre line of business were re-classified to a single category to better present the use of assets. Of the USD 94.7 million transferred, USD 6.8 million relates to additions during the year within the transfer line. As is appropriate under IFRS, USD 26.7 million of Data Centre real estate remains in the Land and buildings category.

• Work-in-progress was impaired by USD 2.3 million relating to redundant technology and is disclosed in 'Depreciation, impairment and amortisation'.

The significant foreign exchange difference arising in the year ended 29 February 2020 is primarily due to the deterioration of the ZWL$:USD exchange rate from 2.5:1 at 28 February 2019 to 18.0:1 at 29 February 2020. This is largely offset by the IAS 29 hyperinflation adjustment.

11. Right-of-Use assets

	Land and buildings	Computer equipment	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	35,180	1,759	15,424	108,386
Additions	7,597	-	3,312	14	3,729	14,652
Disposals	(13)	-	-	-	-	(13)
Impairment	(2,551)	-	-	-	-	(2,551)
Foreign exchange differences	(2,637)	-	(11)	(95)	(1,092)	(3,835)
Adjustments - IAS 29	11,986	-	-	-	-	11,986
At 29 February 2020 (Audited)	70,382	23	38,481	1,678	18,061	128,625
Accumulated depreciation:						
Depreciation	11,284	-	12,769	591	7,474	32,118
Disposals	(13)	-	-	-	-	(13)
Foreign exchange differences	(383)	-	(2)	(25)	(426)	(836)
Disposals	14	-	-	-	-	14
At 29 February 2020 (Audited)	10,902	-	12,767	566	7,048	31,283
Carrying amount:						
At 29 February 2020 (Audited)	59,480	23	25,714	1,112	11,013	97,342

See note 2.3 for the impact of application of IFRS 16 "Leases".

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

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Cash and bank balances	81,257	77,222
Money market deposits	2,235	16,053
Cash and cash equivalents	**83,492**	**93,275**
Restricted cash and cash equivalents	**1,511**	**1,807**
Total cash and cash equivalents	**85,003**	**95,082**

The cash and cash equivalents are mainly denominated in USD, GBP, KES, ZAR and ZWL$ and are located in Mauritius, United Kingdom, Kenya, South Africa and Zimbabwe.

Cash and cash equivalents include USD 22.5 million (28 February 2019: USD 49.1 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 18.0:1. See note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.

13. Trade and other receivables

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Trade receivables	150,886	122,767
Allowance for doubtful debts	(41,692)	(32,096)
Affiliated entities (note 18)	39,631	41,106
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**148,825**	**131,777**
Sundry debtors	44,489	11,636
Deposits paid	4,565	4,596
Prepayments	23,494	24,577
	221,373	**172,586**

The average credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group makes use of forward-looking information as well as certain assumptions about the risk and probability of default together with expected loss rates. The group assesses the recoverability on both a collective and individual basis.

Before accepting any new customer, the group ascertains the creditworthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be filled in by any new customer. The creditworthiness of customers is reviewed throughout the period.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within six months.

In addition to the current items not yet due of USD 81.0 million (28 February 2019: USD 60.8 million) for the group, the trade receivables and affiliated entities balances disclosed below include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

	Ageing of past due but not impaired	
	29/02/2020 USD'000	**28/02/2019 USD'000**
Group	**(Audited)**	**(Audited)**
31 - 60 days	10,594	15,205
61 - 90 days	9,895	6,659
91 - 120 days	8,030	5,966
121 + days	39,298	43,141
Total ageing of past due but not impaired	**67,817**	**70,971**
Current items	81,008	60,806
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**148,825**	**131,777**

13. Trade and other receivables (continued)

See note 2.4 - 'Critical accounting judgements and key sources of estimation uncertainty' for the impact of COVID-19 pandemic on the expected credit loss assessment on Trade and affiliated entities receivables.

Included in amounts past due but not impaired are USD 39.6 million (28 February 2019: USD 41.1 million) of receivables from the Econet Group. Refer to note 18 for the total breakdown of Econet Group trade receivables.

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

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	10,859	14,672
USD 730 million 8.5% Senior Secured Notes	721,656	718,118
	732,515	**732,790**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,813	3,813
USD 730 million 8.5% Senior Secured Notes	8,273	8,273
USD 10 million Cisco loan facility	-	1,137
USD 73 million revolving credit facility	125	73,083
Other short term borrowings	-	940
	12,211	**87,246**

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 29 February 2020, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited) with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility agreement between the company, The Mauritius Commercial Bank (participation previously owned by Citibank, N.A.), Standard Bank of South Africa, Standard Finance (Isle of Man) Limited and Standard Chartered Bank. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As at 28 February 2019, the company had drawn down all of the facility. The facility was repaid in full in April 2019. At 29 February 2020, the facility was undrawn, however, in March 2020, the group drew USD 40.0 million as a precautionay measure in light of the COVID-19 pandemic.

As at 29 February 2020, Liquid Telecommunications Zambia Limited has a USD 15.3 million term loan and USD 8.0 million of Revolving Credit Facility facilities with Stanbic Bank of Zambia. The company guarantees up to USD 13.0 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The term loan is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The Revolving Credit Facility facilities are denominated in USD, bear interest at the rate of Libor plus 6% and are repayable by December 2020. As at 29 February 2020, the outstanding balance on the term loan is USD 6.7 million and USD 8.0 million on the Revolving Credit Facilities. The Revolving Credit Facilities were extended after the year end. See 'Funding facilities' in note 2.1 for further details.

15. Long-term lease liabilities and short-term portion of long-term lease liabilities

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Long-term portion of lease liabilities	65,492	-
Short-term portion of lease liabilities	29,922	-
	95,414	**-**

16. Trade and other payables

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Trade accounts payable	80,568	76,301
Payable balance to affiliated entities (note 18)	3,315	3,155
Accruals	53,177	56,383
Staff payables	2,147	1,746
Transaction taxes due in various jurisdictions	3,660	3,494
Unfavourable contracts	633	579
Senior secured notes premium	1,930	1,930
Other short term payables	9,257	8,224
	154,687	**151,812**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

Amounts payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

The amount payable to affiliated entities and related parties are unsecured, interest free and repayable on demand.

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

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Long-term portion of deferred revenue	52,898	54,422
Short-term portion of deferred revenue	6,690	21,960
	59,588	**76,382**

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services which includes deferred revenue on the Indefeasible-Right-of-Use (IRU) which will be amortised over a period of 10 to 15 years and other advanced billings which will be amortised over a period of 1 to 3 years.

18. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), Econet Media Limited (Zambia), Kwese Play (Pty) Limited (South Africa), Kwese Channels (Pty) Limited (South Africa), Econet South Africa (Pty) Limited, Steward Bank Limited, Omni Broadcast Limited (Uganda) and Cumii Kenya Limited and are referred to as "Econet Global related group companies". They have been disclosed as related parties due to their common control.

18. Related party transactions and balances (continued)

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the note. The transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the period, the group entered into the following trading transactions with related parties:

	12 months ended		3 months ended	
	29/02/2020	**28/02/2019**	**29/02/2020**	**28/02/2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
	(Audited)	**(Audited)**	**(Audited)**	**(Audited)**
Sales of goods and services				
Econet Global related group companies	58,630	102,529	30,348	20,987
Purchase of goods and services				
Econet Global related group companies	27,179	29,399	13,605	8,063
Management fees paid				
Econet Global related group companies	240	1,500	120	375
Management fees received				
Econet Global related group companies	26	9	21	4
Dividend paid				
Econet Global Limited	-	13,500	-	-
Interest income				
Econet Global related group companies	425	338	235	82
Administration fees paid				
DTOS Limited	367	309	301	96

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

	29/02/2020	**28/02/2019**
	USD'000	**USD'000**
	(Audited)	**(Audited)**
Receivables balances from affiliated entities		
Econet Global Limited (Mauritius)	27,171	18,695
Econet Global related group companies	12,460	22,411
	39,631	**41,106**
Payable balance to affiliated entities		
Econet Global related group companies	3,315	3,155
Acquisition of minority interest in subsidiary		
Econet Global related group companies	-	135,000

19. Capital commitments

	29/02/2020	**28/02/2019**
	USD'000	**USD'000**
	(Audited)	**(Audited)**
At 29 February 2020, the group has the following capital commitments:		
Authorised and contracted	53,754	40,925

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

20. Post balance sheet events

Zimbabwean currency

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the current interbank level of ZWL$:USD 25:1. Further to an announcement on 8 June, the RBZ has indicated that this fixed rate will end on 23 June 2020.

COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments. The evolution of the pandemic in the various territories in which the group operates is being closely monitored by the directors and they have to date assessed a number of potential scenarios to understand the potential financial impact of COVID-19 on the group. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the group. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility in exchange rates.

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 29 February 2020 and results of operations for the year (see note 2.4 - Critical accounting judgements and key sources of estimation uncertainty for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

Disposal of shares in Liquid Telecommunications Kenya Limited

On 1 March 2020, the company entered into an agreement with Stamford TC Limited whereby the company disposed 20% of its shareholding in Liquid Telecommunications Kenya Limited to Stamford TC Limited for a consideration of USD 2.3 million. This transfer is made to satisfy the 20% local equity participation required of telecommunication companies in Kenya.

Dividend

Following the year end, on 8 June 2020 the company declared a dividend in shares, or where a shareholder had an outstanding liability to the company, by offset of that liability. Of the USD 40.3 million value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

Acquisition of shares in Worldstream (Pty) Ltd

On 10 June 2020, the company entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from EGL for non-cash consideration of USD 9.0 million.

21. Dividend

No dividend was declared for the year ended 29 February 2020 (28 February 2019: USD 13.5 million paid). The dividends, for the year 28 February 2019, were declared in fulfilment of the Econet Strategic Support agreement ("SSA") and paid to Econet Wireless Group only - all other shareholders renounced their right to these dividends.

The dividends were declared in accordance with the SSA for the full year ended 28 February 2019, where Econet Wireless International Limited agreed to provide Liquid Telecommunications Holdings Limited with strategic support, engineering network design services and certain business opportunities. Liquid Telecommunications Holdings Limited may elect to pay the fee by way of special dividend, which accrues to Econet Global Limited to the exclusion of all other shareholders to the company. The SSA was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
29 February 2020				
Investments	-	-	10,814	10,814
Unfavourable contract	-	-	10,320	10,320
Total	**-**	**-**	**21,134**	**21,134**
28 February 2019				
Investments	-	-	10,814	10,814
Unfavourable contract	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**

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

Investments

As of 29 February 2020, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value. Accordingly, the investments are classified under level 3 of the fair value hierarchy.

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Opening balance	10,814	12,447
Additions	-	310
Impairment	-	(1,943)
Closing balance	10,814	10,814

No impairment was required following the review of the carrying value of the investments by the directors for the year ended 29 February 2020.

During the year ended 28 February 2019, the directors carried out a review of the carrying value of the investments. The review led to an impairment of costs amounting to USD 1.9 million as the project concerned was no longer viable. In assessing for impairment, the company estimated the fair value less costs to sell of the investments. The fair value less costs to sell is equal to the value of the investments and hence the recoverable amount of the relevant investments have been determined on the basis of their fair value less costs to sell.

Unfavourable contracts

The company purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess O&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the O&M for an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the committed contract price and for the excess O&M charges as at acquisition.

	29/02/2020 USD'000 (Audited)	28/02/2019 USD'000 (Audited)
Opening balance	11,058	10,539
Adjustment	-	1,582
Unwinding of interest	869	(518)
Charge to Cost of sales	(1,451)	(146)
Foreign exchange (loss)/gain	(156)	(399)
Closing balance	10,320	11,058

23. Non-cash transactions

During the current financial year, the group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 29 February 2020:

• In February 2020, the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). At group level, this transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million (see note 9 - Intangible assets), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

• the group made some disposals and acquisitions of property, plant and equipment and intangible assets with other subsidaries at a net amount of USD 1.3 million which were settled through short-term inter-company receivables/payables.

• the investments in Liquid Telecom West Africa Data Centre Ghana Limited and Liquid Telecom West Africa Data Centre Nigeria Limited, totalling to USD 0.5 million, are payable at year end.

23. Non-cash transactions (continued)

During the year ended 28 February 2019:

• the group acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe by issue of 10,705,789 ordinary shares of the company to Econet Wireless Zimbabwe Limited amounting to USD 135.0 million.

• the group acquired the remaining 2.5% non-controlling interest in Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) for a non-cash consideration of USD 450,000.

• there were several disposals and acquisitions of property, plant and equipment and intangible assets between some subsidiaries at cost/carrying value. The company also made some disposals and acquisitions with other subsidaries at a net amount of USD 1.1 million which were settled through short-term inter-company receivables/payables.

24. (Loss) / earnings per share

	12 months ended		3 months ended	
	29/02/2020	**28/02/2019**	**29/02/2020**	**28/02/2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
	(Audited)	**(Audited)**	**(Audited)**	**(Audited)**
Basic (loss) / earnings per share (Cents per share)	(51.64)	(65.20)	12.86	0.03

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	(63,120)	(72,739)	15,633	34

	29/02/2020	**28/02/2019**
	(Audited)	**(Audited)**
Weighted average number of ordinary shares for the purpose of basic loss per share for the period/year ended	122,236,964	111,560,506

The share capital above represents 122,236,964 ordinary shares (2019: 122,236,964 ordinary shares) with a par value of USD 0.0297541580 each.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the group to Econet Wireless Private Limited (Zimbabwe) ("EWZ") in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") (51%) for total consideration of USD 135.0 million. Pursuant to arrangements between the Liquid Telecommunications Holdings Limited ("LTH") and EWZ made in connection with the LTZ share acquisition, these shares have restricted rights and are redeemable until such time as all final approvals have been received. On 21 November 2019, management received the final approval from the Reserve Bank of Zimbabwe, with the last condition having been satisfied.

25. Reconciliation

25.1 Reconciliation of consolidated audited statement of profit or loss to management profit or loss

The group has standardised its consolidated audited 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 audited statement of profit or loss and management profit or loss is included below:

	Audited Statement of profit or loss USD'000 (Audited)	Reclassification of network costs USD'000 (Audited)	Revised statement of profit or loss USD'000 (Audited)
12 months ended 29 February 2020:			
Revenue	785,741	-	785,741
Interconnect related costs	(123,560)	-	(123,560)
Data and network related costs	(242,414)	36,664	(205,750)
Gross Profit	419,767	36,664	456,431
Other income	4,583	-	4,583
Selling, distribution and marketing costs	(27,032)	-	(27,032)
Administrative expenses	(50,659)	(36,664)	(87,323)
Staff costs	(99,319)	-	(99,319)
	247,340	-	247,340
Impact of application of IFRS 16 "Leases"	(37,346)	-	(37,346)
Adjusted EBITDA	**209,994**	**-**	**209,994**
12 months ended 28 February 2019:			
Revenue	668,910	-	668,910
Interconnect related costs	(119,875)	-	(119,875)
Data and network related costs	(178,413)	45,145	(133,268)
Gross Profit	370,622	45,145	415,767
Other income	1,832	-	1,832
Dividend received	629	-	629
Selling, distribution and marketing costs	(18,787)	-	(18,787)
Administrative expenses	(57,362)	(45,145)	(102,507)
Staff costs	(115,428)	-	(115,428)
	181,506	-	181,506
Impact of change in functional currency in Zimbabwe	29,583	-	29,583
Adjusted EBITDA	**211,089**	**-**	**211,089**
3 months ended 29 February 2020:			
Revenue	245,305	-	245,305
Interconnect related costs	(33,637)	-	(33,637)
Data and network related costs	(80,230)	9,199	(71,031)
Gross Profit	131,438	9,199	140,637
Other income	2,485	-	2,485
Selling, distribution and marketing costs	(17,574)	-	(17,574)
Administrative expenses	(15,372)	(9,199)	(24,571)
Staff costs	(25,433)	-	(25,433)
	75,544	-	75,544
Impact of application of IFRS 16 "Leases"	(10,986)	-	(10,986)
Adjusted EBITDA	**64,558**	**-**	**64,558**
3 months ended 28 February 2019:			
Revenue	163,643	-	163,643
Interconnect related costs	(28,164)	-	(28,164)
Data and network related costs	(42,560)	10,010	(32,550)
Gross Profit	92,919	10,010	102,929
Other loss	1,308	-	1,308
Dividend received	-	-	-
Selling, distribution and marketing costs	(7,589)	-	(7,589)
Administrative expenses	(14,606)	(10,010)	(24,616)
Staff costs	(26,662)	-	(26,662)
	45,370	-	45,370
Impact of change in functional currency in Zimbabwe	17,955	-	17,955
Adjusted EBITDA	**63,325**	**-**	**63,325**