LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
("the Group" or "Liquid")
FINANCIAL RESULTS FOR THIRD QUARTER ENDED 30 NOVEMBER 2020

Solid trading in the quarter
Transitioning the Group to new technology solutions segments

21 January 2021

Leading pan-African technology group Liquid, a subsidiary of Econet Global Limited, today announces its financial results for the third quarter ended 30 November 2020.

Highlights:

- Evolving the business as a technology solutions provider to deliver a broader range of products and services.
- Further commercialisation of the national long distance fibre network (NLD 5 & 6) as we operationalise the link between the Eastern and Western Capes in South Africa.
- Announced a global partnership with Zayo Group to leverage our existing networks across Africa and into Europe and North America.
- Another quarter of strong growth in cash generated from operations, up 18.6% at USD 56.0 million from improved working capital and lower capex.
  - Cash balance at the end of Q3 of USD 82.2 million (Q2 2020-21: USD 105.7 million), with the reduction driven by the repayment of the USD 40.0 million RCF.
  - Capex of USD 18.1 million down from USD 35.0 million in the same quarter last year, with investment concentrated on NLD 5 & 6 and the East-West route in the DRC
- Revenue growth in the quarter largely impacted by the timing of deals and the impact of weaker exchange rates, both primarily in South Africa.
- Adjusted EBITDA at USD 57.0 million up 4.8% from Q2 2020-21
  - Net operating costs down 6.7% year on year benefiting from savings related to organisational restructuring and lower sales and marketing activity as a result of COVID-19.
- Pre-IFRS 16 net debt at the end of the period was USD 683.9 million, a net debt to adjusted EBITDA ratio of 3.50x, within the threshold of 4.25x. Post-IFRS 16 net debt was USD 794.2 million with a ratio of 3.39x.

	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	535.3	548.0	(2.3)	188.9	214.9	(12.1)
Adjusted EBITDA[1]	158.6	174.5	(9.1)	57.0	71.8	(20.6)
Cash generated from operations	149.1	96.4	54.7	56.0	47.2	18.6
Net Debt[2]	794.2	768.2	3.4	794.2	768.2	3.4
Net Debt / adjusted EBITDA (x) [3]	3.39	3.27		3.39	3.27	

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.

The Q3 2019-20 figures in the above table and throughout this release, unless otherwise stated, have been restated for IAS 29 hyperinflation accounting. A reconciliation to the 2019-20 reported figures can be found in note 2.2.3 of the accompanying financials.

Group Chief Executive Officer, Nic Rudnick, commented:
"Overall trading in the third quarter was in-line with our expectations as demand for our services remained resilient despite the impacts of COVID-19. Against this backdrop, we remain relentless in providing the technology solutions our customers need now more than ever, and I am pleased that we remain firmly on track to meet our full year expectations.

Our performance in South Africa was steady, with revenue impacted by the timing of deals and the deterioration in the ZAR/USD exchange rate, however, it was satisfying to see a significant improvement in churn. We were pleased to announce the appointment of Deon Geyser as the CEO for South Africa, effective as of 1 January 2021, to lead our strategic vision of providing an integrated technology capability in this key territory.

Elsewhere we continue to expand our network including: operationalising more of NLD 5 & 6 in the Eastern Cape; continuing our build of the East to West route in the DRC; and also activating a cross-border fibre network into Botswana to provide businesses and consumers with greater reach and network speeds across the country as well as internationally.

I was also pleased that we were awarded, for the 9th consecutive year, 'The Best MEA Wholesale Carrier' at the Global Carrier Awards, a recognition for all colleagues for their hard work during these challenging times."

Group Chairman, Strive Masiyiwa, added:
"It has been a steady quarter in terms of trading, however strategically Liquid continues to make significant strides. The Group is moving at pace to increase its technology and Cloud-based offerings, demonstrating its agility and forward thinking to meet the increased customer demand for innovation; demand Liquid is uniquely positioned to satisfy in the markets in which it operates.

During the quarter the Group has been transitioning to new segments, whilst it will continue to deliver its traditional products and services, there is clearly great growth potential from providing a wider array of technology offerings and this release reflects these new segments. These include Digital Solutions which incorporates Cybersecurity and Cloud, still relatively nascent areas in the African technology eco-system, but areas that will, in time, be crucial growth opportunities for Liquid.

In addition to the Global Carrier Award, it was also pleasing that Liquid won Zimbabwe's prestigious Environmental Stewardship Award for excellence in Environmental Management Practices, which focuses on protecting natural resources, reducing impacts to the environment and promoting environmentally sustainable operations."

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

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About Liquid Telecom

Liquid Telecom is a leading communications solutions provider across 13 countries primarily in Eastern, Southern and South Africa that serves mobile operators, carriers, enterprise, media and content companies and retail customers with high-speed, reliable connectivity, hosting and co-location and digital services. It has built Africa's largest independent fibre network, over 73,000km, and operates state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined potential 19,000 square metres of rack space and 78 megawatts (MW) of power. This is in addition to offering leading Cloud-based services, such as Microsoft Office365 and Microsoft Azure across our fibre footprint. Through this combined offering Liquid Telecom is enhancing customers' experience on their digital journey.

For more information, visit www.liquidtelecom.com

OPERATIONAL AND FINANCIAL REVIEW

Liquid Telecom is a leading communications solutions provider across 13 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and Cloud services. We have built Africa's largest independent fibre network, more than 73,000 kilometres, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi.

The Group has traditionally reported in four segments: Wholesale Data, Enterprise, Retail and Wholesale Voice. However, in preparation for the transition to our new operating model, we have started reporting our revenue in new segments which will be explained below and condensed our KPIs and will provide further detail on our new reporting structure in due course.

Key performance indicators (KPIs)

As we transition to new segments we are reviewing the key performance indicators that we report on to ensure that such metrics more effectively reflect the development, performance and position of the business.

The following table sets out the condensed Group's key performance indicators for Q3 2020-21:

	(Q1) 2019-20	(Q2) 2019-20	(Q3) 2019-20	(Q4) 2019-20	FY 2019-20	(Q1) 2020-21	(Q2) 2020-21	(Q3) 2020-21	FY 2020-21
Operating Measures									
Number of kilometres of fibre [1]	69,193	69,550	70,349	73,114	73,114	73,171	73,291	73,371	73,371
Financial Measures									
Average churn rate [2]	1.08%	0.61%	0.83%	0.41%	0.73%	0.59%	1.48%	0.63%	0.90%

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

Our fibre build continues, although the rate of build is slower than prior periods due to the ongoing restrictions in place in many of our jurisdictions as a result of COVID-19.

A significant improvement in churn down to an average of 0.63% for the quarter (Q2 2020-21: 1.48%) signals positive momentum across all markets, but particularly in South Africa where the initiatives put in place over the past months are starting to yield results.

Segments

As indicated in the prior quarter, we are repositioning the business as a technology solutions provider, delivering a broader range of products and services to our customers than traditional telecommunications infrastructure. We will therefore be presenting our revenue segments in a way that better reflects the product and service categories we offer and this can be seen below, together with an indication of the revenue falling into each line.

Network remains at the core of the company and 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.

Undersea Cables includes revenue from agreements with sub-sea cable providers, hosting of landing stations and providing the gateway to large, global network provision agreements.

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

Technologies is, to date, primarily network roaming and managed service revenue. In time this will expand to include other innovations and ground-breaking technology in Africa.

Voice Traffic is aligned with our previous segment and includes all revenue from voice interconnect agreements.

Data Centre is revenue generated from the Data Centres currently hosted in the Liquid Telecommunications Holdings Group.

Revenue

Revenue per segment	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Network	277.0	270.1	2.6	112.4	104.4	7.7
Undersea Cables	13.9	15.7	(11.5)	4.4	5.1	(13.7)
Digital Solutions	31.5	38.8	(18.8)	13.1	11.6	12.9
Technologies	99.9	95.8	4.3	31.7	54.3	(41.6)
Voice Traffic	96.0	108.0	(11.1)	21.0	32.6	(35.6)
Data centre	17.0	19.6	(13.3)	6.3	6.9	(8.7)
Total Revenue	**535.3**	**548.0**	**(2.3)**	**188.9**	**214.9**	**(12.1)**

Revenue for the quarter at USD 188.9 million was down USD 26.0 million on the same quarter last year (Q3 2019-20: USD 214.9 million) due to the timing of deals in both the current and prior years.

The impact of weaker exchange rates, primarily in South Africa, resulted in year on year reductions in revenue of USD 7.7 million in the quarter and USD 38.0 million in the year to date. Therefore, on a constant currency basis, year to date revenue would have been higher than the prior year. The average exchange rate for Q3 2020-21 was 16.21 compared to an average rate of 14.84 for Q3 2019-20.

Network

Network revenue increased 7.7% to USD 112.4 million (Q3 2019-20: USD 104.4 million) due to the sale of IRUs and dark fibre in Rest of World and East Africa. Also contributing to the uplift was a move to USD billing in Zimbabwe, helping to offset the drop in South Africa Network revenue due to the timing of deals in both the current and prior years.

Undersea Cables

At USD 4.4 million, Undersea Cable revenue declined by USD 0.7 million, against the same quarter last year (Q3 2019-20: USD 5.1 million). Largely occurring in South Africa, the small decrease was due to adverse foreign exchange rate movements and churn.

Digital Solutions

Revenue increased 12.9% to USD 13.1 million (Q3 2019-20: USD 11.6 million) reflecting the nascent but growing demand for Cloud-based products. This segment has seen a positive trend through the lockdowns caused by COVID-19 as businesses adapted to new ways of working.

Technologies

Today, Technologies includes our managed services and roaming revenue, which is typically constant recurring revenue, however, the prior year did include one off revenue relating to the finalisation of certain projects, resulting in the decline year on year to USD 31.7 million (Q3 2019-20: USD 54.3 million).

Voice Traffic

Voice Traffic revenue continues to fluctuate as countries adjust to restrictions on local populations to tackle the continuing COVID-19 pandemic. Voice revenue in Q3 was down at USD 21.0 million (Q3 2019-20: USD 32.6 million) as a new wave of global lockdowns reduced business usage and led individuals to make use of VOIP technology.

Data Centres

Data centre revenue at USD 6.3 million was down on Q3 of the prior year (USD 6.9 million) due to the deterioration of the ZAR exchange rate.

In addition, in order to assist with the understanding of the transition, we have also presented our year to date and quarterly revenue figures in accordance with the previous segments.

Revenue per segment	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Data and other services	**440.0**	**441.5**	**(0.3)**	**168.3**	**182.4**	**(7.7)**
Wholesale	247.2	228.3	8.3	90.5	107.6	(15.9)
Enterprise	154.9	186.4	(16.9)	59.2	63.4	(6.6)
Retail	37.9	26.8	41.4	18.6	11.4	63.2
Wholesale voice traffic	**95.3**	**106.5**	**(10.5)**	**20.6**	**32.5**	**(36.6)**
Total Revenue	**535.3**	**548.0**	**(2.3)**	**188.9**	**214.9**	**(12.1)**

Gross profit

Gross Profit	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	535.3	548.0	(2.3)	188.9	214.9	(12.1)
Costs per quarterly financial statements	(240.0)	(228.6)	(5.0)	(83.1)	(91.0)	8.7
Gross Profit	**295.3**	**319.3**	**(7.5)**	**105.6**	**123.9**	**(14.8)**
Gross Profit Margin (%)	**55.2%**	**58.3%**	**-3.1pp**	**55.9%**	**57.7%**	**-1.8pp**

Q3 gross profit was USD 105.6 million, down USD 18.3 million against the same period last year (Q3 2019-20: 123.9 million), partly due to the weaker exchange rate in South Africa and the inclusion of the lower margin roaming revenue. Gross profit margin was down 1.8pp at 55.9% against the prior year (Q3 2019-20: 57.7%), but up 2.6pp against the prior period (Q2 2020-21: 53.3%).

Total overheads and other income

Total Overheads and Other Income	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Other income	0.4	2.1	(81.0)	0.3	1.4	(78.6)
Selling, distribution and marketing costs	(12.6)	(9.6)	(31.3)	(2.5)	(5.0)	50.0
Administrative costs	(57.9)	(63.2)	8.4	(21.9)	(21.1)	(3.8)
Staff costs	(66.9)	(74.1)	9.7	(24.5)	(27.4)	10.6
Dividend received	0.3	0.0	n/a	0.0	0.0	n/a
Total overheads and Other income	**(136.7)**	**(144.8)**	**5.6**	**(48.6)**	**(52.1)**	6.7
% to Total Revenue	**25.5%**	**26.4%**	**0.9pp**	**25.7%**	**24.2%**	**-1.5pp**

Total overheads and other income were lower than Q3 last year by 6.7% at USD 48.6 million (Q3 2019-20: USD 52.1 million). As highlighted in Q2, we are starting to see the cost savings from our organisational restructuring across UK, East Africa and South Africa materialise as staff costs were 10.6% lower than Q3 2019-20 (USD 27.4 million). Selling, distribution and marketing costs at USD 2.5 million (Q3 2019-20: USD 5.0 million) were lower in the quarter against the same time period last year as the ongoing pandemic restrictions curb physical sales and marketing activity. We saw a 3.8% increase in Administrative costs to USD 21.9 million (Q3 2019-20: USD 21.1 million) as we made a number of small legal and tax provisions resulting from prior year issues.

Adjusted EBITDA and profit

Adjusted EBITDA	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Adjusted EBITDA	**158.6**	**174.5**	(9.1)	**57.0**	**71.8**	**(20.6)**
Depreciation, impairment and amortisation	(86.7)	(111.3)	22.1	(37.1)	(35.0)	(6.0)
Dividend received	(0.3)	-	n/a	-	-	n/a
Operating Profit	**71.6**	**63.2**	13.3	**19.9**	**36.8**	**(45.9)**
Dividend received	0.3	-	n/a	-	-	n/a
Restructuring costs	(5.1)	(0.5)	(920.0)	(0.2)	-	n/a
Acquisition and other investment costs	(0.5)	(0.3)	(66.7)	(0.4)	-	n/a
Interest income	1.5	2.3	(34.8)	0.5	0.5	-
Finance costs	(59.0)	(58.7)	(0.5)	(20.0)	(20.9)	4.3
Foreign exchange (loss) / gain	(334.3)	(471.9)	29.2	(30.8)	(208.7)	85.2
Monetary Adjustment - IAS 29	327.6	236.2	38.7	60.2	102.4	(41.2)
Share of profit of associate	-	-	n/a	-	-	n/a
Profit before tax	**2.1**	**(229.7)**	**(100.9)**	**29.2**	**(89.9)**	**(132.5)**
Tax expense	(14.0)	19.9	170.4	(6.3)	(6.1)	(3.3)
Profit for the period	**(11.9)**	**(209.8)**	**(94.3)**	**22.9**	**(96.0)**	**(123.9)**

Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

Adjusted EBITDA was down USD 14.8 million in Q3 at USD 57.0 million versus the prior year (Q3 2019-20: USD 71.8 million) driven by the reduction in gross profit, partially offset by the improvement in operating costs.

The depreciation, impairment and amortisation charge for the period increased year on year by USD 2.1 million to USD 37.1 million (Q3 2019-20: USD 35.0 million), largely as a result of the impact of hyperinflation accounting in Zimbabwe.

Finance costs were broadly flat for the third quarter at USD 20.0 million (Q3 2019-20: USD 20.9 million). The RCF was drawn throughout Q3 but repaid at the end of the period. Following the end of the quarter, the same amount (USD 40.0 million) was re-drawn as a precautionary measure pending the upcoming Christmas holiday season.

Foreign exchange losses of USD 30.8 million (Q3 2019-20: USD 208.7 million) were significantly reduced in Q3 as the exchange rate in Zimbabwe has, for the moment, stabilised. The closing rate for Q3 was ZWL$:USD 81.8:1 (Q2 2020-21: ZWL$:USD 83.4:1). Similarly, the CPI in Zimbabwe has remained steady at 2,374.24 (Q2 2020-21: 2,124.97) and so the monetary adjustment in Q3 at USD 60.2 million was significantly lower than Q3 last year (Q3 2019-20: USD 102.4 million).

Cash generated from operations

Cash flow	For the nine-month period ended			For the three-month period ended		
	30-Nov-20	30-Nov-19	2020-21 vs 2019-20	30-Nov-20	30-Nov-19	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Cash generated from operations	**149.1**	**96.4**	54.7	**56.0**	**47.2**	18.6
Tax paid	(7.3)	(4.5)	(62.2)	(5.0)	(1.9)	(163.2)
Net cash generated from operating activities	**141.8**	**91.9**	**54.3**	**51.0**	**45.3**	**12.6**
Net cash used in investing activities	(56.2)	(90.3)	37.8	(17.5)	(34.5)	49.3
Net cash (used in) / generated from financing activities	(67.1)	42.3	258.6	(54.4)	(13.1)	(315.3)
Net increase / (decrease) in cash and cash equivalents	**18.4**	**44.0**	**(58.2)**	**(21.0)**	**(2.2)**	(854.5)

The net decrease in cash in Q3 of USD 21.0 million (Q3 2019-20: USD 2.2 million) was largely driven by the repayment of the USD 40.0 million RCF at the end of the period. Without this, cash generated in the quarter would have been USD 19.0 million. The positive cash movement resulted from a stabilising working capital position and lower capital expenditure, as a result of reduced build and connection activity under lockdown conditions.

Cash generated from operations improved quarter on quarter by 18.6% to USD 56.0 million (Q3 2019-20: USD 47.2 million).

Net cash used in investing activities was USD 17.5 million, 49.3% lower year on year (Q3 2019-20: USD 34.5 million). Although build work and projects continue, this is at a slower rate that in the prior year due to COVID-19 restrictions. We are also carefully conserving cash to ensure sufficient liquidity in these challenging times.

Net cash used in financing activities totalled USD 54.4 million (Q3 2019-20: USD 13.1 million) including the repayment of USD 40.0 million drawn on the RCF earlier in the year. This amount was drawn again on the RCF after the quarter end as a precautionary measure ahead of the holiday period.

Capital investment and network developments

Capital expenditure of USD 18.1 million was incurred in the quarter (Q3 2019-20: USD 35.0 million), with the majority occurring in South Africa in order to finish NLD 5 & 6 and the DRC with further investment in the East-West route. Approximately 70% of our year to date capex has been invested in the project builds described above and a further 20% spent on customer connections, reflecting the slightly slower pace of provisioning in the period. The remainder has been incurred on maintenance, ensuring we keep our network fully functioning when it is needed most.

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

Gross and net debt

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

Gross and Net Debt	30-Nov-20		
	Post IFRS 16 (USDm)	IFRS 16 impact (USDm)	Pre IFRS 16 (USDm)
Total Gross Debt	**875.1**	**110.3**	**764.8**
Long term borrowings including interest accrued	798.9	67.5	731.4
Short term portion of long-term borrowings	70.5	42.8	27.7
Unamortised arrangement fees	5.7	-	5.7
Less: Unrestricted cash	**80.9**	**-**	**80.9**
Net debt	**794.2**	**110.3**	**683.9**
Last twelve months EBITDA	**234.0**	**38.8**	**195.2**
Last twelve months interest	**80.4**	**9.4**	**71.0**
Covenants			
Gross debt / LTM EBITDA (x)	3.64	n/a	3.80
Net Debt / LTM EBITDA (x)	3.39	n/a	3.50
Interest / LTM EBITDA (x)	2.91	n/a	2.75

Gross debt for the purposes of the bond excludes accrued interest

Closing out the quarter with a total cash balance of USD 82.2 million (Q2 2020-21: USD 105.7 million), after the repayment of USD 40.0 million on the RCF demonstrates a significantly improving liquidity position. Of this amount, USD 30.0 million is held in Zimbabwe where it is re-invested in the operational and capital expenditure requirements of the business in country. We continue to see small amounts of USD being paid out of Zimbabwe through the weekly auctions.

Post-IFRS 16 gross debt at the end of November was USD 875.1 million (Q2 2020-21: USD 900.6 million), with the reduction being driven by the repayment of the RCF, offset by a higher interest accrual on the bond. Post-IFRS 16 net debt at the quarter end was USD 794.2 million (Q2 2020-21: USD 796.3 million).

The closing pre-IFRS 16 net debt to EBITDA ratio was 3.50x, against a threshold of 4.25x, reflecting lower EBITDA. Interest cover was 2.75x against a requirement to exceed 2.5x. The gross debt ratio is an incurrence covenant only and at the quarter end was 3.80x, against a threshold of 3.75x.

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

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

21 January 2021

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 9 months and 3 months ended 30 November 2020

		9 months ended		3 months ended	
	Notes	**30/11/2020**	**30/11/2019**	**30/11/2020**	**30/11/2019**
		USD'000	**USD'000**	**USD'000**	**USD'000**
		(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue	3	535,279	547,936	188,738	214,918
Interconnect related costs		(81,693)	(89,956)	(21,028)	(27,533)
Data and network related costs		(181,270)	(166,137)	(70,206)	(71,896)
Other income		379	2,134	288	1,430
Selling, distribution and marketing costs		(12,618)	(9,561)	(2,543)	(5,021)
Administrative expenses		(34,970)	(35,637)	(13,740)	(12,644)
Staff costs		(66,897)	(74,090)	(24,466)	(27,443)
Depreciation, impairment and amortisation		(86,746)	(111,252)	(37,082)	(35,033)
Operating profit		**71,464**	**63,437**	**19,961**	**36,778**
Dividend received		292	-	-	-
Restructuring costs	4	(5,139)	(465)	(223)	(5)
Acquisition and other investment costs		(466)	(349)	(396)	(15)
Interest income	5	1,493	2,262	538	495
Finance costs	6	(58,970)	(58,706)	(20,033)	(20,906)
Foreign exchange loss	2.2	(334,310)	(471,889)	(30,833)	(208,737)
Hyperinflation monetary gain*	2.2	327,586	236,240	60,193	102,354
Share of profits of associate		7	17	5	9
Profit / (loss) before taxation		1,957	(229,453)	29,212	(90,027)
Tax expense	7	(13,988)	19,908	(6,335)	(6,114)
(Loss) / Profit for the period		**(12,031)**	**(209,545)**	**22,877**	**(96,141)**
Other comprehensive profit / (loss)					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / profit on accounting for foreign entities		(8,184)	(59,874)	44,063	16,920
Impact of application of Hyperinflation accounting on opening balances	2.2.2	9,443	219,384	1,511	(59,602)
Other comprehensive profit / (loss) for the period		1,259	159,510	45,574	(42,682)
Total comprehensive (loss) / profit for the period		**(10,772)**	**(50,035)**	**68,451**	**(138,823)**
(Loss) / Profit attributable to:					
Owners of the company		(11,821)	(209,685)	23,401	(96,229)
Non-controlling interest		(210)	140	(524)	88
		(12,031)	**(209,545)**	**22,877**	**(96,141)**
Total comprehensive (loss) / profit attributable to:					
Owners of the company		(10,412)	(49,938)	69,082	(138,965)
Non-controlling interest		(360)	(97)	(631)	142
		(10,772)	**(50,035)**	**68,451**	**(138,823)**
Earning per share					
Basic (Cents per share)	24	(9.54)	(171.54)	18.87	(78.72)

* In the period ended 30 November 2020 the group recognised USD 9.4 million of the Hyperinflation monetary gain in Other comprehensive profit / loss for the period. This amount represents the Hyperinflation monetary gain on the opening balances at 1 March 2020, as calculated from 1 October 2018.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 November 2020

	Notes	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Non-current assets			
Goodwill	8	127,924	125,770
Intangible assets	9	125,086	127,325
Property, plant and equipment	10	753,961	741,380
Right-of-Use assets	11	113,113	97,342
Investment in associate		549	528
Investments	22	10,814	10,814
Deferred tax assets		32,286	31,708
Investments at amortised cost		51	193
Other Long-term receivables		13	61
Total non-current assets		**1,163,797**	**1,135,121**
Current assets			
Inventories		27,826	27,049
Trade and other receivables	13	189,042	221,373
Taxation		2,158	966
Cash and cash equivalents	12	80,936	83,492
Restricted cash and cash equivalents	12	1,240	1,511
Total current assets		**301,202**	**334,391**
Total assets		**1,464,999**	**1,469,512**
Equity and liabilities			
Capital and reserves			
Share capital		3,716	3,638
Share premium		276,714	251,446
Convertible preference shares		180,000	180,000
Accumulated loss		(118,503)	(56,607)
Foreign currency translation reserve		(14,050)	(15,560)
Total equity attributable to owners of the parent		**327,877**	**362,917**
Non-controlling interests		1,309	2,026
Total equity		**329,186**	**364,943**
Non-current liabilities			
Long term borrowings	14	731,380	732,515
Long term lease liabilities	15	67,524	65,492
Long term provisions		1,430	1,396
Other long-term payables		10,388	12,324
Deferred revenue	17	50,001	52,898
Deferred tax liabilities		24,577	17,638
Total non-current liabilities		**885,300**	**882,263**
Current liabilities			
Short term portion of long-term borrowing	14	27,672	12,211
Short term portion of long-term lease liabilities	15	42,814	29,922
Trade and other payables	16	134,647	154,687
Short-term provisions		19,860	16,353
Deferred revenue	17	21,135	6,690
Taxation		4,385	2,443
Total current liabilities		**250,513**	**222,306**
Total equity and liabilities		**1,464,999**	**1,469,512**

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

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 9 months and 3 months ended 30 November 2020

Group

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated loss) / Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD	USD'000	USD'000	USD'000	USD'000
At 1 March 2019 (as previously reported)		3,638	251,446	-	(20,793)	7,008	10,458	251,757
Adjustments - IFRS 16*		-	-	-	-	992	-	992
At 1 March 2019		3,638	251,446	-	(20,793)	8,000	10,458	252,749
Issue of convertible preference shares		-	-	180,000	-	-	-	180,000
(Loss) / Profit for the period		-	-	-	-	(209,685)	140	(209,545)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	219,384	-	-	219,384
Foreign exchange loss		-	-	-	(59,637)	-	(237)	(59,874)
At 30 November 2019 (Unaudited)		**3,638**	**251,446**	**180,000**	**138,954**	**(201,685)**	**10,361**	**382,714**
At 1 March 2020		3,638	251,446	180,000	(15,560)	(56,607)	2,026	364,943
Issue of share capital and share premium		78	25,268	-	-	-	-	25,346
Acquisition of subsidiary	23	-	-	-	101	(9,440)	(190)	(9,529)
Change in ownership		-	-	-	-	-	(167)	(167)
Loss for the period		-	-	-	-	(11,821)	(210)	(12,031)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	9,443	-	-	9,443
Foreign exchange loss		-	-	-	(8,034)	-	(150)	(8,184)
Scrip dividend paid	21	-	-	-	-	(40,635)	-	(40,635)
At 30 November 2020 (Unaudited)		**3,716**	**276,714**	**180,000**	**(14,050)**	**(118,503)**	**1,309**	**329,186**

* The 'Adjustments - IFRS 16' was reduced from USD 3.8 million (as reported and published in the condensed consolidated interim financial statements for the 9 months ended 30 November 2019) to USD 1.0 million following a re-classification in line with the presentation of the audited consolidated annual financial statements for the year ended 29 February 2020.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 9 months and 3 months ended 30 November 2020

	Notes	9 months ended 30/11/2020 USD'000 (Unaudited)	9 months ended 30/11/2019 USD'000 (Unaudited)	3 months ended 30/11/2020 USD'000 (Unaudited)	3 months ended 30/11/2019 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit before tax		1,957	(229,453)	29,212	(90,027)
Adjustments for:					
Depreciation, impairment and amortisation		86,746	111,252	37,082	35,033
Dividend received		(292)	-	-	-
Bad debts provision / (Reversal)		(1,536)	48	4,652	366
Decrease in provisions		2,101	(6,265)	5,105	(4)
Foreign exchange loss		334,786	471,532	31,417	209,383
Hyperinflation monetary gain		(327,586)	(236,240)	(60,193)	(102,354)
Profit on disposal of fixed assets		(29)	(155)	(5)	(114)
Interest income	5	(1,493)	(2,262)	(538)	(495)
Finance costs	6	58,970	58,706	20,033	20,906
Share of profit from associate		(7)	(17)	(5)	(9)
		153,617	167,146	66,760	72,685
Working capital changes:					
(Increase) / decrease in inventories		(5,481)	347	(5,078)	(1,339)
Increase in trade and other receivables		(20,527)	(62,867)	(25,675)	(34,050)
Increase / (decrease) in trade and other payables		7,022	(3,588)	21,207	11,792
Increase / (decrease) in deferred revenue		12,382	(8,110)	5,522	1,267
Increase / (decrease) in accruals		2,521	3,918	(6,610)	(3,039)
Decrease in unfavourable contracts		(448)	(427)	(151)	(145)
Cash generated from operations		149,086	96,419	55,975	47,171
Income tax paid		(7,296)	(4,468)	(4,995)	(1,867)
Net cash generated from operating activities		141,790	91,951	50,980	45,304
Cash flows from investing activities:					
Interest income		1,484	2,262	529	494
Dividend received		292	-	-	-
Acquisition of subsidiary companies		1,442	-	-	-
Purchase of property, plant and equipment	10	(61,565)	(81,751)	(20,750)	(34,149)
Proceeds on disposal of property, plant and equipment		4,255	433	4,057	362
Purchase of intangible assets	9	(2,167)	(11,427)	(1,391)	(1,164)
Proceeds on disposal of intangible assets		10	194	10	-
Net cash used in investing activities		(56,249)	(90,289)	(17,545)	(34,457)
Cash flows from financing activities:					
Dividend paid		(289)	-	-	-
Finance costs		(35,286)	(33,471)	(1,767)	(13)
Issue of convertible preference shares		-	180,000	-	-
Decrease in lease liabilities		(27,702)	(27,337)	(9,727)	(10,184)
Decrease in long-term loan borrowings		(3,841)	(76,897)	(42,900)	(2,873)
Net cash (used in) / generated from financing activities		(67,118)	42,295	(54,394)	(13,070)
Net increase / (decrease) in cash and cash equivalents		18,423	43,957	(20,959)	(2,223)
Cash and cash equivalents at beginning of the period		85,003	95,082	105,700	100,885
Translation of cash with respect to foreign subsidiaries		(21,250)	(42,797)	(2,565)	(2,420)
Cash and cash equivalents at end of the period	12	**82,176**	**96,242**	**82,176**	**96,242**
Represented by:					
Cash and cash equivalents	12	80,936	94,592	80,936	94,592
Restricted cash and cash equivalents	12	1,240	1,650	1,240	1,650
		82,176	**96,242**	**82,176**	**96,242**

1. General information

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

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

New holding company

During the previous financial year, a new company was formed, Liquid Telecommunications (Jersey) Limited ("LTJ"). In the current financial year, the shareholders of Liquid Telecommunications Holdings Limited have agreed to a share for share exchange to become the new shareholders of the LTJ entity, which will then become the new immediate holding company.

Response to COVID-19 pandemic

As the COVID-19 pandemic continues, the group is taking every precaution to protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring the ongoing delivery of its communications solutions. The directors are monitoring the advice of the health organisations in each of the territories in which the group operates and are adjusting the group's operating procedures as necessary.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 30 November 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the consolidated interim financial statements. Taking into account the available cash position as at 30 November 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

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

<u>Funding facilities</u>

The group is currently funded from a combination of equity, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) and USD 23.3 million of locally provided term loans (maturity in the financial year 2022 and 2025) in Zambia, of which USD 10.9 million is outstanding at 30 November 2020. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic. The USD 40.0 million was fully repaid in November 2020.

<u>Cash position</u>

As at 30 November 2020, the group has an unrestricted cash position of USD 80.9 million (29 February 2020: USD 83.5 million). Of this amount, USD 30.0 million (29 February 2020: USD 22.5 million) is held in Zimbabwe. The group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 81.8:1 (29 February 2020: 18.0:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

2. Accounting policies (continued)

2.1 Going concern (continued)

Operational performance

For the 9 months ended 30 November 2020, the group reported an operating profit of USD 71.5 million (30 November 2019: USD 63.4 million) and a net cash inflow from operating activities of USD 141.8 million (30 November 2019: USD 92.0 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the period ended 30 November 2020 is appropriate.

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has therefore adopted hyperinflation accounting during the period ended 30 November 2020, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

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

2.2.1 Zimbabwean currency

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

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the interbank level of ZWL$:USD 25.0:1. Following an announcement on 8 June 2020, the fixed rate ended on 23 June 2020.

In the 9 month period to 30 November 2020, the group has used a rate of ZWL$:USD 81.8:1 to translate both the statement of profit or loss and the statement of financial position at 30 November 2020. This rate is the official rate of exchange and also commensurate with the rate obtained by the group in the weekly currency auctions for USD. As such the rate is the group's best estimate of the appropriate spot rate for use in the preparation of these condensed consolidated interim financial statements. Of the USD 334.3 million of net foreign exchange loss in the condensed consolidated statement of profit and loss, Zimbabwe contributed USD 329.1 million. The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

2.2.2 Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the prior year, the group observed that the conditions in Zimbabwe were indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe were met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has applied the requirements of IAS 29 in its consolidated financial statements, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2020 of USD 9.4 million have been recognised in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 30 November 2020.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains on the net monetary position of USD 327.6 million have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on the 30 November CPI of 2,374.24.

2. Accounting policies (continued)

2.2.2 Hyperinflation accounting (continued)

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 81.8:1 has been used.

The directors continue to monitor the economic conditions in Zimbabwe.

2.2.3 Comparatives

The CPI is published one month in arrears and so the financial results for the period to 30 November 2019 were prepared and published using an estimated CPI for November 2019 of 423.5. The comparatives have now been restated using the actual November 2019 CPI of 473.3. Below is a comparison between the published figures and restated figures for the nine months and quarter ended 30 November 2019. Note that the the actual CPI for November 2020 has been applied to the current period.

	9 months ended 30 November 2019		
	Published	**Restated**[1]	**IAS 29 impact**
	USD'000	**USD'000**	**USD'000**
Revenue	540,436	547,936	7,500
Operating profit[2]	81,527	63,437	(18,090)
Foreign exchange loss	(425,753)	(471,889)	(46,136)
Hyperinflation monetary gain	405,555	236,240	(169,315)
Adjusted EBITDA[2]	171,796	174,689	2,893
Profit / (loss) before taxation	4,791	(229,453)	(234,244)
Profit / (loss) after taxation	1,842	(209,545)	(211,387)
Impact of application of Hyperinflation accounting on opening balances[3]	-	219,384	219,384

	3 months ended 30 November 2019		
	Published	**Restated**[1]	**IAS 29 impact**
	USD'000	**USD'000**	**USD'000**
Revenue	200,807	214,918	14,111
Operating profit[2]	39,473	36,778	(2,695)
Foreign exchange loss	(67,436)	(208,737)	(141,301)
Hyperinflation monetary gain	405,555	102,354	(303,201)
Adjusted EBITDA[2]	67,382	71,811	4,429
Profit / (loss) before taxation	358,922	(90,027)	(448,949)
Profit / (loss) after taxation	359,095	(96,141)	(455,236)
Impact of application of Hyperinflation accounting on opening balances[3]	-	(59,602)	(59,602)

[1] *Disclosed as comparative figures in the consolidated statement of profit or loss and other comprehensive income for the 9 months and 3 months ended 30 November 2020.*

[2] *See note 25.2 Reconciliation of Operating Profit to Adjusted EBITDA*

[3] *The impact of application of Hyperinflation accounting on opening balances has been reclassified to the consolidated statement of other comprehensive income. It was previously disclosed through 'Hyperinflation monetary gain' in the consolidated statement of profit or loss.*

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 29 February 2020.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements and critical estimates applied by the group in the preparation of these condensed consolidated interim financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 29 February 2020. In addition, the following significant accounting judgements and critical estimates have also been made:

2. Accounting policies (continued)

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

Material judgements

Revenue Recognition

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

Classification and measurement of financial instruments

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

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

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

Identification of leases and lease term

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

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

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

Material estimates

Royal Bafokeng Holdings - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 30 November 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agreed price, an additional USD 2.2 million of share value will be issued to RBH.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the company to obtain tax deductions in future periods.

2. Accounting policies (continued)

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

Material estimates (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of the recoverable amount.

Residual value and useful life

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

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

3. Segment information

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

Following the group's strategic re-positioning, the group categorises its revenue streams as shown below:

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

New revenue streams:
- Network - primarily revenue from long haul and metro networks;
- Undersea Cables - primarily revenue from undersea assets;
- Digital Solutions - primarily revenue from cloud services, managed services and cybersecurity services;
- Technologies - primarily revenue from roaming services and other innovation;
- Voice Traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
- Data Centre - primarily revenue from the group's data centres.

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

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

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

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

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 2020.

	South Africa USD'000	Zimbabwe USD'000	Rest of Africa USD'000	Rest of the World USD'000	Central Administration Costs USD'000	Eliminations USD'000	Total USD'000
Network	94,335	74,430	80,229	75,281	-	(47,288)	276,987
Undersea Cables	3,598	495	11,312	3,142	-	(4,671)	13,876
Digital Solutions	22,457	6,303	2,134	3,734	-	(3,090)	31,538
Technologies	99,300	387	166	-	-	-	99,853
Voice Traffic	4,773	-	708	92,769	-	(2,230)	96,020
Data centre	12,961	-	4,070	233	-	(259)	17,005
Inter-segmental revenue	(5,696)	(1,141)	(6,811)	(43,890)	-	57,538	-
Group External Revenue	**231,728**	**80,474**	**91,808**	**131,269**	**-**	**-**	**535,279**
Adjusted EBITDA	49,932	35,967	29,244	51,082	(15,550)	7,827	158,502
Depreciation, impairment and amortisation							(86,746)
Restructuring costs							(5,139)
Acquisition and other investment costs							(466)
Interest income							1,493
Finance costs							(58,970)
Foreign exchange loss							(334,310)
Hyperinflation monetary gain							327,586
Share of profits of associate							7
Profit before taxation							**1,957**
Tax expense							(13,988)
Loss for the period							**(12,031)**

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 2019.

	South Africa USD'000	Zimbabwe USD'000	Rest of Africa USD'000	Rest of the World USD'000	Central Administration Costs USD'000	Eliminations USD'000	Total USD'000
Network	133,916	51,827	68,759	62,169	-	(46,592)	270,079
Undersea Cables	5,399	467	10,826	3,161	-	(4,169)	15,684
Digital Solutions	35,158	2,721	664	1,325	-	(1,095)	38,773
Technologies	95,343	233	239	-	-	-	95,815
Voice Traffic	9,916	-	146	102,401	-	(4,506)	107,957
Data centre	14,849	74	4,737	235	-	(267)	19,628
Inter-segmental revenue	(9,530)	(773)	(6,168)	(40,158)	-	56,629	-
Group External Revenue	**285,051**	**54,549**	**79,203**	**129,133**	**-**	**-**	**547,936**
Adjusted EBITDA	98,098	17,976	27,296	51,687	(18,324)	(2,044)	174,689
Depreciation, impairment and amortisation							(111,252)
Restructuring costs							(465)
Acquisition and other investment costs							(349)
Interest income							2,262
Finance costs							(58,706)
Foreign exchange loss							(471,889)
Hyperinflation monetary gain							236,240
Share of profits of associate							17
Loss before taxation							**(229,453)**
Tax credit							19,908
Loss for the period							**(209,545)**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	35,914	40,243	24,934	27,327	-	(16,037)	112,381
Undersea Cables	890	245	3,628	1,051	-	(1,461)	4,353
Digital Solutions	7,994	3,878	838	1,619	-	(1,273)	13,056
Technologies	31,757	(138)	47	-	-	-	31,666
Voice Traffic	1,470	-	391	19,830	-	(711)	20,980
Data centre	4,939	(48)	1,392	78	-	(59)	6,302
Inter-segmental revenue	(1,699)	(115)	(2,148)	(15,579)	-	19,541	-
Group External Revenue	**81,265**	**44,065**	**29,082**	**34,326**	**-**	**-**	**188,738**
Adjusted EBITDA	16,214	21,970	6,463	16,876	(2,988)	(1,492)	57,043
Depreciation, impairment and amortisation							(37,082)
Restructuring costs							(223)
Acquisition and other investment costs							(396)
Interest income							538
Finance costs							(20,033)
Foreign exchange loss							(30,833)
Hyperinflation monetary gain							60,193
Share of profits of associate							5
Profit before taxation							**29,212**
Tax expense							(6,335)
Profit for the period							**22,877**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 2019.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	52,519	24,342	22,741	20,451	-	(15,667)	104,386
Undersea Cables	1,826	217	3,557	1,014	-	(1,488)	5,126
Digital Solutions	9,636	1,662	230	468	-	(417)	11,579
Technologies	54,182	45	105	-	-	-	54,332
Voice Traffic	2,515	-	48	31,310	-	(1,316)	32,557
Data centre	5,333	32	1,581	80	-	(88)	6,938
Inter-segmental revenue	(2,972)	(252)	(2,081)	(13,671)	-	18,976	-
Group External Revenue	**123,039**	**26,046**	**26,181**	**39,652**	**-**	**-**	**214,918**
Adjusted EBITDA	50,921	6,589	7,158	15,124	(6,208)	(1,773)	71,811
Depreciation, impairment and amortisation							(35,033)
Restructuring costs							(5)
Acquisition and other investment costs							(15)
Interest income							495
Finance costs							(20,906)
Foreign exchange loss							(208,737)
Hyperinflation monetary gain							102,354
Share of loss of associate							9
Loss before taxation							**(90,027)**
Tax expense							(6,114)
Loss for the period							**(96,141)**

A reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA (see above) is shown in note 25.2 - *Reconciliation.*

4. Restructuring costs

During the 9 months period to 30 November 2020, the group continued to restructure its operations, primarily in Liquid Telecommunications South Africa (Pty) Ltd, due to the development of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Redundancy costs	3,943	450	199	20
Employee support costs	357	-	8	-
Legal fees	210	-	1	-
Other costs	629	15	15	(15)
	5,139	**465**	**223**	**5**

5. Interest income

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest received - bank / external	1,149	1,968	477	391
Interest received - inter-group (note 18)	344	294	61	104
	1,493	**2,262**	**538**	**495**

6. Finance costs

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	2,934	2,447	1,331	1,860
Finance cost on Senior Secured Notes	46,538	46,538	15,513	15,513
Finance arrangement fees	2,653	2,653	884	884
Interest expense on lease liabilities	6,845	7,068	2,305	2,649
	58,970	**58,706**	**20,033**	**20,906**

7. Taxation

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation	6,329	3,684	3,957	1,313
Deferred taxation	5,391	(25,500)	1,512	4,154
Withholding taxation	2,268	1,908	866	647
Total taxation	**13,988**	**(19,908)**	**6,335**	**6,114**

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss before taxation	1,957	(229,453)	29,212	(90,027)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	6,578	(56,720)	13,000	(24,736)
Tax effect of non-deductible expenses	81,352	102,280	27,031	86,552
Tax effect of non-taxable income	(1,925)	2,435	(717)	(332)
Foreign tax credit	(4,176)	(4,556)	(1,610)	(1,252)
Effect of tax losses not recognised as deferred tax assets	9,619	2,582	(19,913)	(21,706)
Tax effect of utilised unrecognised tax losses	(2,615)	(8,631)	(371)	(8,102)
Tax effect on IAS 29 adjustments	(77,113)	(59,206)	(11,951)	(24,957)
Withholding taxation	2,268	1,908	866	647
	13,988	**(19,908)**	**6,335**	**6,114**

7. Taxation (continued)

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

	30/11/2020 USD'000 (Unaudited)	30/11/2019 USD'000 (Unaudited)
Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	26%	26%

8. Goodwill

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Cost		
Opening balance	125,770	137,341
Foreign exchange loss	(290)	(15,100)
Adjustments - IAS 29	2,444	3,529
Closing balance	**127,924**	**125,770**

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

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,304	3,922
Liquid Telecommunications Holdings South Africa (Pty) Limited	112,299	109,527
HAI Telecommunications Limited*	-	2,201
Liquid Telecommunications Zambia Limited*	2,201	-
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	127,924	**125,770**

* HAI Telecommunications Limited (HAI) is a 100% subsidiary of Liquid Telecommunications Zambia Limited and was merged into its parent on 1 March 2020 resulting in a reallocation of the goodwill.

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

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

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

9. Intangible assets

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2019 (Audited)	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases	534	2,493	9,495	-	976	-	-	13,498
Disposals	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from Property, plant and equipment (note 10)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-	-	-	8,207
At 29 February 2020 (Audited)	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries	-	176	-	-	-	-	-	176
Purchases	63	1,234	685	-	185	-	-	2,167
Transfers from Property, plant and equipment (note 10)	350	-	-	-	-	-	8,712	9,062
Foreign exchange differences	(5,755)	(438)	61	1,085	-	1	(174)	(5,220)
Adjustments - IAS 29	4,546	892	-	-	-	-	-	5,438
At 30 November 2020 (Unaudited)	27,575	43,226	113,191	34,037	3,271	25	50,010	271,335
Accumulated amortisation:								
At 1 March 2019 (Audited)	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,851	3,286	8,105	3,398	-	-	8,202	24,842
Disposals	-	(172)	-	-	-	-	-	(172)
Transfers from property, plant and equipment (note 10)	-	(45)	-	-	-	2	-	(43)
Foreign exchange differences	(1,748)	(3,835)	(1,410)	(783)	-	-	(2,333)	(10,109)
Adjustments - IAS 29	1,720	862	-	-	-	-	-	2,582
At 29 February 2020 (Audited)	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Acquisition of subsidiaries (note 23)	-	104	-	-	-	-	-	104
Amortisation	1,410	2,228	6,215	2,254	-	-	331	12,438
Transfers from property, plant and equipment (note 10)	-	-	-	-	-	-	428	428
Foreign exchange differences	(1,821)	(259)	148	393	-	-	177	(1,362)
Adjustments - IAS 29	1,618	626	-	-	-	-	-	2,244
At 30 November 2020 (Unaudited)	10,724	36,212	59,378	14,121	-	2	25,812	146,249
Carrying amount:								
At 29 February 2020 (Audited)	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325
At 30 November 2020 (Unaudited)	16,851	7,014	53,813	19,916	3,271	23	24,198	125,086

During the year ended 29 February 2020, the following major transactions took place with respect to Intangible assets:

• the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited. This transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million representing the capital contributed by the minority interest.

• the group acquired a 20 year Fibre Optical - IRU, through Liquid Telecom DRC S.A., in the Democratic Republic of Congo ("DRC') for USD 7.6 million. This acquisition extends the group's fibre network across DRC.

10. Property, plant and equipment

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Data centres USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:									
At 1 March 2019 (Audited)	80,565	12,142	38,467	93,808	9,656	60,173	-	1,032,619	1,327,430
Additions	2	463	1,342	1,471	121	37,009	7,395	57,058	104,861
Disposals	-	(774)	(656)	(1,693)	(201)	(2,711)	-	(23,458)	(29,493)
Impairment	-	-	-	-	-	(2,284)	-	-	(2,284)
Transfers	(20,477)	(120)	(5,052)	2,729	-	(29,854)	94,711	(41,937)	-
Transfer from to intangible assets (note 9)	-	-	-	-	-	-	(14)	(26)	(40)
Foreign exchange differences	(6,244)	(2,950)	(3,925)	(8,462)	(4,804)	(13,661)	(6,323)	(306,567)	(352,936)
Adjustments - IAS 29	3,785	3,431	2,231	7,228	6,044	8,227	-	359,128	390,074
At 29 February 2020 (Audited)	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Acquisition of subsidiaries	-	52	206	-	47	-	-	-	305
Additions	10	317	985	1,826	1,405	11,081	8,481	37,460	61,565
Disposals	-	-	(38)	-	(42)	(4,120)	-	(86)	(4,286)
Write offs	-	(5)	(71)	(3)	3	-	-	9	(67)
Transfers	2,610	-	70	2,061	-	(11,553)	(435)	7,247	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	(350)	-	(8,712)	(9,062)
Transfer from Inventory	-	-	2	-	-	-	-	-	2
Foreign exchange differences	(825)	(3,281)	(1,900)	(10,636)	(5,449)	(8,792)	(2,578)	(306,202)	(339,663)
Adjustments - IAS 29	2,501	2,485	1,505	4,495	3,897	6,072	-	234,002	254,957
At 30 November 2020 (Unaudited)	61,927	11,760	33,166	92,824	10,677	49,237	101,237	1,040,535	1,401,363
Accumulated depreciation									
At 1 March 2019 (Audited)	16,807	8,550	28,337	76,429	6,423	(2,257)	-	406,545	540,834
Depreciation	649	1,250	4,412	9,935	1,339	-	5,986	63,385	86,956
Disposals	-	(753)	(531)	(1,763)	(190)	-	-	(2,133)	(5,370)
Transfers	(3,439)	(159)	(5,085)	(393)	-	-	23,528	(14,452)	-
Transfer from intangible assets (note 9)	-	-	-	-	-	-	45	(2)	43
Foreign exchange differences	(1,093)	(1,218)	(2,942)	(4,738)	(2,633)	-	(2,002)	(82,093)	(96,719)
Adjustments - IAS 29	-	2,493	1,282	5,452	4,839	-	-	156,422	170,488
At 29 February 2020 (Audited)	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Acquisition of subsidiaries	-	48	186	-	32	-	-	-	266
Depreciation	819	541	2,453	6,154	499	-	4,942	36,212	51,620
Disposals	-	-	-	-	(23)	-	-	(38)	(61)
Write offs	-	(5)	(71)	(3)	3	-	-	9	(67)
Transfers	136	(4)	-	(7)	-	-	(125)	-	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	-	-	(428)	(428)
Foreign exchange differences	881	(2,718)	(1,356)	(9,420)	(5,015)	-	225	(143,209)	(160,612)
Adjustments - IAS 29	-	1,277	922	4,217	3,062	-	-	50,974	60,452
At 30 November 2020 (Unaudited)	14,760	9,302	27,607	85,863	8,336	(2,257)	32,599	471,192	647,402
Carrying amount:									
At 29 February 2020 (Audited)	44,707	2,029	6,934	10,159	1,038	59,156	68,212	549,145	741,380
At 30 November 2020 (Unaudited)	47,167	2,458	5,559	6,961	2,341	51,494	68,638	569,343	753,961

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

During the period ended 30 November 2020:

• In line with the reclassification of Data Centre assets done in the prior year, it is noted that USD 31.7 million (29 February 2020: 26.7 million) of Data Centre real estate is reported under the Land and buildings category to ensure appropriate IFRS classification.

During the year ended 29 February 2020:

• assets relating to the Data Centre line of business were re-classified to a single category to better present the use of assets. Of the USD 94.7 million transferred, USD 6.8 million relates to additions during the year within the transfer line.

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

11. Right-of-Use assets

	Land and buildings	Computer equipment	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	35,180	1,759	15,424	108,386
Additions	7,597	-	3,312	14	3,729	14,652
Disposals	(13)	-	-	-	-	(13)
Impairment	(2,551)	-	-	-	-	(2,551)
Foreign exchange differences	(2,637)	-	(11)	(95)	(1,092)	(3,835)
Adjustments - IAS 29	11,986	-	-	-	-	11,986
At 29 February 2020 (Audited)	70,382	23	38,481	1,678	18,061	128,625
Additions	28,708	-	9,954	-	453	39,115
Disposals	(8)	-	(1,721)	-	-	(1,729)
Foreign exchange differences	(10,517)	(2)	(24)	25	348	(10,170)
Adjustments - IAS 29	11,773	-	-	-	-	11,773
At 30 November 2020 (Unaudited)	100,338	21	46,690	1,703	18,862	167,614
Accumulated depreciation:						
Depreciation	11,284	-	12,769	591	7,474	32,118
Disposals	(13)	-	-	-	-	(13)
Foreign exchange differences	(383)	-	(2)	(25)	(426)	(836)
Adjustments - IAS 29	14	-	-	-	-	14
At 29 February 2020 (Audited)	10,902	-	12,767	566	7,048	31,283
Depreciation	7,658	8	9,023	359	5,347	22,395
Disposals	(8)	-	(72)	-	-	(80)
Foreign exchange differences	(197)	-	(5)	30	636	464
Adjustments - IAS 29	439	-	-	-	-	439
At 30 November 2020 (Unaudited)	18,794	8	21,713	955	13,031	54,501
Carrying amount:						
At 29 February 2020 (Audited)	59,480	23	25,714	1,112	11,013	97,342
At 30 November 2020 (Unaudited)	81,544	13	24,977	748	5,831	113,113

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

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Cash and bank balances	80,445	81,257
Money market deposits	491	2,235
Cash and cash equivalents	**80,936**	**83,492**
Restricted cash and cash equivalents	**1,240**	**1,511**
Total cash and cash equivalents	**82,176**	**85,003**

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

Cash and cash equivalents include USD 30.0 million (29 February 2020: USD 22.5 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 81.8:1 (29 February 2020: ZWL$:USD 18.0:1). See note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.

13. Trade and other receivables

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Trade receivables	144,104	150,886
Allowance for doubtful debts	(42,104)	(41,692)
Affiliated entities (note 18)	19,657	39,631
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**121,657**	**148,825**
Short-term inter-company receivables (note 18)	17	-
Sundry debtors	33,677	44,489
Deposits paid	4,785	4,565
Prepayments	28,906	23,494
	189,042	**221,373**

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

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

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

In addition to the current items not yet due of USD 40.8 million (29 February 2020: USD 81.0 million) for the group, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts. Taking into account undertakings received, management considers that there has been no significant change in the assumptions about risk and probability of default and as such the amounts are still considered recoverable. The ageing of these items is shown in the table below.

	Ageing of past due but not impaired	
	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
31 - 60 days	23,508	10,594
61 - 90 days	8,090	9,895
91 - 120 days	6,090	8,030
121 + days	43,135	39,298
Total ageing of past due but not impaired	**80,823**	**67,817**
Current items	40,834	81,008
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**121,657**	**148,825**

13. Trade and other receivables (continued)

Included in the above amounts past due but not impaired are amounts due from customers totaling USD 28.1 million to whom longer credit terms have been contractually extended. Due to the timing of these contracts, these amounts fall across all ageing categories.

Included in amounts past due but not impaired are USD 19.5 million (29 February 2020: USD 39.6 million) of receivables from the Econet Group. Refer to note 18 for the total breakdown of Econet Group trade receivables.

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

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Unaudited)	(Audited)
Long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	7,070	10,859
USD 730 million 8.5% Senior Secured Notes	724,310	721,656
	731,380	**732,515**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,813	3,813
USD 730 million 8.5% Senior Secured Notes	23,786	8,273
USD 73 million revolving credit facility	73	125
	27,672	**12,211**

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, a further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 30 November 2020, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

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

Liquid Telecommunications Zambia Limited, previously, had a USD 15.3 million term loan and a USD 8.0 million of Revolving Credit Facility with Stanbic Bank of Zambia. Liquid Telecommunications Holding Limited guaranteed up to USD 13.0 million in aggregate of these facilities. The facility agreement also included a first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The Revolving Credit Facilities were extended in May 2020 and converted to terms loans, now denominated in local currency (Zambian Kwacha). As at 30 November 2020, the outstanding balance on all term loans are USD 10.9 million.

15. Lease liabilities

	31/08/2019 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Long term portion of lease liabilities	67,524	65,492
Short term portion of lease liabilities	42,814	29,922
	110,338	**95,414**

16. Trade and other payables

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Trade accounts payable	62,065	80,568
Payable balance to affiliated entities (note 18)	815	3,315
Total trade and affiliated entities payables	62,880	83,883
Accruals	53,873	53,177
Staff payables	2,514	2,147
Transaction taxes due in various jurisdictions	3,377	3,660
Unfavourable contracts	695	633
Senior secured notes premium	1,930	1,930
Other short term payables	9,378	9,257
	134,647	**154,687**

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

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

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

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

17. Deferred revenue

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Long term portion of deferred revenue	50,001	52,898
Short term portion of deferred revenue	21,135	6,690
	71,136	**59,588**

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

18. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Econet Global Limited (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Media Limited (Zambia), EcoCash (Pvt) Ltd (Zimbabwe), Cassava Fintech (Pty) Ltd (South Africa), Econet South Africa (Pty) Limited, Steward Bank Limited and Cumii Kenya Limited and are referred to as "Econet Global related group companies". The following are also related parties: Africa Data Centres Holdings Ltd and is referred to as Africa Data Centres related group companies" . They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the note. During the period, the group entered into the following trading transactions with related parties:

18. Related party transactions and balances (continued)

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods and services				
Econet Global related group companies	45,203	34,403	22,553	8,734
Purchase of goods and services				
Econet Global related group companies	26,739	20,397	14,109	6,890
Management fees paid and expensed				
Econet Global related group companies	180	180	60	60
Management fees received				
Econet Global related group companies	45	4	21	1
Scrip dividend paid				
Econet Global related group companies	18,078	-	-	-
Other shareholders	22,557	-	-	-
	40,635	-	-	-
Interest income				
Econet Global related group companies	344	294	61	104
Administration fees paid				
DTOS Limited	253	100	141	-

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

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Unaudited)	(Audited)
Short term intercompany receivables		
Liquid Telecommunications (Jersey) Ltd	17	-
Receivables balances from affiliated entities		
Econet Global Related Group Companies	19,312	39,631
Africa Data Centres related group companies	345	-
	19,657	39,631
Payable balance to affiliated entities		
Econet Global related group companies	815	3,315

19. Capital commitments

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Unaudited)	(Audited)
At 30 November 2020 the group was committed to making the following capital commitments:		
Authorised and contracted	27,847	53,754

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

20. Post balance sheet events

Data Centre restructuring

As part of their ongoing review of the group's strategy, the directors consider the Data Centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the prior year, to a restructure of the group during financial year 2021, to allow greater operational focus and additional fund-raising for this sector. In financial year 2021, a new company, Liquid Telecommunications (Jersey) Limited, was formed which holds Africa Data Centre Holdings Limited, a company registered in the United Kingdom. The shareholders of Liquid Telecommunications Holdings Limited have agreed to a share for share exchange to become new shareholders of Liquid Telecommunications (Jersey) Limited. Upon completion of the exchange, Liquid Telecommunications (Jersey) Limited will be the new holding company of Liquid Telecommunications Holdings Limited

USD 73.0 million revolving credit facility

In December 2020, the group drew USD 40.0 million as a precautionary measure to preserve liquidity in light of the COVID-19 pandemic.

21. Scrip dividend paid

On 8 June 2020 Liquid Telecommunications Holdings Limited declared a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability. Of the USD 40.3 million (30 November 2019: Nil) value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
30 November 2020				
Investments	-	-	10,814	10,814
Unfavourable contracts	-	-	9,893	9,893
Total (Unaudited)	**-**	**-**	**20,707**	**20,707**
29 February 2020				
Investments	-	-	10,814	10,814
Unfavourable contracts	-	-	10,320	10,320
Total (Audited)	**-**	**-**	**21,134**	**21,134**

Investments

As of 30 November 2020, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value. Accordingly, the investments are classified under level 3 of the fair value hierarchy.

	30/11/2020	28/02/2020
	USD'000	USD'000
	(Unaudited)	(Audited)
Closing balance	10,814	10,814

No impairment was required following the review of the carrying value of the investments by the directors for the period ended 30 November 2020 (29 February 2020: nil).

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

Unfavourable contracts

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

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

	30/11/2020 USD'000 (Unaudited)	28/02/2020 USD'000 (Audited)
Opening balance	10,320	11,058
Adjustment	499	-
Unwinding of interest	43	869
Charge to Data and network related costs	(990)	(1,451)
Foreign exchange loss	21	(156)
Closing balance	9,893	10,320

23. Non-cash transactions

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

• In the current financial period, the non-cash portion of finance costs consists of USD 2.7 million (30 November 2019: USD 2.7 million) of amortised arrangement fees relating to the USD 730 million 8.5% Senior Secured Notes. Accrued interest of USD 23.8 million (30 November 2019: USD 23.8 million) has been excluded from the borrowings as at 30 November 2020.

• Liquid Telecommunications Holdings Limited declared a dividend in shares. See note 21 - Dividend for more details.

• On 10 June 2020, the group entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from Econet Global Limited for a non-cash consideration of USD 9.0 million. The acquisition was made through a common control transaction and recorded at cost.

24. Earnings per share

	9 months ended		3 months ended	
	30/11/2020 USD'000 (Unaudited)	30/11/2019 USD'000 (Unaudited)	30/11/2020 USD'000 (Unaudited)	30/11/2019 USD'000 (Unaudited)
Basic (loss) / profit per share (Cents per share)	(9.54)	(171.54)	18.87	(78.72)

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

(Loss) / profit attributable to owners of the company	(11,821)	(209,685)	23,401	(96,229)

	30/11/2020 USD'000 (Unaudited)	30/11/2019 USD'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share for the period/year ended	123,945,435	122,236,964

At 30 November 2020, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (30 November 2019: USD 3.6 million representing 122,236,964 ordinary shares).

On 8 June 2020 Liquid Telecommunications Holdings Limited declared a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability. Of the USD 40.3 million (30 November 2019: Nil) value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

25. Reconciliation

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

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

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

	Consolidated statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
9 months ended 30 November 2020:			
Revenue	535,279	-	535,279
Interconnect related costs	(81,693)	-	(81,693)
Data and network related costs	(181,270)	22,959	(158,311)
Gross Profit			295,275
Other income	379	-	379
Dividend received	292		292
Selling, distribution and marketing costs	(12,618)	-	(12,618)
Administrative expenses	(34,970)	(22,959)	(57,929)
Staff costs	(66,897)	-	(66,897)
Adjusted EBITDA	**158,502**	**-**	**158,502**
9 months ended 30 November 2020:			
Revenue	547,936	-	547,936
Interconnect related costs	(89,956)	-	(89,956)
Data and network related costs	(166,137)	27,517	(138,620)
Gross Profit			319,360
Other income	2,134	-	2,134
Selling, distribution and marketing costs	(9,561)	-	(9,561)
Administrative expenses	(35,637)	(27,517)	(63,154)
Staff costs	(74,090)	-	(74,090)
Adjusted EBITDA	**174,689**	**-**	**174,689**
3 months ended 30 November 2020:			
Revenue	188,738	-	188,738
Interconnect related costs	(21,028)	-	(21,028)
Data and network related costs	(70,206)	8,180	(62,026)
Gross Profit			105,684
Other income	288	-	288
Selling, distribution and marketing costs	(2,543)	-	(2,543)
Administrative expenses	(13,740)	(8,180)	(21,920)
Staff costs	(24,466)	-	(24,466)
Adjusted EBITDA	**57,043**	**-**	**57,043**
3 months ended 30 November 2019:			
Revenue	214,918	-	214,918
Interconnect related costs	(27,533)	-	(27,533)
Data and network related costs	(71,896)	8,448	(63,448)
Gross Profit			123,937
Other income	1,430	-	1,430
Selling, distribution and marketing costs	(5,021)	-	(5,021)
Administrative expenses	(12,644)	(8,448)	(21,092)
Staff costs	(27,443)	-	(27,443)
Adjusted EBITDA	**71,811**	**-**	**71,811**

25. Reconciliation (continued)

25.2 Reconciliation of Operating profit to Adjusted EBITDA

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

	9 months ended		3 months ended	
	30/11/2020	30/11/2019	30/11/2020	30/11/2019
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	71,464	63,437	19,961	36,778
Add back:				
Depreciation, impairment and amortisation	86,746	111,252	37,082	35,033
Dividend received	292	-	-	-
Adjusted EBITDA (note 3)	**158,502**	**174,689**	**57,043**	**71,811**

26. Contingent liability

Raha Limited - Fine

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