LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(“the Group”, “Liquid” or “Liquid Intelligent Technologies”)
FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 31 AUGUST 2021

An encouraging first half; strong growth driven by Networks and Cloud and Cybersecurity performances

21 October 2021

Leading pan-African technology solutions group Liquid Intelligent Technologies, a subsidiary of Econet Global Limited, today announces its financial results for the second quarter ended 31 August 2021.

H1 strategic highlights:

- The fibre network surpassed 100,000 kilometres, reinforcing the Group’s position as the provider of Africa’s largest independent fibre network
- Announced a partnership with Facebook to build an extensive long-haul and metro fibre network in the DRC
- The Group is now trading as Liquid Intelligent Technologies in all operating territories
- The Digital Solutions segment, largely encompassing Cloud and Cybersecurity, continued to deliver encouraging growth

Q2 financial highlights:

- Revenue of USD 187.3 million, up 21.6% year-on-year, driven by strong growth in Networks and Cloud and Cybersecurity
- Adjusted EBITDA[1] of USD 91.3 million, up 67.8% year-on-year, benefiting from the strong revenue growth and improved gross margins
- Strong liquidity position maintained with cash generated from operations of USD 84.7 million (Q2 2020-21: USD 55.6 million)
- Net debt[2] at the end of the quarter was USD 782.5 million, resulting in a net debt to adjusted EBITDA[1,2,3] ratio of 2.70x, with improved EBITDA and cash position creating significant headroom compared to the 4.50x threshold

Group financials	H1 2021-22 (USDm)	H1 2020-21 (USDm)	YoY (%)	Q2 2021-22 (USDm)	Q2 2020-21 (USDm)	YoY (%)
Revenue	349.3	295.7	18.1	187.3	154.0	21.6
Adjusted EBITDA	150.3	101.5	48.1	91.3	54.4	67.8
Cash generated from operations	104.1	93.1	11.8	84.7	55.6	52.3
Net debt	782.5	796.3	(1.7)	782.5	796.3	(1.7)
Net debt / adjusted EBITDA (x)	2.70	3.26	n/a	2.70	3.26	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, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

Group Chief Executive Officer, Nic Rudnick, commented:
"The first half results have been encouraging with growth driven by notably strong performances from Networks and Cloud and Cybersecurity and this against the backdrop of reducing voice revenues, resulting in a tough prior year comparative.

Strategically, we have made good progress in the first half, having: rebranded all operating countries to Liquid Intelligent Technologies; surpassed 100,000 kilometres of fibre network; launched a partnership with Facebook in the DRC; and driven very strong growth in our nascent but exciting, Cloud and Cybersecurity offerings.

We continue to be mindful of the challenges brought about by COVID but remain confident in our full year expectations"

Group Chairman, Strive Masiyiwa, added:
"I congratulate the team on a strong first half of the year. It is a reflection of the strength of the Group that despite the challenging operating environments, largely resulting from far lower levels of COVID vaccinations in its markets, Liquid's performance has remained highly resilient.

Following two decades of building out the network it was fantastic that the Group reached a landmark milestone having surpassed more than 100,000 kilometres of fibre in the first half, furthermore it was very encouraging to see such strong growth from strategically important, newer offerings, in Cloud and Cybersecurity as Liquid drives digital transformation across the continent."

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

For further information please contact:
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About Liquid Intelligent Technologies

Liquid Intelligent Technologies is a pan-African technology business with capabilities across 14 countries, primarily in Sub-Saharan Africa. Liquid has firmly established itself as the leading pan-African digital infrastructure provider with an extensive network of more than 100,000kms. Liquid Intelligent Technologies is redefining Network, Cloud and Cybersecurity offerings through strategic partnerships with leading global players, innovative business applications, intelligent cloud services and world-class security to the African continent. Liquid Intelligent Technologies is a full one-stop-shop technology business that provides tailor-made digital solutions to businesses in the public and private sectors across the continent. https://liquid.tech/

OPERATIONAL AND FINANCIAL REVIEW

Liquid Intelligent Technologies is a technology and digital solutions provider across 14 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. We have built Africa's largest independent fibre network of more than 100,000 kms.

Key performance indicators (KPIs)

The following table sets out the Group's key performance indicators for Q2 2021-22:

Key performance indicators	Q1 2020-21	Q2 2020-21	Q3 2020-21	Q4 2020-21	FY 2020-21	Q1 2021-22	Q2 2021-22
Total fibre network (Kms) [1]	90,922	92,120	93,196	96,620	96,620	100,017	100,402
Average churn rate (%) [2]	0.69%	1.60%	0.73%	0.50%	0.88%	0.79%	0.68%
Monthly recurring revenue (%) [3]	93.8%	89.0%	97.1%	83.4%	90.4%	93.0%	88.8%
Total capacity on subsea assets (Gbps) [4]	582	582	582	582	582	621	621

[1] Total fibre network in kilometres (incl. backbone, metro and FTTX) through which fibre is installed. Multiple kilometres of fibre cables or ducts within the same trench/overhead line are counted individually. Includes both owned and leased capacity through partnerships.
[2] Average churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non–renewals, divided by the total revenue for the month.
[3] Monthly recurring revenue is the total of all recurring revenue usage in the period normalised into a monthly amount and expressed as a percentage of total revenue in the same period.
[4] Capacity, in gigabit per second, purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (incl. IRUs).

The resumption of building work on our key projects increases our footprint and the Group closed the second quarter with a network spanning 100,402 kilometres.

There was an improvement in the average churn rate in Q2 to 0.68%, as businesses re-opened and resumed their services as economies gradually re-open.

As a higher proportion of contracts won in the period included an element of NRR, our MRR declined marginally quarter-on-quarter to 88.8%, albeit this was broadly in line with the prior year.

Subsea capacity remained stable at 621 Gbps in Q2, a reflection of the ongoing demand for inter-continental connectivity.

Segments

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

Digital Solutions - Encompasses our Cloud and Cybersecurity products, as this segment grows it will include other complementary digital products.

Data Technologies - This segment includes revenue from agreements with subsea cable providers, hosting of landing stations and providing the gateway to large, global network provision agreements as well as network roaming and managed services revenue. In time this segment will expand to include other innovations and new technologies in Africa.

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

Data Centre - Revenues generated from the data centres which in prior periods were held within the Liquid Telecommunications Holdings Group, however from the start of the current financial year are no longer part of this Group following their sale to the new group holding company.

Revenue

Revenue per segment	H1 2021-22 (USDm)	H1 2020-21 (USDm)	YoY (%)	Q2 2021-22 (USDm)	Q2 2020-21 (USDm)	YoY (%)
Network	237.5	164.6	44.3	129.5	79.0	63.9
Digital Solutions	31.4	18.8	67.0	16.2	7.6	113.2
Data Technologies	34.4	26.9	27.9	18.0	13.9	29.5
Voice	46.0	74.7	(38.4)	23.6	47.7	(50.5)
Data Centre	-	10.7	(100.0)	-	5.8	(100.0)
Total Revenue	**349.3**	**295.7**	**18.1**	**187.3**	**154.0**	**21.6**

Second quarter revenue was up 21.6% year-on-year at USD 187.3 million (Q2 2020-21: USD 154.0 million), driven by an improved performance in South Africa and strong results from Zimbabwe as the exchange rate and CPI have remained stable. A Group contract with Facebook in the second quarter also contributed to the uplift. In addition, Liquid Intelligent Technologies Zambia won a new MNO contract, which together with a recovery in the USD:ZMW exchange rate from 22.17 in Q1 to 21.35 in the quarter, hopefully indicates a more benign outlook for operations in the country.

The average rate of the South African Rand remained stable through the second quarter at ZAR:USD 14.67 compared to an average rate of ZAR:USD 17.37 in the second quarter of the prior year.

Total revenue for the first half was USD 349.3 million, 18.1% higher year-on-year (H1 2020-21: USD 295.7 million). On an organic basis, excluding the ADC revenue in the prior year, first half revenue growth would have been 22.6%.

Network

Network revenue, covering all intra- and inter-country fibre business, produced strong growth in the second quarter of 63.9% year-on-year at USD 129.5 million (Q2 2020-21: USD 79.0 million). This growth was largely driven by dark fibre sales in South Africa, new connections in the DRC and Zambia's contract with a local MNO. Zimbabwe also posted a strong contribution to Network revenue as demand for data connectivity continues to increase in the country.

Network revenue for the first half was USD 237.5 million (H1 2020-21: USD 164.6 million).

Digital Solutions

Encompassing Cloud, Cybersecurity and other digital services, demonstrated encouraging growth in the second quarter. Revenue more than doubled year-on-year to USD 16.2 million (Q2 2020-21: USD 7.6 million) driven by strong demand for cloud-based solutions.

First half revenues for Digital Solutions were USD 31.4 million compared to USD 18.8 million in the same period last year.

Data Technologies

Covering all our sea-to-land connections and subsea capacity, the Data Technologies revenue for the second quarter by 29.5% year-on-year to USD 18.0 million (Q2 2020-21: USD 13.9 million) due to new connections in the Rest of World geographies.

Data Technologies revenue for the first half was USD 34.4 million (H1 2020-21: USD 26.9 million), an increase of 27.9%.

Voice

Second quarter revenues in this segment were down 50.5% to USD 23.6 million, against USD 47.7 million in the same period last year, resulting from the continued fall in the volume of traditional voice minutes.

Overall for the half, voice revenues were USD 46.0 million (H1 2020-21: USD 74.7 million). However, in the comparative period last year, a number of special routing deals were concluded resulting in higher revenue but at a lower margin percentage. Similar deals were not repeated this year and as a result, the gross margin percentage for the Voice segment was higher.

Data Centre

Following the sale of the Data Centre business to the new group holding company, revenue will no longer be reported within Liquid Telecommunications Holdings Group moving forward.

Gross profit

Gross profit	H1 2021-22 (USDm)	H1 2020-21 (USDm)	YoY (% / pp)	Q2 2021-22 (USDm)	Q2 2020-21 (USDm)	YoY (%)
Revenue	349.3	295.7	18.1	187.3	154.0	21.6
Costs per quarterly financial statements	(85.6)	(106.1)	19.3	(42.4)	(58.1)	27.0
Gross profit	**263.7**	**189.6**	**39.1**	**144.9**	**95.9**	**51.1**
Gross profit margin (%)	75.5%	64.1%	11.4pp	77.4%	62.3%	15.1pp

The strong revenue performance carried down to the gross profit line in the second quarter, with improved operating margins helping to drive an increase in absolute gross profit of 51.1% to USD 144.9 million (Q2 2020-21: USD 95.9 million) and a 15.1pp improvement in the margin percentage to 77.4% versus 62.3% in the second quarter last year.

For the first half, the gross margin percentage improved by 11.4pp to 75.5% (H1 2020-21: 64.1%).

Total overheads and other income

Total overheads and other income	H1 2021-22 (USDm)	H1 2020-21 (USDm)	YoY (%)	Q2 2021-22 (USDm)	Q2 2020-21 (USDm)	YoY (%)
Other income	3.0	0.1	2,900.0	2.1	0.0	n/a
Selling, distribution and marketing costs	(7.5)	(10.1)	25.7	(0.7)	(4.9)	85.7
Administrative costs	(49.5)	(36.0)	(37.5)	(22.7)	(18.3)	(24.0)
Staff costs	(59.4)	(42.4)	(40.1)	(32.4)	(18.3)	(77.0)
Dividend received	0.0	0.3	n/a	0.0	0.0	n/a
Total overheads and other income	**(113.4)**	**(88.1)**	**(28.7)**	**(53.7)**	**(41.5)**	**(29.4)**
% to Total revenue	32.5%	29.8%	(2.7)pp	28.7%	26.9%	(1.7)pp

Due to the lower operating cost base in the prior year resulting from COVID-19 restrictions, the impact of weaker exchange rates and the costs associated with our expansion into new and existing territories, the Group has seen an increase in staff and administrative costs. In addition, the Group has insourced a number of contracts relating to fibre maintenance and support meaning that headcount increased versus last year, however, in the longer term, the overall expenditure associated with this maintenance and support is expected to fall. In total, overheads for the second quarter were USD 53.7 million (Q2 2020-21: USD 41.5 million).

For the first half, total overheads were USD 113.4 million (H1 2020-21: 88.1 million), an increase of 28.7% largely driven by increased activity levels, insourcing of certain key functions, our re-branding costs and the impact of the stronger exchange rates in the current year.

Adjusted EBITDA and profit

Adjusted EBITDA	H1 2021-22 (USDm)	H1 2020-21 (USDm)	YoY (%)	Q2 2021-22 (USDm)	Q2 2020-21 (USDm)	YoY (%)
Adjusted EBITDA	**150.3**	**101.5**	48.1	**91.3**	**54.4**	67.8
Depreciation, impairment and amortisation	(61.9)	(49.7)	(24.5)	(32.1)	(23.6)	(36.0)
Dividend received	-	(0.3)	n/a	-	-	n/a
Operating profit	**88.4**	**51.5**	71.7	**59.2**	**30.8**	92.2
Dividend received	-	0.3	n/a	-	-	n/a
Restructuring costs	-	(4.9)	n/a	-	(4.9)	n/a
Acquisition and other investment costs	(0.6)	(0.1)	n/a	(0.5)	-	n/a
Interest income	17.5	1.0	1,650.0	14.9	0.4	3,625.0
Finance costs	(34.3)	(38.9)	11.8	(17.0)	(19.2)	11.5
Foreign exchange (loss) / gain	(1.8)	(303.5)	99.4	5.1	(192.5)	102.6
Monetary adjustment - IAS 29	54.4	267.4	(79.7)	37.6	77.9	(51.7)
Share of profit of associate	-	-	n/a	-	-	n/a
Profit / (loss) before tax	**123.6**	**(27.2)**	554.4	**99.3**	**(107.5)**	192.4
Tax credit / (expense)	(14.3)	(7.7)	(85.7)	(25.6)	6.1	519.7
Profit / (loss) for the period	**109.3**	**(34.9)**	413.2	**73.7**	**(101.4)**	172.7

Second quarter adjusted EBITDA improved by 67.8% year-on-year to USD 91.3 million (Q2 2020-21: USD 54.4 million), as the increase in gross profit more than offset higher operating costs.

Adjusted EBITDA for the first half was USD 150.3 million (H1 2020-21: USD 101.5 million).

The continuation of the improved exchange rate in South Africa, together with the additional infrastructure coming into service, led to a higher year-on-year depreciation, impairment and amortisation charge for the second quarter of USD 32.1 million (Q2 2020-21: USD 23.6 million).

Finance costs, now at the new lower run rate following the re-financing earlier in the year, were USD 17.0 million (Q2 2020-21: USD 19.2 million) in the second quarter.

There continue to be a relatively stable USD:ZWL$ exchange rate and CPI statistics in Zimbabwe. As a result, the foreign exchange losses for Q2 were much reduced compared with the same period last year. This, together with the improved rate in South Africa, meant that the Group recorded a foreign exchange gain in Q2 of USD 5.1 million (Q2 2020-21: loss USD 192.5 million). The closing rate in Zimbabwe was ZWL$:USD 85.9:1 (Q1 2021-22: ZWL$:USD 84.7, Q2 2020-21 ZWL$:USD 83.4:1). CPI in Zimbabwe for the period was 3,191.05 (Q1 2021-22: 2,874.84, Q2 2020-21: 2,124.97) giving a monetary adjustment for the quarter of USD 37.6 million compared to USD 77.9 million in the same period last year.

Cash generated from operations

Cash flow	H1 2021-22 (USDm)	H1 2020-21 (USDm)	YoY (%)	Q2 2021-22 (USDm)	Q2 2020-21 (USDm)	YoY (%)
Cash generated from operations	**104.1**	**93.1**	11.8	**84.7**	**55.6**	52.3
Tax paid	(11.6)	(2.3)	(404.3)	(6.0)	(0.4)	(1,400.0)
Net cash generated from operating activities	**92.5**	**90.8**	**1.9**	**78.7**	**55.2**	**42.6**
Net cash used in investing activities	(34.5)	(38.7)	10.9	(19.5)	(17.6)	(10.8)
Net cash used in financing activities	(32.9)	(12.7)	(159.1)	(18.1)	(40.9)	55.7
Net increase / (decrease) in cash and cash equivalents	**25.2**	**39.4**	**(36.0)**	**41.1**	**(3.3)**	**(1,345.5)**

The Group continued to demonstrate strong cash generation in the second quarter. Cash generated from operations was USD 84.7 million (Q2 2020-21: USD 55.6 million) with broadly neutral working capital for the period. Whilst the same challenges that resulted in a large working capital outflow in the previous quarter remain, there was an improvement in debtor collections in certain jurisdictions and lower levels of upfront payments to offset this impact.

Cash generated from operations in the first half was USD 104.1 million (H1 2020-21: USD 93.1 million).

Investing activities of USD 19.5 million in the second quarter (Q2 2020-21: USD 17.6 million) largely constituted the acquisition of infrastructure and IRUs.

Total investing activities for the first half resulted in a cash outflow of USD 34.5 million (H1 2020-21: USD 38.7 million).

Payments under financing activity in the second quarter largely comprised leases and the repayment of debt and totalled USD 18.1m million (Q2 2020-21: outflow USD 40.9 million). Shortly after the period end, a cash payment of USD 17.0 million was made for the half-yearly interest due on the 2026 Senior Secured Notes. This is not reflected in the cash flows above.

In the first half, interest, lease and debt payments totalled USD 32.9 million (H1 2020-21: USD 12.7 million).

Capital investment and network developments

As restrictions continue to lift, the Group is moving forward with its expansion plans and this is reflected in the second quarter capital expenditure figure of USD 19.9 million (Q2 2020-21; USD 19.5 million). Capital expenditure for the first half was USD 35.5 million (H1 2020-21: USD 41.4 million). This investment was incurred in South Africa on the Eastern and Western Cape contracts, in Kenya, Rwanda and Zambia on rolling out local connections, as well as Group access to additional undersea cables.

Gross and net debt

Gross and net debt	H1 2021-22 (USDm)
Total gross debt	**964.7**
Long term borrowings (incl interest accrued)	832.0
Short term portion of long-term borrowings (incl interest accrued)	19.8
Unamorised arrangement fees	17.7
Leases - LT	59.8
Leases - ST	35.4
Less: Unrestricted cash	**(182.2)**
Net debt	**782.5**
Last twelve months EBITDA	**289.8**
Last twelve months interest	73.6
Covenants:	
Gross debt / LTM EBITDA (x)	3.33
Net debt / LTM EBITDA (x)	2.70
Interest / LTM EBITDA (x)	3.94
Debt service cover ratio (DSCR)	1.60

Total cash reserves have continued to build and the Group closed the second quarter with USD 192.0 million (Q1 2021-22: USD 160.6 million), of which USD 182.2 million was unrestricted. Of this, USD 78.4 million was held in Zimbabwe as the business continues to generate significant liquidity in a strong operating environment. The Group continues to explore means of expatriating and re-investing this cash.

Together, the USD 620.0 million Senior Secured Notes, USD 217.8 million South African Rand term loan, USD 10.3 million Zambian debt, and USD 95.2 million of lease liabilities result in a gross debt figure of 964.7 million. Taking the above cash position into account, net debt at the end of the half was USD 782.5 million, giving a net debt:EBITDA ratio of 2.70x, comfortably within the 4.5x threshold.

Strive Masiyiwa
Group Chairman

Nic Rudnick
Chief Executive Officer

Kate Hennessy
Chief Finance Officer

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID INTELLIGENT TECHNOLOGIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS AND 3 MONTHS ENDED

31 AUGUST 2021

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 6 months and 3 months ended 31 August 2021

	Notes	6 months ended 31/08/2021 USD'000 (Unaudited)	6 months ended 31/08/2020 USD'000 (Unaudited)	3 months ended 31/08/2021 USD'000 (Unaudited)	3 months ended 31/08/2020 USD'000 (Unaudited)
Revenue	3,28	349,332	295,709	187,348	153,969
Interconnect related costs		(32,013)	(60,665)	(16,356)	(37,927)
Data and network related costs		(71,626)	(60,232)	(35,290)	(27,732)
Other income		2,972	91	2,111	7
Selling, distribution and marketing costs		(7,497)	(10,075)	(684)	(4,937)
Administrative expenses		(31,432)	(21,230)	(13,510)	(10,733)
Staff costs		(59,430)	(42,431)	(32,364)	(18,249)
Depreciation, impairment and amortisation		(61,867)	(49,664)	(32,081)	(23,569)
Operating profit		**88,439**	**51,503**	**59,174**	**30,829**
Dividend received		-	292	-	-
Restructuring costs	4	(22)	(4,916)	-	(4,916)
Acquisition and other investment costs		(563)	(70)	(540)	(49)
Interest income	5	17,467	955	14,884	375
Finance costs	6	(34,320)	(38,937)	(17,023)	(19,243)
Foreign exchange (loss) / gain	2.2	(1,779)	(303,477)	5,124	(192,477)
Hyperinflation monetary gain	2.2	54,441	267,394	37,590	77,924
Share of profits of associate		10	2	4	1
Profit / (loss) before taxation		123,673	(27,254)	99,213	(107,556)
Tax (expense) / credit	7	(14,251)	(7,653)	(25,591)	6,129
Profit / (loss) for the period		**109,422**	**(34,907)**	**73,622**	**(101,427)**
Other comprehensive income / (loss)					
Items that may be reclassified subsequently to profit or loss:					
Translation gain / (loss) on accounting for foreign entities		5,823	(52,246)	(31,834)	15,309
Impact of application of Hyperinflation accounting on opening balances	2.2.2	3,378	7,932	2,154	2,160
Other comprehensive income / (loss)		9,201	(44,314)	(29,680)	17,469
Profit / (loss) and other comprehensive income for the year		**118,623**	**(79,221)**	**43,942**	**(83,958)**
Profit / (loss) attributable to:					
Owners of the company		108,582	(35,221)	73,146	(101,564)
Non-controlling interest		840	314	476	137
		109,422	**(34,907)**	**73,622**	**(101,427)**
Profit / (loss) and other comprehensive income attributable to:					
Owners of the company		117,833	(79,492)	43,569	(84,019)
Non-controlling interest		790	271	373	61
		118,623	**(79,221)**	**43,942**	**(83,958)**
Earnings per share					
Basic (Cents per share)	24	77.67	(28.52)	49.29	(82.25)

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 August 2021

	Notes	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Non-current assets			
Goodwill	8	133,152	129,364
Intangible assets	9	133,868	131,594
Property, plant and equipment	10	728,786	679,626
Right-of-Use assets	11	97,073	86,767
Investment in associate		641	615
Investments	22	23,814	23,814
Deferred tax assets		33,176	31,595
Investments at amortised cost		48	49
Long-term receivables from affiliated entities	18	208,039	-
Other Long-term receivables		-	13
Total non-current assets		1,358,597	1,083,437
Current assets			
Inventories		36,595	25,288
Trade and other receivables	13	202,884	186,764
Taxation		3,652	2,798
Cash and cash equivalents	12	182,212	163,898
Restricted cash and cash equivalents	12	9,790	8,740
Assets classified as held for sale	25	-	126,838
Total current assets		435,133	514,326
Total assets		1,793,730	1,597,763
Equity and liabilities			
Capital and reserves			
Share capital		3,716	3,716
Share premium		276,714	276,714
Convertible preference shares		180,000	180,000
Retained earnings / (Accumulated losses)		78,672	(121,379)
Foreign currency translation reserve		3,235	(6,016)
Total equity attributable to owners of the parent		542,337	333,035
Non-controlling interests		2,791	2,001
Total equity		545,128	335,036
Non-current liabilities			
Long term borrowings	14	820,397	823,246
Long term lease liabilities	15	59,843	59,948
Long-term payable to affiliated entities	18	69	-
Other long-term payables		8,679	9,027
Deferred revenue	17	60,771	48,295
Deferred tax liabilities		22,997	26,281
Total non-current liabilities		972,756	966,797
Current liabilities			
Short term portion of long-term borrowing	14	19,768	2,859
Short term portion of long-term lease liabilities	15	35,384	36,711
Trade and other payables	16	147,399	160,469
Short-term provisions		27,709	22,784
Deferred revenue	17	25,047	44,219
Taxation		20,539	8,796
Liabilities directly associated with assets classified as held for sale	25	-	20,092
Total current liabilities		275,846	295,930
Total equity and liabilities		1,793,730	1,597,763

Approved by the Board of Directors and authorised for issue on 20 October 2021.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 31 August 2021

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Non-controlling interest	Total equity
		USD'000	USD'000	USD	USD'000	USD'000	USD'000	USD'000
At 1 March 2020 (Audited)		3,638	251,446	180,000	(15,560)	(56,607)	2,026	364,943
Issue of share capital and share premium		78	25,268	-	-	-	-	25,346
Acquisition of subsidiary		-	-	-	101	(9,440)	(190)	(9,529)
Change in ownership		-	-	-	-	-	(167)	(167)
(Loss) / profit for the period		-	-	-	-	(35,221)	314	(34,907)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	7,932	-	-	7,932
Translation loss on accounting for foreign entities		-	-	-	(52,203)	-	(43)	(52,246)
Scrip dividend paid						(40,635)	-	(40,635)
At 31 August 2020 (Reviewed)		**3,716**	**276,714**	**180,000**	**(59,730)**	**(141,903)**	**1,940**	**260,737**
At 1 March 2021 (Audited)		3,716	276,714	180,000	(6,016)	(121,379)	2,001	335,036
Profit on disposal of businesses	25	-	-	-	-	91,469	-	91,469
Profit for the period		-	-	-	-	108,582	840	109,422
Impact of application of Hyperinflation accounting on opening balances		-	-	-	3,378	-	-	3,378
Translation gain / (loss) on accounting for foreign entities		-	-	-	5,873	-	(50)	5,823
At 31 August 2021 (Unaudited)		**3,716**	**276,714**	**180,000**	**3,235**	**78,672**	**2,791**	**545,128**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months and 3 months ended 31 August 2021

	Notes	6 months ended 31/08/2021 USD'000 (Unaudited)	6 months ended 31/08/2020 USD'000 (Unaudited)	3 months ended 31/08/2021 USD'000 (Unaudited)	3 months ended 31/08/2020 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit/(loss) before tax		123,673	(27,254)	99,213	(107,556)
Adjustments for:					
Depreciation, impairment and amortisation		61,867	49,664	32,081	23,569
Dividend received		-	(292)	-	-
Bad debts provision / (reversal)		2,738	(6,188)	(1,137)	(9,355)
Increase / (decrease) in provisions		4,437	(2,654)	(2,521)	(489)
Foreign exchange loss		861	303,369	(5,876)	190,616
Hyperinflation monetary gain		(54,441)	(267,394)	(37,590)	(77,924)
Profit on disposal of fixed assets		(36)	(24)	(34)	(23)
Interest income	5	(17,467)	(955)	(14,884)	(375)
Finance costs	6	34,320	38,937	17,022	19,243
Share of profit from associate		(10)	(2)	(5)	(1)
		155,942	87,207	86,269	37,705
Working capital changes:					
(Increase) / decrease in inventories		(11,284)	(403)	(10,314)	883
(Increase) / decrease in trade and other receivables		(10,960)	5,148	(542)	17,285
(Decrease) / increase in trade and other payables		(21,869)	(14,534)	14,797	(2,166)
(Decrease) / increase in deferred revenue		(9,854)	6,860	(7,735)	(1,532)
Increase in accruals		2,518	9,131	2,413	3,545
Decrease in unfavourable contracts		(345)	(297)	(173)	(150)
Cash generated from operations		104,148	93,112	84,715	55,570
Income tax paid		(11,590)	(2,301)	(6,034)	(409)
Net cash generated from operating activities		92,558	90,811	78,681	55,161
Cash flows from investing activities:					
Interest income		5,863	955	3,279	375
Acquisition of subsidiary companies		-	1,442	-	1,442
Dividend received		-	292	-	-
Purchase of property, plant and equipment	10	(29,373)	(40,815)	(14,290)	(19,200)
Proceeds on disposal of property, plant and equipment		770	198	467	162
Purchase of intangible assets	9	(7,100)	(776)	(6,265)	(418)
Proceeds on disposal of intangible assets		211	-	195	-
Decrease in other Long-term receivables		13	-	-	-
Increase in long-term receivables from affiliated entities		(4,840)	-	(2,850)	-
Net cash used in investing activities		(34,456)	(38,704)	(19,464)	(17,639)
Cash flows from financing activities:					
Dividend paid		-	(289)	-	(289)
Finance costs paid		(7,384)	(33,519)	(1,500)	(31,858)
Decrease in lease liabilities		(19,978)	(17,975)	(11,163)	(8,434)
(Decrease) / increase in borrowings		(5,600)	39,059	(4,803)	(281)
Increase/(decrease) in long-term payable to affiliated entities		70	-	(678)	-
Net cash used in financing activities		(32,892)	(12,724)	(18,144)	(40,862)
Net increase / (decrease) in cash and cash equivalents		25,210	39,383	41,073	(3,340)
Cash and cash equivalents at beginning of the period		172,638	85,003	160,654	118,728
Translation of cash with respect to foreign subsidiaries		(5,846)	(18,685)	(9,725)	(9,687)
Cash and cash equivalents at end of the period	12	**192,002**	**105,701**	**192,002**	**105,701**
Represented by:					
Cash and cash equivalents	12	182,212	104,253	182,212	104,253
Restricted cash and cash equivalents	12	9,790	1,448	9,790	1,448
		192,002	**105,701**	**192,002**	**105,701**

1. General information

Liquid Telecommunications Holdings Limited (trading as Liquid Intelligent Technologies), is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007, which was converted to a Global Business Company licence on 30 June 2021. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies across Africa and certain other countries, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior period.

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

ADC restructure

A new holding company for the Liquid group was formed during the year ended 28 February 2021 (Liquid Telecommunications (Jersey) Limited) which now holds both Liquid Telecommunications Holdings Limited ("Liquid Group") and Africa Data Centre Holdings Limited ("ADC Group'') (a new Data centre holding company).

In line with the strategy outlined in the prior year, the group has transferred the assets and liabilities of the Data centre line of business from the Liquid Group to the ADC group. The disposal took place on the 4 March 2021. See *note 25 - Assets Held for Sale* for more details.

Refinancing of USD 730 million 8.5% Senior Secured Notes

As outlined in the prior year, the refinancing of the USD 730 million 8.5% Senior Secured Notes was completed on 4 March 2021. Full details of the transaction can be found in note 14.

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. 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 directors continue to keep the situation and the impact of the pandemic on the business under review.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 August 2021 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. Accounting policies (continued)

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the condensed consolidated interim financial statements. Taking into account the available cash position as of 31 August 2021, including the economic conditions in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2022. Although the longer term impact of the pandemic is not yet known, the potential impact of the following factors 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 by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity February 2026), a ZAR 3.3 billion term loan (maturity February 2026) and USD 23.3 million of locally provided term loans (maturity in the financial years 2022 and 2025) in Zambia, of which USD 10.3 million is outstanding at 31 August 2021. Securing the new funding has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

Cash position

As at 31 August 2021, the group has an unrestricted cash position of USD 182.2 million (28 February 2021: USD 163.9 million). Of this amount, USD 78.4 million (28 February 2021: USD 44.0 million) is held in Zimbabwe. The group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 85.9:1 (28 February 2021: 83.9:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

Operational performance

For the period ended 31 August 2021 the group reported an operating profit of USD 88.4 million (31 August 2020: USD 51.5 million) and a net cash inflow from operating activities of USD 92.6 million (31 August 2020: USD 90.8 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the period ended 31 August 2021 is appropriate.

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - *Financial Reporting in Hyperinflationary Economies* should be applied. The group has continued the application of hyperinflation accounting during the period ended 31 August 2021, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

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

2.2.1 Zimbabwean currency

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

2. Accounting policies (continued)

2.2 Zimbabwean currency and hyperinflation accounting (continued)

2.2.1 Zimbabwean currency (continued)

During the period ended 31 August 2021, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 85.9:1 (28 February 2021: ZWL$:USD 83.9:1) to translate both the statement of profit or loss and the statement of financial position at 31 August 2021. Of the USD 1.8 million (31 August 2020: USD 303.5 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 6.6 million of net foreign exchange loss (31 August 2020: USD 295.8 million) which arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

2.2.2 Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the financial year 29 February 2020, the group 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 had been met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has continued the application the requirements of IAS 29 in its consolidated financial statements for the period to 31 August 2021, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2021 of USD 3.4 million (31 August 2020: USD 7.9 million) have been recognised directly in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 31 August 2021.

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 gain on the net monetary position of USD 54.4 million (31 August 2020: gains of USD 267.4 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 3,191.05 (31 August 2020: 2,124.97).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 85.9:1 has been used.

The directors continue to monitor the economic conditions in Zimbabwe.

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2021.

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 2021. In addition, the following significant accounting judgements and critical estimates have also been made:

Material judgements

Revenue Recognition

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

Classification and measurement of financial instruments

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

• Valuation of investments: IFRS 9 *Financial instruments* observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

2. Accounting policies (continued)

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

Material judgements (continued)

Classification and measurement of financial instruments (continued)

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

Identification of leases and lease term

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

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

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

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or provision or disclosed as a contingent liability. Refer to note 26 for *Contingent liabilities* disclosure.

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.

Residual value and useful life

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

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

3. Segment information

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Following the group's strategic re-positioning during the year ended 28 February 2021, the group categorises its revenue streams as shown below:

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

For comparison, the previous revenue streams were:

- 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 new revenue streams have also been reflected in the comparatives.

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

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

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

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

3. Segment information (continued)

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

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	79,013	98,282	55,871	26,521	-	(22,407)	237,280
Digital solutions	20,367	7,699	2,944	3,978	-	(3,583)	31,405
Data Technologies	17,641	552	6,160	32,589	-	(22,551)	34,391
Voice traffic	4,879	86	5	41,721	-	(670)	46,021
Data centre	46	-	97	149	-	(57)	235
Inter-segmental revenue	(3,674)	(556)	(5,313)	(39,725)	-	49,268	-
Group External Revenue	**118,272**	**106,063**	**59,764**	**65,233**	**-**	**-**	**349,332**
Adjusted EBITDA	39,101	68,461	15,913	42,775	(14,683)	(1,261)	150,306
Depreciation, impairment and amortisation							(61,867)
Restructuring costs							(22)
Acquisition and other investment costs							(563)
Interest income							17,467
Finance costs							(34,320)
Foreign exchange loss							(1,779)
Hyperinflation monetary gain							54,441
Share of profits of associate							10
Profit before taxation							**123,673**
Tax expense							(14,251)
Profit for the period							**109,422**

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	63,515	34,939	56,083	23,357	-	(13,272)	164,622
Digital solutions	14,464	2,425	1,602	2,115	-	(1,817)	18,789
Data Technologies	14,327	24	7,015	26,684	-	(21,189)	26,861
Voice traffic	3,302	-	11	72,939	-	(1,518)	74,734
Data centre	8,021	48	2,678	156	-	(200)	10,703
Inter-segmental revenue	(3,997)	(1,027)	(4,661)	(28,311)	-	37,996	-
Group External Revenue	**99,632**	**36,409**	**62,728**	**96,940**	**-**	**-**	**295,709**
Adjusted EBITDA	33,723	13,998	22,781	34,206	(12,562)	9,313	101,459
Depreciation, impairment and amortisation							(49,664)
Restructuring costs							(4,916)
Acquisition and other investment costs							(70)
Interest income							955
Finance costs							(38,937)
Foreign exchange loss							(303,477)
Hyperinflation monetary gain							267,394
Share of profits of associate							2
Loss before taxation							**(27,254)**
Tax expense							(7,653)
Loss for the period							**(34,907)**

3. Segment information (continued)

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

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	42,481	54,036	29,503	19,262	-	(15,948)	129,334
Digital solutions	10,260	4,321	1,571	2,101	-	(2,070)	16,183
Data Technologies	8,826	134	3,527	16,906	-	(11,384)	18,009
Voice traffic	2,523	45	4	21,338	-	(325)	23,585
Data centre	48	-	97	149	-	(57)	237
Inter-segmental revenue	(1,998)	(269)	(3,508)	(24,009)	-	29,784	-
Group External Revenue	**62,140**	**58,267**	**31,194**	**35,747**	**-**	**-**	**187,348**
Adjusted EBITDA	21,587	41,891	8,401	25,398	(8,084)	2,062	91,255
Depreciation, impairment and amortisation							(32,081)
Restructuring costs							-
Acquisition and other investment costs							(540)
Interest income							14,884
Finance costs							(17,023)
Foreign exchange gain							5,124
Hyperinflation monetary gain							37,590
Share of profits of associate							4
Profit before taxation							**99,213**
Tax expense							(25,591)
Profit for the period							**73,622**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 August 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	32,385	5,388	34,335	14,077	-	(7,124)	79,061
Digital solutions	6,215	190	990	1,133	-	(923)	7,605
Data Technologies	7,895	3	3,063	13,551	-	(10,637)	13,875
Voice traffic	1,686	-	10	46,670	-	(703)	47,663
Data centre	4,410	13	1,339	79	-	(76)	5,765
Inter-segmental revenue	(1,995)	(242)	(2,355)	(14,871)	-	19,463	-
Group External Revenue	**50,596**	**5,352**	**37,382**	**60,639**	**-**	**-**	**153,969**
Adjusted EBITDA	18,497	5,574	15,512	18,382	(8,989)	5,422	54,398
Depreciation, impairment and amortisation							(23,569)
Restructuring costs							(4,916)
Acquisition and other investment costs							(49)
Interest income							375
Finance costs							(19,243)
Foreign exchange loss							(192,477)
Hyperinflation monetary gain							77,924
Share of profits of associate							1
Loss before taxation							**(107,556)**
Tax credit							6,129
Loss for the period							**(101,427)**

4. Restructuring costs

At the start of the 6 months period to 31 August 2021, the group continued to restructure its operations, primarily in Liquid Telecommunications Ltd, due to the development of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Redundancy costs	20	3,744	-	3,744
Employee support costs	-	349	-	349
Legal fees	2	209	-	209
Other costs	-	614	-	614
	22	**4,916**	**-**	**4,916**

5. Interest income

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	1,518	672	682	305
Interest received - inter-group (note 18)	4,345	283	2,598	70
Fair value gain on derivative assets (note 22)	11,604	-	11,604	-
	17,467	**955**	**14,884**	**375**

6. Finance costs

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest on bank overdraft and loans	10,997	1,603	4,921	398
Finance cost on Senior Secured Notes	17,050	31,025	8,809	15,513
Finance arrangement fees amortised	2,090	1,769	1,217	884
Interest on lease liabilities	4,113	4,540	2,045	2,448
Interest paid - inter-group (note 18)	70	-	31	-
	34,320	**38,937**	**17,023**	**19,243**

7. Taxation

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Current taxation	19,356	2,372	14,972	(126)
Deferred taxation (credit) / charge	(8,265)	3,879	9,463	(6,574)
Withholding taxation	3,160	1,402	1,156	571
	14,251	**7,653**	**25,591**	**(6,129)**

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Profit before taxation	123,673	(27,254)	99,213	(107,556)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	50,317	(6,422)	74,662	(25,009)
Tax effect of non-deductible expenses	(15,038)	54,321	(32,265)	14,848
Tax effect of non-taxable income	(4,027)	(1,208)	(4,002)	(563)
Tax effect of foreign tax credit	(3,902)	(2,566)	(2,321)	(1,171)
Effect of tax losses not recognised as deferred tax assets	336	29,532	(398)	26,544
Tax effect of utilised unrecognised tax losses	(3,492)	(2,244)	(2,175)	(2,191)
Tax effect on IAS 29 adjustments	(13,103)	(65,162)	(9,066)	(19,158)
Withholding taxation	3,160	1,402	1,156	571
	14,251	**7,653**	**25,591**	**(6,129)**

7. Taxation (continued)

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

	31/08/2021 USD'000 (Unaudited)	31/08/2020 USD'000 (Unaudited)
Mauritius (tax credit of 80%, depending on type of income)	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

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Cost		
Opening balance	129,364	125,771
Foreign exchange gain	3,130	765
Adjustments - IAS 29	658	2,828
Closing balance	**133,152**	**129,364**

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

	31/08/2021 USD'000 (Unaudited)	28/02/2021 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	4,240	3,669
Liquid Telecommunications Holdings South Africa (Pty) Limited	116,591	113,374
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	133,152	**129,364**

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

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

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 0.5% to 5.0%.
• Discount rates: discount rates ranged from 11.0% to 14.4%. The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

9. Intangible assets

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2020 (Audited)	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries	-	176	-	-	-	-	-	176
Purchases during the year	2,749	3,424	7,431	-	501	-	-	14,105
Disposals during the year	-	(151)	(1,823)	-	(42)	-	-	(2,016)
Transfers	250	320	-	-	(570)	-	-	-
Transfers from Property, plant and equipment (note 10)	294	(676)	-	-	-	-	8,712	8,330
Impairment	-	(471)	-	-	-	-	-	(471)
Write off	-	-	(1,791)	-	-	-	-	(1,791)
Transfer to Assets classified as held for sale (note 25)	-	-	-	-	-	(23)	-	(23)
Foreign exchange differences	(5,463)	(111)	(2)	1,513	-	(1)	31	(4,033)
Adjustments - IAS 29	5,264	1,053	-	-	-	-	-	6,317
At 28 February 2021 (Audited)	31,465	44,926	116,260	34,465	2,975	-	50,215	280,306
Purchases during the year	7	897	488	-	3,308	-	2,400	7,100
Disposals during the year	-	(42)	-	-	(195)	-	-	(237)
Transfers	-	33	-	-	(33)	-	-	-
Transfers from Property, plant and equipment (note 10)	-	988	-	-	-	-	-	988
Write off	-	(4,759)	-	-	-	-	-	(4,759)
Foreign exchange differences	290	1,096	1,714	1,278	-	-	677	5,055
Adjustments - IAS 29	1,229	478	-	-	-	-	-	1,707
At 31 August 2021 (Unaudited)	32,991	43,617	118,462	35,743	6,055	-	53,292	290,160
Accumulated amortisation:								
At 1 March 2020 (Audited)	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Acquisition of subsidiaries (note 23)	-	104	-	-	-	-	-	104
Amortisation	1,749	3,933	7,325	3,086	-	-	438	16,531
Disposals during the year	-	(151)	(132)	-	-	-	-	(283)
Transfers from fixed assets (note 10)	-	(676)	13	-	-	-	428	(235)
Write offs	-	-	(1,420)	-	-	-	-	(1,420)
Transfer to Assets classified as held for sale (note 25)	-	-	-	-	-	(2)	-	(2)
Impairment	-	(153)	-	-	-	-	-	(153)
Foreign exchange differences	(1,784)	38	69	484	-	-	390	(803)
Adjustments - IAS 29	1,865	721	-	-	-	-	-	2,586
At 28 February 2021 (Audited)	11,347	37,329	58,860	15,044	-	-	26,132	148,712
Amortisation	956	2,228	3,293	1,714	-	-	218	8,409
Disposals during the year	-	-	(26)	-	-	-	-	(26)
Write offs	-	(4,759)	-	-	-	-	-	(4,759)
Foreign exchange differences	98	987	1,197	289	-	-	670	3,241
Adjustments - IAS 29	514	201	-	-	-	-	-	715
At 31 August 2021 (Unaudited)	12,915	35,986	63,324	17,047	-	-	27,020	156,292
Carrying amount:								
At 28 February 2021 (Audited)	20,118	7,597	57,400	19,421	2,975	-	24,083	131,594
At 31 August 2021 (Unaudited)	20,076	7,631	55,138	18,696	6,055	-	26,272	133,868

During the year ended 28 February 2021, Computer software was impaired by USD 0.3 million relating to redundant technology.

10. Property, plant and equipment

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Data centres	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 2020 (Audited)	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Acquisition of subsidiaries	-	52	206	-	47	2,241	(2,241)	-	305
Additions during the year	211	362	1,206	2,335	1,884	38,727	1,042	41,980	87,747
Disposals during the year	-	(1)	(139)	(5)	(59)	(372)	-	(4,693)	(5,269)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 25)	(36,118)	-	-	-	-	(20,246)	(90,708)	-	(147,072)
Transfers	(129)	-	74	3,887	-	(18,739)	2,289	12,618	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	(294)	676	(8,712)	(8,330)
Transfer from Inventory	-	-	2	-	-	(58)	-	-	(56)
Foreign exchange differences	(2,951)	(3,229)	(1,700)	(10,410)	(5,485)	(7,249)	(6,827)	(306,006)	(343,857)
Adjustments - IAS 29	2,896	2,881	1,827	5,220	4,193	7,024	-	275,493	299,534
At 28 February 2021 (Audited)	21,540	12,252	33,812	95,560	11,399	57,933	-	1,087,506	1,320,002
Additions during the year	-	153	715	1,101	1,149	19,185	-	7,070	29,373
Disposals during the year	-	(5)	(11)	(215)	-	(41)	-	(14,368)	(14,640)
Write offs	-	-	(2)	-	-	-	-	-	(2)
Transfer from Right-of-Use assets (note 11)	-	18	(2)	-	-	-	-	-	16
Transfers	3	5	233	5,395	-	(28,057)	-	22,421	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	(988)	-	-	(988)
Transfer to Inventory	-	-	-	(64)	-	167	-	-	103
Foreign exchange differences	404	108	692	1,864	-	2,330	-	17,373	22,771
Adjustments - IAS 29	674	831	531	1,662	1,746	1,684	-	65,354	72,482
At 31 August 2021 (Unaudited)	22,621	13,362	35,968	105,303	14,294	52,213	-	1,185,356	1,429,117
Accumulated depreciation									
At 1 March 2020 (Audited)	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
At 31 August 2021 (Unaudited)	-	48	186	-	32	-	-	-	266
Depreciation	1,109	652	3,303	8,227	686	-	6,668	53,943	74,588
Disposals during the year	-	-	(97)	(5)	(35)	-	-	(1,007)	(1,144)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 25)	(14,149)	-	-	-	-	-	(26,006)	-	(40,155)
Transfers	7,195	(4)	-	(7)	-	-	(7,184)	-	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	-	676	(441)	235
Foreign exchange differences	263	(2,663)	(1,167)	(9,315)	(5,050)	-	(1,711)	(141,777)	(161,420)
Adjustments - IAS 29	-	1,484	1,019	4,896	3,161	-	-	61,826	72,386
At 28 February 2021 (Audited)	7,342	9,675	28,646	88,170	8,575	(2,257)	-	500,225	640,376
Depreciation	178	487	1,758	4,338	548	-	-	31,186	38,495
Disposals during the year	-	(3)	(5)	-	-	-	-	(13,896)	(13,904)
Write offs	-	-	(2)	-	-	-	-	-	(2)
Transfer to intangible assets (note 9)	-	2	(2)	-	-	-	-	-	-
Foreign exchange differences	206	88	574	1,168	37	-	-	8,036	10,109
Adjustments - IAS 29	-	663	420	1,091	1,303	-	-	21,780	25,257
At 31 August 2021 (Unaudited)	7,726	10,912	31,389	94,767	10,463	(2,257)	-	547,331	700,331
Carrying amount:									
At 28 February 2021 (Audited)	14,198	2,577	5,166	7,390	2,824	60,190	-	587,281	679,626
At 31 August 2021 (Unaudited)	14,895	2,450	4,579	10,536	3,831	54,470	-	638,025	728,786

Refer to note 14 for details of security over property, plant and equipment.

11. Right-of-Use assets

	Land and buildings	Computer equipment	Furniture and fittings	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
At 1 March 2020 (Audited)	70,382	23	-	38,481	1,678	18,061	128,625
Additions during the year	29,429	-	16	9,958	57	4,829	44,289
Disposals during the year	(373)	(22)	-	(1,721)	-	-	(2,116)
Transfer to Assets classified as held for sale (note 25)	(10,481)	-	-	-	-	-	(10,481)
Foreign exchange differences	(11,078)	(1)	-	(23)	37	490	(10,575)
Adjustments - IAS 29	(1,629)	-	-	-	-	-	(1,629)
At 28 February 2021 (Audited)	76,250	-	16	46,695	1,772	23,380	148,113
Additions during the year	1,786	-	-	4,936	137	1,046	7,905
Transfer to Property, plant and equipment (note 10)	-	-	(16)	-	-	-	(16)
Foreign exchange differences	902	-	-	3,954	80	1,097	6,033
Adjustments - IAS 29	15,917	-	-	-	-	-	15,917
At 31 August 2021 (Unaudited)	94,231	-	-	55,585	1,989	25,523	177,328
Accumulated depreciation:							
At 1 March 2020 (Audited)	10,902	-	-	12,767	566	7,048	31,283
Depreciation	10,215	-	-	11,971	517	7,489	30,192
Disposals during the year	(8)	(1)	-	(72)	-	-	(81)
Transfer to Assets classified as held for sale (note 25)	(696)			-	-	-	(696)
Foreign exchange differences	(111)	1	-	(5)	35	717	637
Adjustments - IAS 29	11	-	-	-	-	-	11
At 28 February 2021 (Audited)	20,313	-	-	24,661	1,118	15,254	61,346
Depreciation	6,297	-	-	5,091	232	3,335	14,955
Foreign exchange differences	376	-	-	1,621	60	691	2,748
Adjustments - IAS 29	2,282	-	-	-	-	-	2,282
At 31 August 2021 (Unaudited)	28,644	-	-	31,373	1,410	18,828	80,255
At 28 February 2021 (Audited)	55,937	-	16	22,034	654	8,126	86,767
At 31 August 2021 (Unaudited)	65,587	-	-	24,212	579	6,695	97,073

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

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Cash and bank balances	181,745	163,419
Money market deposits	467	479
Cash and cash equivalents	182,212	163,898
Restricted cash and cash equivalents	9,790	8,740
Total cash and cash equivalents	192,002	172,638

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

Cash and cash equivalents include USD 78.4 million (28 February 2021: USD 44.0 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 85.9:1 (28 February 2021: ZWL$:USD 83.9:1). See *note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.*

The group has restricted cash for the following purposes:

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Guarantees	7,501	7,502
Customer deposits held	2,289	1,238
	9,790	8,740

13. Trade and other receivables

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Trade receivables	142,332	157,755
Allowance for doubtful debts	(52,872)	(46,950)
Affiliated entities (note 18)	24,033	15,045
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**113,493**	**125,850**
Short-term inter-company receivables (note 18)	1,846	910
Sundry debtors	41,944	29,392
Deposits paid	5,856	5,525
Prepayments	39,745	25,087
	202,884	186,764

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

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

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

	Ageing of past due but not impaired 31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
31 - 60 days	13,682	12,429
61 - 90 days	18,563	6,162
91 - 120 days	2,201	4,335
121 + days	41,538	37,266
Total ageing of past due but not impaired	**75,984**	**60,192**
Current items	37,509	65,658
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**113,493**	**125,850**

13. Trade and other receivables (continued)

In addition to the current items not yet due of USD 37.5 million (28 February 2021: USD 65.7 million) for the group, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

Included in the above amounts past due but not impaired are amounts due from customers totaling USD 13.8 million (28 February 2021: USD 46.2 million) to whom longer credit terms have been contractually extended. Due to the timing of these contracts, these amounts fall across all ageing categories.

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

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Long term borrowings:		
Stanbic Bank of Zambia Limited	7,794	6,817
USD 620 million 5.5% Senior Secured Notes	606,399	605,219
Net derivative assets (note 22)	(11,604)	-
ZAR 3.3 billion term loan	217,808	211,210
	820,397	**823,246**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	2,512	2,859
USD 620 million 5.5% Senior Secured Notes	17,050	-
USD 60 million revolving credit facility	206	-
	19,768	**2,859**

On 22 February 2021, Liquid Telecommunications Financing Plc ("LTF'') launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered were redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021, Liquid Telecommunications Financing Plc announced the issue of USD 620 million of new 5.5NC2 Senior Secured Notes. Settlement for both transactions took place on 4 March 2021.

The new Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The Notes are issued by Liquid Telecommunications Financing Plc and are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

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

In addition to the new bond and term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man) and Standard Chartered Bank (Mauritius) Limited. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

Liquid Telecommunications Zambia Limited has USD 23.3 million of term loans denominated in local currency (Zambian Kwacha). As at 31 August 2021, the outstanding balance on all term loans is USD 10.3 million.

15. Lease liabilities

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Long term portion of lease liabilities	59,843	59,948
Short term portion of lease liabilities	35,384	36,711
	95,227	**96,659**

16. Trade and other payables

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Trade accounts payable	47,216	65,100
Payable balance to affiliated entities (note 18)	5,764	3,111
Short-term inter-company payables (note 18)	13,169	14,380
Accruals	65,214	61,081
Staff payables	3,810	3,106
Transaction taxes due in various jurisdictions	8,013	5,370
Unfavourable contracts	747	706
Other short term payables	3,466	7,615
	147,399	**160,469**

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

The directors consider the carrying amount of trade and other payables to approximate their fair value.

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

Accruals mainly relate to wholesale voice carrier amounts accrued for in the ordinary course of business and major capital expenditure for on-going fibre related projects.

17. Deferred revenue

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Long term portion of deferred revenue	60,771	48,295
Short term portion of deferred revenue	25,047	44,219
	85,818	**92,514**

Deferred revenue mainly relates to revenue billed in advance which includes deferred revenue on any Indefeasible-Rights-of-Use (IRU) that will be amortised over a period of 10 to 15 years and other advance billings that will be amortised over a period of 1 to 3 years.

18. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group:

• Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet South Africa (Pty) Limited, and Steward Bank Limited and are referred to as "Econet Global related group companies";

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

• Liquid Technologies Infrastructure Finance SARL.

The above companies have been disclosed as related parties due to their common control.

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

18. Related party transactions and balances (continued)

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods and services				
Econet Global related group companies	64,681	22,650	36,791	5,576
Purchase of goods and services				
Econet Global related group companies	12,935	12,630	7,066	6,648
Management fees paid				
Liquid Telecommunications (Jersey) Ltd	120	120	60	60
Management fees received				
Africa Data Centres related group companies	493	-	254	-
Econet Global related group companies	37	24	19	16
	530	**24**	273	16
Scrip Dividend paid				
Econet Global related group companies	-	18,078	-	18,078
Other shareholders	-	22,557	-	22,557
	-	**40,635**	**-**	**40,635**
Interest income				
Econet Global related group companies	107	283	54	70
Africa Data Centres related group companies	4,238	-	2,544	-
	4,345	**283**	2,598	70
Finance costs				
Liquid Technologies Infrastructure Finance SARL	70	-	31	-
Administration fees paid				
DTOS Limited	148	112	-	46

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

	31/08/2021	28/02/2021
	USD'000	USD'000
	(Unaudited)	(Audited)
Short term intercompany receivables		
Africa Data Centres related group companies	1,210	459
Econet Global related group companies	636	451
	1,846	910
Short term intercompany payables		
Liquid Technologies Infrastructure Finance SARL	9,161	11,684
Africa Data Centres related group companies	4,008	2,696
	13,169	**14,380**
Receivables balances from affiliated entities		
Econet Global Limited (Mauritius)	4,999	4,998
Liquid Technologies Infrastructure Finance SARL	613	1,248
Econet Global Related Group Companies	17,775	8,799
Africa Data Centres related group companies	646	-
	24,033	**15,045**
Payable balance to affiliated entities		
Econet Global related group companies	5,416	3,103
Liquid Telecommunications (Jersey) Ltd	-	8
Liquid Technologies Infrastructure Finance SARL	348	-
	5,764	**3,111**
Acquisition of controlling interest in subsidiary		
Econet Global Related Group Companies	-	8,974
Long-term receivables from affiliated entities		
Africa Data Centres related group companies	208,039	-
Long-term payable to affiliated entities		
Africa Data Centres related group companies	69	-

19. Capital commitments

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
At 31 August 2021 the group was committed to making the following capital commitments:		
Authorised and contracted	63,243	37,420

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

20. Events after reporting date

Following the period end, USD 17.1 million was paid for interest to the holders of the USD 620 million 5.5% Senior Secured Notes due on 4 September.

21. Dividend paid

No dividend has been declared or paid in the 6 month period ended 31 Aug 2021 (31 Aug 2020: Nil)

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

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

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31 August 2021				
Investments	-	-	23,814	23,814
Unfavourable contracts	-	-	9,425	9,425
Derivative assets	-	-	13,483	13,483
Total (Unaudited)	**-**	**-**	**46,722**	**46,722**
28 February 2021				
Investments	-	-	23,814	23,814
Unfavourable contracts	-	-	9,733	9,733
Derivative assets	-	-	1,800	1,800
Total (Audited)	**-**	**-**	**35,347**	**35,347**

Investments

Investments in equity instruments designated as at FVTOCI*	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Opening balance	23,814	10,814
Additions	-	13,000
Closing balance	**23,814**	**23,814**

During the year ended 28 February 2021, the group acquired 1% of the share capital of Liquid Technologies Infrastructure Finance SARL for USD 13.0 million. Liquid Technologies Infrastructure Finance SARL will invest in fibre network infrastruture in the Democratic Republic of Congo.

*IFRS 9 "Financial Instruments" observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors have considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

No impairment was required following the review of the carrying value of the investments by the directors for the period ended 31 August 2021 (28 February 2021: Nil).

Unfavourable contracts

The group 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.

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

	31/08/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
SEACOM Limited	9,425	9,733

Derivative assets

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

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

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

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

	Within 1 year USD'000	1 to 2 years USD'000	2 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Group - 31 August 2021					
Net settled: Embedded derivatives	-	-	13,483	-	13,483
Group - 28 February 2021					
Net settled: Embedded derivatives	-	-	1,800	-	1,800

	31/08/2021 USD'000 (Unaudited) Derivatives		28/02/2021 USD'000 (Audited) Derivatives	
	Assets	Liabilities	Assets	Liabilities
Opening balance	1,878	(1,878)	-	-
Initial recognition	-	-	1,878	(1,878)
Fair value change	11,604	-	-	-
Closing balance	13,482	(1,878)	1,878	(1,878)
Net settled : Embedded derivatives	11,604		-	

23. Non-cash transactions

In the current financial period, the non-cash portion of finance costs consists of USD 2.1 million (31 August 2020: USD 0.9 million) of amortised arrangement fees relating to the USD 620 million 5.5% Senior Secured Notes (31 August 2020: USD 730 million 8.5% Senior Secured Notes). Accrued interest of USD 17.5 million (31 August 2020 : USD 15.5 million) has been excluded from financing activities as at 31 August 2021.

24. Earnings per share

	6 months ended		3 months ended	
	31/08/2021 USD'000 (Unaudited)	31/08/2020 USD'000 (Unaudited)	31/08/2021 USD'000 (Unaudited)	31/08/2020 USD'000 (Unaudited)
Basic profit / (loss) per share (Cents per share)	77.67	(28.52)	49.29	(82.25)

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

Profit / (loss) attributable to owners of the company	108,582	(35,221)	73,146	(101,564)

	31/08/2021 USD'000 (Unaudited)	31/08/2020 USD'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share for the period ended	124,857,914	123,474,635

At 31 August 2021, the share capital of 3.7 million represents 124,857,914 ordinary shares (31 August 2020: 123,474,635 ordinary shares).

25. Assets held for sale

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

A profit of USD 91.7 million arose on the disposal of the ADC assets, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill upon the completion of the transaction in the subsequent reporting period. The profit has been disclosed in the consolidated statement of changes in equity.

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

	31/08/2021	28/02/2021
	USD'000	USD'000
Assets classified as held for sale		
Intangible assets	-	21
Property, plant and equipment	-	106,917
Right-of-Use assets	-	9,785
Inventories	-	154
Trade and other receivables	-	2,865
Foreign exchange	-	7,096
	-	126,838
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	7,231
Lease liabilities	-	11,267
Foreign exchange	-	1,594
	-	20,092
Net assets of disposal group	-	106,746

26. Contingent liability

Raha Limited - Fine

On 28 August 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS 11.9 billion (approximately USD 5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on 21 August 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited (the "company") (a subsidiary in Tanzania), which the company disagrees with. The findings and fines result from a hearing held on 25 August 2020. The company made an appeal, on 23 October 2020, against the outcome of the hearing. The directors consider that the company has a robust position and as a result of the appeal process, do not consider that the full fines will be due and payable.

On 24 September 2021, at the request of the Regulatory Authority, the company withdrew the appeal with the Tribunal. The company has since received a revised order from the Regulatory Authority.

Based on the above, there is no contingent liability.

27. Reconciliation

27.1 Reconciliation of Operating profit to Adjusted EBITDA

Below is a reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA reported in note 3 - *Segment information* .

	6 months ended		3 months ended	
	31/08/2021	31/08/2020	31/08/2021	31/08/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	88,439	51,503	59,174	30,829
Add back:				
Depreciation, impairment and amortisation	61,867	49,664	32,081	23,569
Dividend received	-	292	-	-
Adjusted EBITDA (note 3)	**150,306**	**101,459**	**91,255**	**54,398**

27. Reconciliation (continued)

27.2 Reconciliation of consolidated statement of profit or loss to management profit or loss

The group has standardised its consolidated statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in reclassification from Data and network related costs to Administrative expenses .

A reconciliation of the consolidated statement of profit or loss and management profit or loss is included below:

	Consolidated statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
6 months ended 31 August 2021:			
Revenue	349,332	-	349,332
Interconnect related costs	(32,013)	-	(32,013)
Data and network related costs	(71,626)	18,085	(53,541)
Gross Profit	245,693	18,085	263,778
Other income	2,972	-	2,972
Selling, distribution and marketing costs	(7,497)	-	(7,497)
Administrative expenses	(31,432)	(18,085)	(49,517)
Staff costs	(59,430)	-	(59,430)
Adjusted EBITDA	**150,306**	**-**	**150,306**
6 months ended 31 August 2020:			
Revenue	295,709	-	295,709
Interconnect related costs	(60,665)	-	(60,665)
Data and network related costs	(60,232)	14,778	(45,454)
Gross Profit	174,812	14,778	189,590
Other income	91	-	91
Dividend received	292		292
Selling, distribution and marketing costs	(10,075)	-	(10,075)
Administrative expenses	(21,230)	(14,778)	(36,008)
Staff costs	(42,431)	-	(42,431)
Adjusted EBITDA	**101,459**	**-**	**101,459**
3 months ended 31 August 2021:			
Revenue	187,348	-	187,348
Interconnect related costs	(16,356)	-	(16,356)
Data and network related costs	(35,290)	9,205	(26,085)
Gross Profit	135,702	9,205	144,907
Other income	2,111	-	2,111
Dividend received	-		-
Selling, distribution and marketing costs	(684)	-	(684)
Administrative expenses	(13,510)	(9,205)	(22,715)
Staff costs	(32,364)	-	(32,364)
Adjusted EBITDA	**91,255**	**-**	**91,255**
3 months ended 31 August 2020:			
Revenue	153,969	-	153,969
Interconnect related costs	(37,927)	-	(37,927)
Data and network related costs	(27,732)	7,512	(20,220)
Gross Profit	88,310	7,512	95,822
Other income	7	-	7
Dividend received	-		-
Selling, distribution and marketing costs	(4,937)	-	(4,937)
Administrative expenses	(10,733)	(7,512)	(18,245)
Staff costs	(18,249)	-	(18,249)
Adjusted EBITDA	**54,398**	**-**	**54,398**

28. Prior period restatement

During the year ended 28 February 2021, the accounting relating to the Roaming contracts and to the costs associated with them was subject to further review. This review concluded that the application of IFRS 16 *Leases* to certain items should be amended from that presented in the prior year consolidated financial statements. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* , the group has restated the prior period comparative figures for Data and network related costs and Revenue and categorised these as a prior period error.

The impact of the review in the prior year is a reduction in both Data and network related costs and Revenue of USD 50.8 million for the 6 months ended 31 August 2020 and USD 25.9 million for the 3 months ended 31 August 2020. There is no impact to Operating profit/(loss), Adjusted EBITDA, profit after tax, the consolidated statement of financial position or the consolidated statement of cash flow.

The impact of this restatement on prior quarters is as follows:

	Revenue			Data and network related costs			
	Previously reported	IAS 8 Adjustment	As Restated	Previously reported	IAS 8 Adjustment	As Restated	Net Impact On Operating Profit
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Q1 FY21 - 31 May 2020	166,640	(24,900)	141,740	57,400	(24,900)	32,500	-
Q2 FY21 - 30 August 2020	179,901	(25,932)	153,969	53,664	(25,932)	27,732	-
Q3 FY21 - 30 November 2020	188,738	(27,203)	161,535	70,206	(27,203)	43,003	-
Q4 FY21 - 28 February 2021	224,188	(29,542)	194,646	76,357	(29,542)	46,815	-
FY21 - 28 February 2021	759,467	(107,577)	651,890	257,627	(107,577)	150,050	-