LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
("the Group", "Liquid" or "Liquid Intelligent Technologies")
FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 28 FEBRUARY 2021

Solid year despite COVID-19 challenges; executing on our vision of bringing new technology solutions to market

13 May 2021

Leading pan-African technology solutions group Liquid Intelligent Technologies, a subsidiary of Econet Global Limited, today announces its financial results for the year ended 28 February 2021.

Strategic highlights:

- Repositioning the business as a technology solutions provider delivering a broader range of digital products and services under the "Liquid Intelligent Technologies" brand.
- Completion of the national long distance fibre network (NLD 5 & 6) from Durban to Cape Town in South Africa.
- Continued good progress with the East to West link in the DRC, including connecting Muanda and Lubumbashi.
- Successfully refinanced the existing Senior Secured Notes with new, 2026 maturity, USD 840 million funding arrangements on substantially better terms.

Financial highlights:

- Strong liquidity position at the end of the year; unrestricted cash balance of USD 163.9 million resulting from 79.4% increase in cash generated from operations in the year.
- Revenue growth impacted by adverse exchange rates and NRR deals in the prior year, both primarily in South Africa.
- Adjusted EBITDA[1] of USD 82.5 million in Q4, up 13.5% year-on-year (Q4 2019-20 USD 72.7 million), from improved gross profit margin, up 7.3pp to 73.3%, and strong cost control with net operating costs down 6.5% year-on-year.
- Adjusted EBITDA[1] down 2.6% in the year as the lower revenue was largely mitigated by strong cost control, excluding the impact of adverse exchange rates in South Africa, adjusted EBITDA was up 1.5%.
- Net debt[2] at the end of the financial year was USD 777.9 million, giving a net debt to adjusted EBITDA ratio of 3.23x, comfortably within the new threshold of 4.50x.

USD (m) unless stated	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	651.9	694.9	(6.2)	194.7	207.5	(6.2)
Adjusted EBITDA	241.0	247.4	(2.6)	82.5	72.7	13.5
Cash generated from operations	261.9	146.0	79.4	112.8	49.6	127.4
Net Debt[1]	777.9	765.0	1.7	777.9	765.0	1.7
Net Debt / adjusted EBITDA (x)	3.23	3.09		3.23	3.09	

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 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:
"In spite of the challenges brought about by COVID-19, it is pleasing that the Group, benefiting from our extensive geographic diversification and reflecting the ongoing need for our technology solutions, has demonstrated a high level of resilience, enabling us to deliver a solid financial performance in an unprecedented year.

Our performance in South Africa has been most affected by COVID-19, with revenues impacted by the deterioration in the exchange rate, as well as lower general activity due to restrictions resulting from the pandemic. During the year we have made strategic and leadership changes in South Africa which will position us well as restrictions alleviate. However, it is testament to the Group's diverse operations that we have largely mitigated these impacts due to strong performances across all other regions.

Despite the challenges, we have continued to relentlessly execute on our strategic initiatives, including; the completion, on time and within budget, of the national long distance 5 and 6 routes in South Africa; the continued robust build-out of the crucial East to West route in the DRC; and more recently, our rebrand to Liquid Intelligent Technologies, as we increasingly focus on delivering digital solutions including the power of the Cloud, artificial intelligence and cybersecurity to our customers, solutions that are now more crucial than ever.

Finally, I wanted to express my gratitude to colleagues across the Group who have played an essential part in delivering these results and more importantly, shown great dedication and adaptability, in providing our vital technology solutions in this testing time."

Group Chairman, Strive Masiyiwa, added:
"This has been a truly unparalleled year globally, no region has been unaffected by the repercussions of the COVID-19 pandemic, and I take great pride in how Liquid has adapted and responded to these difficult circumstances. The Group has shown great resilience as it continued to provide essential connectivity needs across Africa whilst forging ahead with its strategic priorities.

I was particularly pleased, given capital market volatility, with the success of the Bond refinance. This was a truly landmark deal for an African issuer: the first ever 5-handle coupon achieved by a single-B African corporate issuer; an order book more than five times oversubscribed and totalling USD 3.2 billion; and a 300 basis point lower coupon rate than the Group's debut Bond. This is a reflection of investor confidence in both Liquid and African enterprises more widely, despite the challenging period we find ourselves in.

Furthermore, the Group is continuing its strategic shift into a technology solutions company and positioning itself at the forefront of digital transformation in Africa. The next phase of Liquid's growth is focused on commercialising its existing infrastructure further and evolving its offer to include a wider array of digital solutions, areas that I am confident will be key growth drivers for the Group moving forward."

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

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About Liquid Intelligent Technologies:
Liquid Intelligent Technologies is a pan-African technology group with capabilities across 14 countries, primarily in Sub-Saharan Africa. Established in 2005, Liquid has firmly established itself as the leading pan-African digital infrastructure provider with an extensive network spanning over 96,000km. Liquid Intelligent Technologies is redefining Network, Cloud and Cyber Security offerings through strategic partnerships with leading global players, innovative business applications, intelligent Cloud services and bringing world-class security to the African continent. Liquid Intelligent Technologies is now a full one-stop-shop technology group that provides tailor-made digital solutions to businesses in the public and private sectors across the continent. https://liquid.tech/

OPERATIONAL AND FINANCIAL REVIEW

Liquid Intelligent Technologies is a technology and digital solutions provider across 14 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. We have built Africa's largest independent fibre network, more than 96,000kms 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, as we transition to our new operating model, we have started reporting our revenue in new segments which will be explained below and we have added to our key performance indicators (KPIs).

We have been reviewing the KPIs that we report on to ensure that such metrics more effectively reflect the development, performance and position of the business. This process will continue and KPIs will be refined further as new business areas develop.

Key performance indicators (KPIs)
The following table sets out the current Group key performance indicators:

	(Q1) 2020-21	(Q2) 2020-21	(Q3) 2020-21	(Q4) 2020-21	FY 2020-21
Total fibre network [1]	90,922	92,120	93,196	96,620	96,620
Average churn rate [2]	0.69%	1.60%	0.73%	0.50%	0.88%
Monthly recurring revenue (MRR) [3]	93.8%	89.0%	97.1%	83.4%	90.4%
Total capacity on subsea assets [4]	582	582	582	582	582

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

Our total fibre network amounts to 96,620kms, up 7.4% compared to the end of FY 2019-20, reflecting the build out of NLD 5 & 6 in South Africa as well as the lighting up of new network in the DRC. Note we have updated our fibre network definition and provided new historical comparisons as this wider definition more accurately reflects the capacity of the network by including multiple fibre cables or ducts within the same trench or overhead line.

Average churn for the year was 0.88%, slightly up compared to Q4 following the COVID-19 related spike experienced in Q2 FY2020-21, in the second half of the year churn has returned to more normalised lower levels.

Average monthly recurring revenue for the year was 90.4%, with a dip in the final quarter following the finalisation of contracts related to the completion of NLD 5 & 6.

Subsea capacity has remained flat through the course of the year.

Segments

As indicated in prior quarters, 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.

Network remains at the core of the Group 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. We aim to provide a cost effective offering with better reliability, strong backhaul, better quality of service and lower latency.

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 as we become a one-stop-shop for digital transformation with best in class IaaS, PaaS and SaaS applications.

Technologies is, to date, primarily network roaming and managed service revenue. In time this will expand to include other innovations and new technologies in Africa as we expand IoT, 5G and support the ecosystem of innovation across the continent.

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 that were hosted in the Liquid Telecommunications Holdings Group during FY 2020-21. On 4 March 2021, the Group entered into a sale agreement with Africa Data Centre Holdings Limited for the disposal of the data centre line of business. This disposal is expected to be completed within the next 12 months and data centres will not be reported on as part of this Group moving forward.

Revenue

Revenue per segment	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Network	420.8	425.1	(1.0)	139.0	141.8	(2.0)
Undersea cables	15.6	18.1	(13.8)	3.7	4.2	(11.9)
Digital solutions	46.3	53.3	(13.1)	14.1	13.1	7.6
Technologies	26.6	27.1	(1.8)	7.6	3.3	130.3
Voice traffic	118.9	145.0	(18.0)	23.6	38.4	(38.5)
Data centre	23.7	26.3	(9.9)	6.7	6.7	-
Total Revenue	**651.9**	**694.9**	**(6.2)**	**194.7**	**207.5**	**(6.2)**

During the period, the accounting relating to the roaming contracts and the costs relating to them has been further reviewed and the accounts amended accordingly. There is no impact to operating profit/(loss), adjusted EBITDA, profit after tax, the statement of financial position or statement of cash flow. For further detail see note 28 of the attached Quarterly Financial Statements.

At USD 651.9 million (FY 2019-20 restated: USD 694.9 million) full year revenue was adversely impacted by exchange rates, mainly in South Africa. The deterioration in the South African Rand led to a constant currency revenue reduction of USD 25.9 million. We have also experienced the impact of a weaker Zambian Kwacha, with a USD 13.2 million headwind versus last year. The average Kwacha:USD rate moved from to 13.28:1 in February 2020 to 19.25:1 in February 2021. On a constant currency basis, excluding these two material adverse currency movements, revenue would have been broadly flat year-on-year. Encouragingly, monthly recurring revenue, i.e. the predictable and more regular revenue that is generated by the Group, has increased year-on-year and reached 90.4% over the course of the year.

Total revenue for the quarter was USD 194.7 million (Q4 2019-20 restated: USD 207.5 million), 6.2% down on the same period last year following lower levels of NRR and depreciation of the South African Rand. Although the South African Rand has stabilised in recent months, the Group still saw a year-on-year reduction in the final quarter revenue of USD 0.8 million and the weakening of the Zambian Kwacha contributed a further USD 3.2 million drop in revenue in the quarter.

Network

Full year network revenue was USD 420.8 million (FY 2019-20: USD 425.1 million), a reduction of 1.0% as the impact of adverse exchange rates in South Africa were offset by IRU sales in Kenya and Tanzania.

Revenue from Network services was USD 139.0 million for the quarter (Q4 2019-20: USD 141.8 million) with the lower year-on-year revenue in South Africa being partly offset by the continued improved performance in East Africa and Southern Africa as additional dark fibre connections went live.

Undersea Cables

Undersea Cable revenue for FY 2020-21 fell by USD 2.5 million to USD 15.6 million (FY2019-20 USD 18.1 million).

In the fourth quarter, this revenue was down USD 0.5 million to USD 3.7 million, compared to USD 4.2 million in Q4 last year. Although largely occurring in South Africa, recent outages on a number of sub-sea cables have not affected the Liquid network as we operate an intelligent subsea cable system that automatically re-routes network traffic during such outages. This service reliability has allowed underlying revenues to remain stable and provides a significant opportunity for growth.

Digital Solutions

The full year revenue of USD 46.3 million (FY 2019-20: USD 53.3 million) fell 13.1% largely due to the weakening of the South African Rand, as well as lower voice revenues as a result of less general activity brought about by the closure of many office locations. Excluding these impacts, Digital Solutions revenue would have increased by 13.1% driven by good Cloud based growth in most territories, with standout performances in Zimbabwe and Kenya.

We continued to see increasing demand for digital products driven by the flexibility they bring to customers, as reflected in the 7.6% revenue increase on the same quarter last year, to USD 14.1 million (Q4 2019-20: USD 13.1 million). Our acquisition of the QBS Middle East and African operations will further enhance our digital offering, allowing Liquid to become a more comprehensive multi-Cloud service provider with strong relationships with key global hyperscalers across the continent.

Technologies

Our Technology line of business, primarily comprising managed services and roaming revenue, continued to provide a steady income stream with revenue for the year stable at USD 26.6 million (FY2019-20 restated: USD 27.1 million) as both roaming contracts were in place for the full twelve months.

This growth continued through to the final quarter at USD 7.6 million, up 130.3% on the fourth quarter last year (Q4 2019-20 restated: USD 3.3 million). The technology line of business is a major contributor of MRR.

Voice Traffic

As expected voice revenues continued to decline year-on-year, with revenue for the FY 2020-21 period down 18.0% at USD 118.9 million (FY 2019-20: USD 145.0 million) which reflected the stark impact of the COVID-19 pandemic on global voice traffic.

The trend continued into the fourth quarter with revenue of USD 23.6 million compared to the comparative period revenue of USD 38.4 million, which also included some lower margin deals that have not been repeated.

Data Centres

Data centre revenue was down by USD 2.6 million to USD 23.7 million in FY 2020-21 compared to FY 2019-20 (USD 26.3 million), largely due adverse impact of the South African Rand and was flat in Q4 at USD 6.7 million (Q4 2019-20: USD 6.7 million). Note these are the residual data centres that will no longer be reported within Liquid Telecommunications Holdings Limited moving forward.

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 segmentation.

Revenue per segment	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Data and other services	**533.0**	**549.9**	**(3.1)**	**171.1**	**169.1**	**1.2**
Wholesale	263.2	263.1	0.0	94.1	88.1	6.8
Enterprise	213.1	246.7	(13.6)	58.2	66.0	(11.8)
Retail	56.7	40.1	41.4	18.8	15.0	25.3
Wholesale voice traffic	**118.9**	**145.0**	**(18.0)**	**23.6**	**38.4**	**(38.5)**
Total Revenue	**651.9**	**694.9**	**(6.2)**	**194.7**	**207.5**	**(6.2)**

Gross profit

Gross Profit	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	651.9	694.9	(6.2)	194.7	207.5	(6.2)
Costs per quarterly financial statements	(213.8)	(238.5)	10.4	(51.8)	(70.5)	26.5
Gross Profit	**438.1**	**456.4**	**(4.0)**	**142.8**	**137.0**	**4.2**
Gross Profit Margin (%)	**67.2%**	**65.7%**	**1.5pp**	**73.3%**	**66.0%**	**7.3pp**

Although gross profit was down for the full year at USD 438.1 million (FY 2019-20: USD 456.4 million), with an improved margin, fourth quarter gross profit increased by USD 5.8 million to USD 142.8m (Q4 2019-20: USD 137.0 million) with a gross profit margin increase of 7.3 percentage points to 73.3% (Q4 2019-20: 66.0%). The increase in margins was driven by the closing out of certain higher margin contracts in South Africa, Kenya and the DRC, as well as the impact of the restatement referred to above. Voice traffic also contributed with higher margin destinations.

Total overheads and other income

Total Overheads and Other Income	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Other income	4.0	4.6	(13.0)	3.6	2.4	50.0
Selling, distribution and marketing costs	(25.4)	(27.0)	5.9	(12.7)	(17.5)	27.4
Administrative costs	(83.9)	(87.3)	3.9	(26.0)	(24.2)	(7.4)
Staff costs	(92.1)	(99.3)	7.3	(25.2)	(25.2)	-
Dividend received	0.3	0.0	n/a	0.0	0.0	n/a
Total overheads and Other income	**(197.1)**	**(209.0)**	**5.7**	**(60.3)**	**(64.5)**	6.5
% to Total Revenue	**30.2%**	**30.1%**	**-0.2pp**	**31.0%**	**31.1%**	**0.1pp**

We continue to see reductions in our cost base through both conscious cost control and the impact of COVID-19 restrictions. Total overheads and other income for the full year were USD 197.1 million (FY 2019-20: USD 209.0 million), 5.7% lower than last year as the effect of the group organisation restructuring has taken effect. Alongside this we have seen reductions in travel, marketing and office costs as a result of the pandemic.

The trend for the year continued into the fourth quarter with total overheads and other income at USD 60.3 million (Q4 2019-20: USD 64.5 million), an improvement of 6.5%, largely driven by reduced marketing activity.

Adjusted EBITDA and profit

Adjusted EBITDA	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Adjusted EBITDA	**241.0**	**247.4**	(2.6)	**82.5**	**72.7**	**13.5**
Depreciation, impairment and amortisation	(123.6)	(149.9)	17.5	(36.9)	(38.6)	4.4
Dividend received	(0.3)	-	n/a	-	-	n/a
Operating Profit	**117.1**	**97.5**	20.1	**45.6**	**34.1**	**33.7**
Dividend received	0.3	-	n/a	-	-	n/a
Restructuring costs	(5.4)	(0.5)	(980.0)	(0.3)	-	n/a
Acquisition and other investment costs	(0.6)	(0.9)	33.3	(0.1)	(0.6)	n/a
Interest income	2.0	3.0	(33.3)	0.6	0.7	(14.3)
Finance costs	(99.7)	(79.4)	(25.6)	(40.7)	(20.7)	(96.6)
Foreign exchange (loss) / gain	(386.0)	(599.1)	35.6	(51.7)	(127.2)	59.4
Monetary Adjustment - IAS 29	391.9	458.5	(14.5)	64.3	222.3	(71.1)
Share of profit of associate	0.1	0.1	n/a	0.1	0.1	n/a
Profit before tax	**19.7**	**(120.8)**	**(116.3)**	**17.8**	**108.7**	**(83.6)**
Tax expense	(34.0)	57.5	159.1	(20.1)	37.6	153.5
(Loss)/Profit for the period	**(14.3)**	**(63.3)**	**77.4**	**(2.3)**	**146.3**	**(101.6)**

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 for the full year was down 2.6% to USD 241.0 million (FY 2019-20: USD 247.4 million), but improved by 13.5% to USD 82.5 million in the fourth quarter compared to Q4 of the prior year (Q4 2019-20: USD 72.7 million) as a result of the increased gross profit described above and the continued reduction in operating costs.

The depreciation, impairment and amortisation charge was higher in the year at USD 123.6 million (FY 2019-20: USD 149.9 million), but lower in the final quarter at USD 36.9 million (Q4 2019-20: USD 38.6 million), as exchange rates in South Africa and Zimbabwe stabilised.

Finance costs for FY 2020-21 and the fourth quarter reflect the re-financing recognised in the period (further detail in the net debt section below). Finance costs for the full year were USD 99.7 million (FY 2019-20: USD 79.4 million) and USD 40.7 million for the fourth quarter (Q4 2019-20: USD 20.7 million). Both the full year and the Q4 finance costs included the tender premium of USD 12.6 million and the write off of unamortised fees on the USD 730 million Senior Secured Notes (USD 2.6 million), together with the accrued interest on tendered and redeemed Notes.

Foreign exchange losses in the period were significantly reduced compared to the fourth quarter last year as the exchange rate in Zimbabwe stabilised. The exchange loss for the full year was USD 386.0 million (FY 2019-20: USD 599.1 million) and for the final quarter was USD 51.7 million (Q4 2019-20: USD 127.2 million). The closing rate for Q4 was ZWL$:USD 83.9:1 (Q3 2020-21: ZWL$:USD 81.8:1). Similarly, the CPI in Zimbabwe has remained steady at 2,698.89 (Q3 2020-21: 2,374.24) and so the monetary adjustment in Q4 at USD 64.3 million was significantly lower than Q4 last year (Q4 2019-20: USD 222.3 million).

Cash generated from operations

Cashflow	For the twelve-month period ended			For the three-month period ended		
	28-Feb-21	29-Feb-20	2020-21 vs 2019-20	28-Feb-21	29-Feb-20	2020-21 vs 2019-20
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Cash generated from operations	**261.9**	**146.0**	79.4	**112.8**	**49.6**	127.4
Tax paid	(16.5)	(9.4)	(75.5)	(9.2)	(5.0)	(84.0)
Net cash generated from operating activities	**245.4**	**136.6**	**79.6**	**103.6**	**44.6**	**132.3**
Net cash used in investing activities	(96.4)	(101.0)	4.6	(40.1)	(10.7)	(274.8)
Net cash used in financing activities	(67.5)	(1.6)	(4,118.8)	(0.4)	(43.9)	99.1
Net increase / (decrease) in cash and cash equivalents	**81.5**	**33.9**	**140.4**	**63.0**	**(10.0)**	730.0

Total net cash inflow for the year more than doubled to USD 81.5 million against the prior year (FY 2019-20: USD 33.9 million) and improved from a net USD 10.0 million cash outflow in Q4 last year to a significant USD 63.0 million net cash inflow for Q4 this year. This was driven by the settlement of large debtor balances invoiced at the end of the prior period and careful working capital management across the business. We have invested resource in the debtor collection process to ensure that the working capital impact and bad debt consequences of the current economic climate are mitigated as far as possible.

Investing activities consumed USD 96.4 million of cash over the full year (FY 2019-20: USD 101.0 million) and USD 40.1 million in the fourth quarter (Q4 2019-20: USD 10.7 million) reflecting the phasing of build work in a year impacted by COVID-19 restrictions.

Net cash used in financing activities for the full year of USD 67.5 million (FY 2019-20: USD 1.6 million) reflects the interest on the old Senior Secured Notes, the redemption premium and fees associated with the re-financing, offset by cash generated from the upsizing of the new Senior Notes issuance. The prior year comparison (FY 2019-20: USD 1.6 million) included the interest on the Senior Secured Notes, offset by the repayment of the USD 73.0 million drawn on the RCF. As the refinancing took place in Q4, these same elements contributed to the reduced outflow from financing activities (USD 0.4 million) compared to Q4 last year (USD 43.9 million).

Capital investment and network developments

The relaxing of restrictions in some of our jurisdictions and the commencement of new projects in the final quarter of the year resulted in capital expenditure of USD 36.4 million (Q4 2019-20: USD 11.4 million). This spend took place primarily in South Africa and the DRC.

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

On 22 February 2021, the Group launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered will be redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021 the Group announced the issue of USD 600 million of new 5.5NC2 Senior Secured Notes, which due to the interest in the transaction, at five times oversubscribed, was upsized to USD 620 million. Settlement for both transactions took place on 4 March 2021.

The new 2026 Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The terms of the Notes include a gross debt incurrence covenant.

Furthermore, on 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand term loan with two banks. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively. The loan carries three new covenants; Net debt:adjusted EBITDA, Interest Cover and Debt Service Cover ratio. These covenants are measured at a Group level. Following the re-financing, all covenants are based on post IFRS 16 figures.

In addition to the Senior Notes and term loan, the Group established a USD 60.0 million Revolving Credit Facility. The Revolving Credit Facility is denominated in USD, bears interest at the rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes. The RCF is subject to the same covenants as above.

The Group has recorded the refinancing in its fourth quarter financial results as the commitments were legally effective before the year end date.

Gross and Net Debt	28-Feb-21 Post IFRS 16 (USDm)
Total Gross Debt	**941.8**
Long term borrowings including interest accrued	823.2
Short term portion of long-term borrowings incl interest accrued	2.9
Unamortised arrangement fees	19.1
Leases - LT	59.9
Leases - ST	36.7
Less: Unrestricted cash	**163.9**
Net debt	**777.9**
Last twelve months EBITDA	**241.0**
Last twelve months interest	**78.2**
Covenants	
Gross debt / LTM EBITDA (x)	3.91
Net Debt / LTM EBITDA (x)	3.23
Interest / LTM EBITDA (x)	3.08
Debt Service Cover Ratio (DSCR)	1.93

The closing total cash balance for the period was USD 172.6 million (Q3 2020-21: USD 82.2 million), after taking into account the additional USD 20 million raised on the refinancing. The restricted portion of the cash balance was USD 8.7 million relating to contract guarantees entered into during the year. Of the total cash amount, USD 44.0 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.

Gross debt now broadly comprises USD 620 million Senior Secured Notes, USD 211.2 million South African Rand term loan and USD 9.7 million Zambian debt (net of capitalised fees), together with USD 96.7 million of lease liabilities.

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 12 months and 3 months ended 28 February 2021

		12 months ended		**3 months ended**	
	Notes	**28/02/2021**	**29/02/2020**	**28/02/2021**	**29/02/2020**
		USD'000	**USD'000**	**USD'000**	**USD'000**
		(Audited)	**(Restated)**	**(Unaudited)**	**(Restated)**
Revenue	3,28	651,890	694,919	194,648	207,541
Interconnect related costs		(94,480)	(123,560)	(12,787)	(33,604)
Data and network related costs		(150,050)	(151,592)	(46,815)	(46,013)
Other income		4,017	4,583	3,638	2,449
Selling, distribution and marketing costs		(25,364)	(27,032)	(12,746)	(17,471)
Administrative expenses		(53,218)	(50,659)	(18,248)	(15,022)
Staff costs		(92,115)	(99,319)	(25,218)	(25,229)
Depreciation, impairment and amortisation		(123,599)	(149,889)	(36,853)	(38,637)
Operating profit		**117,081**	**97,451**	**45,619**	**34,014**
Dividend received		292	-	-	-
Restructuring costs	4	(5,422)	(455)	(283)	10
Acquisition and other investment costs		(574)	(921)	(108)	(572)
Interest income	5	2,048	2,979	555	717
Finance costs	6	(99,699)	(79,427)	(40,729)	(20,721)
Foreign exchange loss	2.2	(385,988)	(599,078)	(51,678)	(127,189)
Hyperinflation monetary gain*	2.2	391,917	458,507	64,331	222,267
Share of profits of associate		63	105	56	88
Profit / (loss) before taxation		19,718	(120,839)	17,763	108,614
Tax (expense) / credit	7	(34,047)	57,511	(20,059)	37,603
(Loss) / Profit for the period		**(14,329)**	**(63,328)**	**(2,296)**	**146,217**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation gain / (loss) on accounting for foreign entities		5,088	(95,462)	13,271	(35,588)
Impact of application of Hyperinflation accounting on opening balances	2.2.2	4,209	100,338	(5,233)	40,735
Other comprehensive income		9,297	4,876	8,038	5,147
(Loss) / Profit and other comprehensive (loss) / income for the year		**(5,032)**	**(58,452)**	**5,742**	**151,364**
(Loss) / Profit attributable to:					
Owners of the company		(14,755)	(63,120)	(2,933)	146,565
Non-controlling interest		426	(208)	637	(348)
		(14,329)	**(63,328)**	**(2,296)**	**146,217**
(Loss) / Profit and other comprehensive income attributable to:					
Owners of the company		(5,340)	(57,887)	5,074	151,833
Non-controlling interest		308	(565)	668	(469)
		(5,032)	**(58,452)**	**5,742**	**151,364**
(Loss) / Earnings per share					
Basic (Cents per share)	24	(11.88)	(51.64)	(2.37)	119.90

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 28 February 2021

	Notes	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Non-current assets			
Goodwill	8	129,364	125,770
Intangible assets	9	131,594	127,325
Property, plant and equipment	10	679,626	741,380
Right-of-Use assets	11	86,767	97,342
Investment in associate		615	528
Investments	22	23,814	10,814
Deferred tax assets		31,595	31,708
Investments at amortised cost		49	193
Other Long-term receivables		13	61
Total non-current assets		**1,083,437**	**1,135,121**
Current assets			
Inventories		25,288	27,049
Trade and other receivables	13	186,764	221,373
Taxation		2,798	966
Cash and cash equivalents	12	163,898	83,492
Restricted cash and cash equivalents	12	8,740	1,511
Assets classified as held for sale	25	126,838	-
Total current assets		**514,326**	**334,391**
Total assets		**1,597,763**	**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 losses		(121,379)	(56,607)
Foreign currency translation reserve		(6,016)	(15,560)
Total equity attributable to owners of the parent		**333,035**	**362,917**
Non-controlling interests		2,001	2,026
Total equity		**335,036**	**364,943**
Non-current liabilities			
Long term borrowings	14	823,246	732,515
Long term lease liabilities	15	59,948	65,492
Long term provisions		-	1,396
Other long-term payables		9,027	12,324
Deferred revenue	17	48,295	52,898
Deferred tax liabilities		26,281	17,638
Total non-current liabilities		**966,797**	**882,263**
Current liabilities			
Short term portion of long-term borrowing	14	2,859	12,211
Short term portion of long-term lease liabilities	15	36,711	29,922
Trade and other payables	16	160,469	154,687
Short-term provisions		22,784	16,353
Deferred revenue	17	44,219	6,690
Taxation		8,796	2,443
Liabilities directly associated with assets classified as held for sale	25	20,092	-
Total current liabilities		**295,930**	**222,306**
Total equity and liabilities		**1,597,763**	**1,469,512**

Approved by the Board of Directors and authorised for issue on 12 May 2021.

Eric Venpin
Director

Mike Moütien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 12 months and 3 months ended 28 February 2021

	Notes	12 months ended 28/02/2021 USD'000 (Audited)	12 months ended 29/02/2020 USD'000 (Audited)	3 months ended 28/02/2021 USD'000 (Unaudited)	3 months ended 29/02/2020 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit / (loss) before tax		19,718	(120,839)	17,763	108,614
Adjustments for:					
Depreciation, impairment and amortisation		123,599	149,889	36,853	38,637
Write off of Intangible assets		371	-	371	-
Dividend received		(292)	-	-	-
Bad debts provision		2,998	14,045	4,534	13,997
Bad debts recovered		-	(88)	-	(88)
Increase / (decrease) in provisions		3,641	(2,748)	1,540	3,517
Foreign exchange loss		386,717	602,026	51,931	130,494
Hyperinflation monetary gain		(391,917)	(458,507)	(64,331)	(222,267)
Profit on disposal of fixed assets		(130)	(675)	(101)	(520)
Interest income	5	(2,048)	(2,979)	(555)	(717)
Finance costs	6	99,699	79,427	40,729	20,721
Share of profit from associate		(63)	(105)	(56)	(88)
		242,293	259,446	88,678	92,300
Working capital changes:					
(Increase) / decrease in inventories		(3,114)	(2,581)	2,367	(2,928)
(Increase) / decrease in trade and other receivables		(18,178)	(103,576)	2,349	(40,709)
(Decrease) / increase in trade and other payables		(693)	2,052	(7,715)	5,640
Increase / (decrease) in deferred revenue		32,953	(12,758)	20,571	(4,648)
Increase in accruals		9,212	3,988	6,691	70
Decrease in unfavourable contracts		(621)	(582)	(173)	(155)
Cash generated from operations		261,852	145,989	112,768	49,570
Income tax paid		(16,489)	(9,447)	(9,193)	(4,979)
Net cash generated from operating activities		245,363	136,542	103,575	44,591
Cash flows from investing activities:					
Interest income		2,037	2,979	553	717
Dividend received		292	-	-	-
Acquisition of business operations		1,442	-	-	-
Acquisition of investments		(4,301)	-	(4,301)	-
Purchase of property, plant and equipment	10	(87,747)	(104,861)	(26,182)	(23,110)
Proceeds on disposal of property, plant and equipment		4,255	14,191	-	13,758
Purchase of intangible assets	9	(14,105)	(13,498)	(11,938)	(2,071)
Proceeds on disposal of intangible assets		1,734	194	1,724	-
Net cash used in investing activities		(96,393)	(100,995)	(40,144)	(10,706)
Cash flows from financing activities:					
Dividend paid		(289)	-	-	-
Finance costs paid		(94,145)	(66,365)	(58,859)	(32,894)
Issue of convertible preference shares		-	180,000	-	-
Decrease in lease liabilities		(37,352)	(36,445)	(9,650)	(9,108)
Increase/ (decrease) in borrowings		64,266	(78,802)	68,107	(1,905)
Net cash used in financing activities		(67,520)	(1,612)	(402)	(43,907)
Net increase / (decrease) in cash and cash equivalents		81,450	33,935	63,029	(10,022)
Cash and cash equivalents at beginning of the period		85,003	95,082	82,176	96,242
Translation of cash with respect to foreign subsidiaries		6,185	(44,015)	27,433	(1,218)
Cash and cash equivalents at end of the period	12	**172,638**	**85,002**	**172,638**	**85,002**
Represented by:					
Cash and cash equivalents	12	163,898	83,492	163,898	83,492
Restricted cash and cash equivalents	12	8,740	1,511	8,740	1,511
		172,638	**85,003**	**172,638**	**85,003**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 12 months ended 28 February 2021

Group

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD	USD'000	USD'000	USD'000	USD'000
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
Change in ownership		-	-	-	-	(1,487)	(7,867)	(9,354)
Loss for the period		-	-	-	-	(63,120)	(208)	(63,328)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	100,338	-	-	100,338
Translation loss on accounting for foreign entities		-	-	-	(95,105)	-	(357)	(95,462)
At 29 February 2020 (audited)		**3,638**	**251,446**	**180,000**	**(15,560)**	**(56,607)**	**2,026**	**364,943**
At 1 March 2020		3,638	251,446	180,000	(15,560)	(56,607)	2,026	364,943
Issue of share capital		78	25,268	-	-	-	-	25,346
Acquisition of subsidiary under common control	23	-	-	-	129	(9,380)	(166)	(9,417)
Change in ownership		-	-	-	-	-	(167)	(167)
(Loss) / profit for the period		-	-	-	-	(14,755)	426	(14,329)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	4,209	-	-	4,209
Translation gain/(loss) on accounting for foreign entities		-	-	-	5,206	-	(118)	5,088
Dividend	21	-	-	-	-	(40,637)	-	(40,637)
At 28 Februray 2021 (audited)		**3,716**	**276,714**	**180,000**	**(6,016)**	**(121,379)**	**2,001**	**335,036**

* Issue of convertible preference shares with same par value as the ordinary shares.

1. General information

Liquid Telecommunications Holdings Limited (trading as Liquid Intelligent Technologies,) is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. 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

ADC restructure

As part of their ongoing review of the group's strategy, the directors consider the Data centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the year, to restructure the group to allow greater operational focus and additional fund-raising for this sector. A new holding company for the Liquid group was formed during the year (Liquid Telecommunications (Jersey) Limited) which now holds both Liquid Telecommunications Holdings Limited and a new Data centre holding company (Africa Data Centre Holdings Limited). The directors consider this restructure to be the optimum way to drive growth in the Data Centre line of business in a way that protects the rights of bond holders, complies with the group's existing borrowing requirements and enables the execution of the group strategy.

Aligned with the strategic changes, at the year end, the group has prepared for the separation of the Africa Data Centres ("ADC") business from the Liquid Group to the ADC group (owned by Liquid Telecommunications (Jersey) Limited) by disclosing them as Assets Held for Sale. The separation took place on the 4 March 2021, post year end. As a result of this, Property, Plant and Equipment decreased to USD 679.6 million (2020: USD 741.4 million) mainly due the Assets Held for Sale of the ADC business (see note 25 *Assets Held for Sale*).

Refinancing of USD 730 million 8.5% Senior Secured Notes

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

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively.

In addition to the bond and term loan, the group entered into a USD 60 million Revolving Credit Facility agreement with and interest rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

Due to the fact that by the year end, the tender process had launched and closed, the group's intentions regarding the old bond made clear and commitments made by investors on the new bond, the directors have assessed (under IAS 10 – *Events after the reporting period*) that these events provide evidence that the re-financing conditions existed at the statement of financial position date and therefore the re-financing has been treated as an adjusting post balance sheet event as at 28 February 2021. (see note 20 - *Post balance sheet events*).

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes, which had been capitalised at the time of the original transaction and not yet amortised, have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. See note 20 for a breakdown of the fees debited or credited in the consolidated statement of profit or loss.

The fees on the USD 620 million 5.5% Senior Secured Note and USD 220 million equivalent South African Rand term loan have been capitalised and will be amortised over the tenors of the respective instruments.

1. General information (continued)

Response to COVID-19 pandemic

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

The group's top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic. The group believes that 'every individual on the African continent has the right to be connected'. This enduring belief is guiding the group's response to the current crisis. The health and safety of our people and those of our customers, suppliers and other business partners is paramount. The group has implemented robust contingency planning across the business to protect the health of our people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources.

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

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

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 28 February 2021 and results of operations for the year (see note 2.4 *Critical accounting judgements and key sources of estimation uncertainty* for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the twelve months and three months ended 28 February 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the condensed consolidated interim financial statements. Taking into account the available cash position as of 28 February 2021, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2022. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account: instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

2. Accounting policies (continued)

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

<u>Funding facilities</u>

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026) and USD 23.3 million of locally provided term loans (maturity in the financial years 2022 and 2025) in Zambia, of which USD 9.7 million is outstanding at 28 February 2021. Securing the new funding has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

<u>Cash position</u>

As at 28 February 2021, the group has an unrestricted cash position of USD 163.9 million (29 February 2020: USD 83.5 million). Of this amount, USD 44.0 million (29 February 2020: USD 22.5 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 83.9:1 (29 February 2020: 18.0:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

<u>Operational performance</u>

For the year ended 28 February 2021, the group reported an operating profit of USD 117.1 million (29 February 2020: 97.5 million) and a net cash inflow from operating activities of USD 245.4 million (29 February 2020: USD 136.5 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 year ended 28 February 2021 is appropriate.

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - *Financial Reporting in Hyperinflationary Economies* should be applied. The group has continued the application of hyperinflation accounting during the year ended 28 February 2021 (29 February 2020: first year of adoption), 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$).

During the year ended 28 February 2021, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 83.9:1 (29 February 2020: ZWL$:USD 18.0:1) to translate both the statement of profit or loss and the statement of financial position at 28 February 2021. Of the USD 386.0 million (29 February 2020: USD 599.1 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 377.0 million (29 February 2020: USD 595.6 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

2. Accounting policies (continued)

2.2.2 Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the financial year 29 February 2020, the group observed that the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - *Financial Reporting in Hyperinflationary Economies* in Zimbabwe had been met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has continued the application the requirements of IAS 29 in its consolidated financial statements for the year to 28 February 2021, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2020 of USD 4.2 million (29 February 2020: USD 100.3 million) have been recognised directly in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 28 February 2021.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index (“CPI”) as the general price index. The gains on the net monetary position of USD 391.9 million (29 February 2020: USD 458.5 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 2,698.89 (29 February 2020: 640.2).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 83.9:1 has been used.

The directors continue to monitor the economic conditions in Zimbabwe.

2.3 Accounting policies

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

2.4 Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements and critical estimates applied by the group in the preparation of these condensed consolidated interim financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2021. In addition, the following significant accounting judgements and critical estimates have also been made:

Material judgements

Revenue Recognition

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

• Classification 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.

2. Accounting policies (continued)

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

Identification of leases and lease term

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

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

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

Contingent liabilities

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

Material estimates

Deferred taxation assets

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

Impairment of goodwill

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

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:

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 innovations;
- Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
- Data centre - primarily revenue from the group's data centres.

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

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

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

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

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

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 28 February 2021.

	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	140,674	123,533	123,686	106,329	-	(73,442)	420,780
Undersea cables	1,906	60	9,769	3,850	-	-	15,585
Digital solutions	31,917	9,260	4,385	5,694	-	(4,926)	46,330
Technologies	26,615	-	-	-	-	-	26,615
Voice traffic	5,830	-	13	115,655	-	(2,594)	118,904
Data centre	18,201	-	5,619	314	-	(458)	23,676
Inter-segmental revenue	(8,385)	(1,575)	(9,371)	(62,089)	-	81,420	-
Group External Revenue	**216,758**	**131,278**	**134,101**	**169,753**	**-**	**-**	**651,890**
Adjusted EBITDA	78,585	64,632	42,879	75,836	(21,162)	202	240,972
Depreciation, impairment and amortisation							(123,599)
Restructuring costs							(5,422)
Acquisition and other investment costs							(574)
Interest income							2,048
Finance costs							(99,699)
Foreign exchange loss							(385,988)
Hyperinflation monetary gain							391,917
Share of profits of associate							63
Profit before taxation							**19,718**
Tax expense							(34,047)
Loss for the period							**(14,329)**

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

	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	222,042	91,015	95,587	88,568	-	(72,134)	425,078
Undersea cables	3,557	61	10,551	3,952	-	-	18,121
Digital solutions	45,682	5,548	1,764	2,478	-	(2,187)	53,285
Technologies	27,124	-	-	-	-	-	27,124
Voice traffic	10,719	-	14	139,827	-	(5,589)	144,971
Data centre	19,905	117	6,348	312	-	(342)	26,340
Inter-segmental revenue	(11,949)	(1,031)	(8,342)	(58,930)	-	80,252	-
Group External Revenue	**317,080**	**95,710**	**105,922**	**176,207**	**-**	**-**	**694,919**
Adjusted EBITDA	132,894	33,437	27,761	68,822	(8,098)	(7,476)	247,340
Depreciation, impairment and amortisation							(149,889)
Restructuring costs							(455)
Acquisition and other investment costs							(921)
Interest income							2,979
Finance costs							(79,427)
Foreign exchange loss							(599,078)
Hyperinflation monetary gain							458,507
Share of profits of associate							105
Loss before taxation							**(120,839)**
Tax credit							57,511
Loss for the period							**(63,328)**

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3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 28 February 2021.

	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	41,943	48,260	39,420	30,875	-	(21,483)	139,015
Undersea cables	422	21	2,328	882	-	-	3,653
Digital solutions	9,459	2,957	1,555	1,974	-	(1,836)	14,109
Technologies	7,634	-	-	(14)	-	-	7,620
Voice traffic	1,058	-	1	22,886	-	(365)	23,580
Data centre	5,240	-	1,549	81	-	(199)	6,671
Inter-segmental revenue	(2,689)	(434)	(2,560)	(18,200)	-	23,883	-
Group External Revenue	**63,067**	**50,804**	**42,293**	**38,484**	**-**	**-**	**194,648**
Adjusted EBITDA	28,654	28,665	13,636	24,754	(5,612)	(7,625)	82,472
Depreciation, impairment and amortisation							(36,853)
Restructuring costs							(283)
Acquisition and other investment costs							(108)
Interest income							555
Finance costs							(40,729)
Foreign exchange loss							(51,678)
Hyperinflation monetary gain							64,331
Share of profits of associate							56
Profit before taxation							**17,763**
Tax expense							(20,059)
Profit for the period							**(2,296)**

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

	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	74,603	38,529	23,793	26,251	-	(21,377)	141,799
Undersea cables	705	19	2,521	940	-	-	4,185
Digital solutions	9,235	2,828	967	1,153	-	(1,092)	13,091
Technologies	3,320	-	-	-	-	-	3,320
Voice traffic	2,091	-	1	37,427	-	(1,083)	38,436
Data centre	5,056	43	1,611	77	-	(77)	6,710
Inter-segmental revenue	(2,420)	(258)	(2,179)	(18,772)	-	23,629	-
Group External Revenue	**92,590**	**41,161**	**26,714**	**47,076**	**-**	**-**	**207,541**
Adjusted EBITDA	34,794	15,461	465	17,135	10,228	(5,432)	72,651
Depreciation, impairment and amortisation							(38,637)
Restructuring costs							10
Acquisition and other investment costs							(572)
Interest income							717
Finance costs							(20,721)
Foreign exchange loss							(127,189)
Hyperinflation monetary gain							222,267
Share of profits of associate							88
Profit before taxation							**108,614**
Tax credit							37,603
Profit for the period							**146,217**

A reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA (see above) is shown in note 27.2 - *Reconciliation.*

4. Restructuring costs

During the 12 month period to 28 February 2021, 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.

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Redundancy costs	4,191	406	248	(44)
Employee support costs	368	-	11	-
Legal fees	213	23	3	23
Other costs	650	26	21	11
	5,422	**455**	**283**	**(10)**

5. Interest income

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Interest received - bank / external	1,645	2,554	496	586
Interest received - inter-group (note 18)	403	425	59	131
	2,048	**2,979**	**555**	**717**

6. Finance costs

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	2,751	4,315	(183)	1,868
Finance cost on Senior Secured Notes	62,050	62,050	15,512	15,512
Finance arrangement fees amortised	3,538	3,538	885	885
Total net refinancing costs (note 20)	21,462	-	21,462	-
Interest on lease liabilities	9,889	9,524	3,044	2,456
Interest paid - inter-group (note 18)	9	-	9	-
	99,699	**79,427**	**40,729**	**20,721**

7. Taxation

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Current taxation	17,246	6,953	10,916	3,269
Deferred taxation	12,469	(67,547)	7,079	(42,047)
Withholding taxation	4,332	3,083	2,064	1,175
Total taxation	**34,047**	**(57,511)**	**20,059**	**(37,603)**

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Profit / (loss) before taxation	19,718	(120,839)	17,763	108,614
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	8,760	(37,777)	2,182	18,943
Tax effect of non-deductible expenses	129,687	105,205	48,335	2,925
Tax effect of non-taxable income	155	(374)	2,080	(2,809)
Tax effect of foreign tax credit	(6,735)	(7,533)	(2,559)	(2,977)
Effect of tax losses not recognised as deferred tax assets	5,112	3,784	(4,507)	1,202
Tax effect of utilised unrecognised tax losses	(14,748)	(12,368)	(12,133)	(3,737)
Tax effect on IAS 29 adjustments	(92,516)	(111,531)	(15,403)	(52,325)
Withholding taxation	4,332	3,083	2,064	1,175
	34,047	**(57,511)**	**20,059**	**(37,603)**

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:

	28/02/2021 USD'000 (Unaudited)	29/02/2020 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	25.75%	25.75%

8. Goodwill

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Cost		
Opening balance	125,770	137,341
Foreign exchange loss	765	(15,100)
Adjustments - IAS 29	2,829	3,529
Closing balance	**129,364**	**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.

	28/02/2021 USD'000 (Audited)	29/02/2020 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	3,669	3,922
Liquid Telecommunications Holdings South Africa (Pty) Limited	113,374	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
	129,364	**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	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Data centres	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:								
At 1 March 2019 (Audited)	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases during the year	534	2,493	9,495	-	976	-	-	13,498
Disposals during the year	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from fixed assets (note 10)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-	-	-	8,207
At 29 February 2020 (Audited)	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries	-	176	-	-	-	-	-	176
Purchases during the year	2,749	3,424	7,431	-	501	-	-	14,105
Disposals during the year	-	(151)	(1,823)	-	(42)	-	-	(2,016)
Transfers	250	320	-	-	(570)	-	-	-
Transfers from Property, plant and equipment (note 10)	294	(676)	-	-	-	-	8,712	8,330
Impairment	-	(471)	-	-	-	-	-	(471)
Write off	-	-	(1,791)	-	-	-	-	(1,791)
Transfer to Assets classified as held for sale (note 25)	-	-	-	-	-	(23)	-	(23)
Foreign exchange differences	(5,463)	(111)	(2)	1,513	-	(1)	31	(4,033)
Adjustments - IAS 29	5,264	1,053	-	-	-	-	-	6,317
At 28 February 2021 (Audited)	31,465	44,926	116,260	34,465	2,975	-	50,215	280,306
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 during the year	-	(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	1,749	3,933	7,325	3,086	-	-	438	16,531
Disposals during the year	-	(151)	(132)	-	-	-	-	(283)
Transfers from fixed assets (note 10)	-	(676)	13	-	-	-	428	(235)
Write offs	-	-	(1,420)	-	-	-	-	(1,420)
Transfer to Assets classified as held for sale (note 25)	-	-	-	-	-	(2)	-	(2)
Impairment	-	(153)	-	-	-	-	-	(153)
Foreign exchange differences	(1,784)	38	69	484	-	-	390	(803)
Adjustments - IAS 29	1,865	721	-	-	-	-	-	2,586
At 28 February 2021 (Audited)	11,347	37,329	58,860	15,044	-	-	26,132	148,712
Carrying amount:								
At 29 February 2020 (Audited)	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325
At 28 February 2021 (Audited)	20,118	7,597	57,400	19,421	2,975	-	24,083	131,594

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

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 during the year	2	463	1,342	1,471	121	37,009	7,395	57,058	104,861
Disposals during the year	-	(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	2,241	(2,241)	-	305
Additions during the year	211	362	1,206	2,335	1,884	38,727	1,042	41,980	87,747
Disposals during the year	-	(1)	(139)	(5)	(59)	(372)	-	(4,693)	(5,269)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 25)	(36,118)	-	-	-	-	(20,246)	(90,708)	-	(147,072)
Transfers	(129)	-	74	3,887	-	(18,739)	2,289	12,618	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	(294)	676	(8,712)	(8,330)
Transfer from Inventory	-	-	2	-	-	(58)	-	-	(56)
Foreign exchange differences	(2,951)	(3,229)	(1,700)	(10,410)	(5,485)	(7,249)	(6,827)	(306,006)	(343,857)
Adjustments - IAS 29	2,896	2,881	1,827	5,220	4,193	7,024	-	275,493	299,534
At 28 February 2021 (Audited)	21,540	12,252	33,812	95,560	11,399	57,179	-	1,088,260	1,320,002
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 during the year	-	(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	1,109	652	3,303	8,227	686	-	6,668	53,943	74,588
Disposals during the year	-	-	(97)	(5)	(35)	-	-	(1,007)	(1,144)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 25)	(14,149)	-	-	-	-	-	(26,006)	-	(40,155)
Transfers	7,195	(4)	-	(7)	-	-	(7,184)	-	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	-	676	(441)	235
Foreign exchange differences	263	(2,663)	(1,167)	(9,315)	(5,050)	-	(1,711)	(141,777)	(161,420)
Adjustments - IAS 29	-	1,484	1,019	4,896	3,161	-	-	61,826	72,386
At 28 February 2021 (Audited)	7,342	9,675	28,646	88,170	8,575	(2,257)	-	500,225	640,376
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 28 February 2021 (Audited)	14,198	2,577	5,166	7,390	2,824	59,436	-	588,035	679,626

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

The significant foreign exchange difference arising in the year ended 28 February 2021 is primarily due to the deterioration of the ZWL$:USD exchange rate from 18.0:1 at 29 February 2020 to 83.9:1 at 28 February 2021. This is largely offset by the IAS 29 hyperinflation adjustment.

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	Furniture and fittings	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	-	35,180	1,759	15,424	108,386
Additions during the year	7,597	-	-	3,312	14	3,729	14,652
Disposals during the year	(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 during the year	29,429	-	16	9,958	57	4,829	44,289
Disposals during the year	(373)	(22)	-	(1,721)	-	-	(2,116)
Transfer to Assets classified as held for sale (note 25)	(10,481)	-	-	-	-	-	(10,481)
Foreign exchange differences	(11,078)	(1)	-	(23)	37	490	(10,575)
Adjustments - IAS 29	(1,629)	-	-	-	-	-	(1,629)
At 28 February 2021 (Audited)	76,250	-	16	46,695	1,772	23,380	148,113
Accumulated depreciation:							
Depreciation	11,284	-	-	12,769	591	7,474	32,118
Disposals during the year	(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	10,215	-	-	11,971	517	7,489	30,192
Disposals during the year	(8)	(1)	-	(72)	-	-	(81)
Transfer to Assets classified as held for sale (note 25)	(696)			-	-	-	(696)
Foreign exchange differences	(111)	1	-	(5)	35	717	637
Adjustments - IAS 29	11	-	-	-	-	-	11
At 28 February 2021 (Audited)	20,313	-	-	24,661	1,118	15,254	61,346
Carrying amount:							
At 29 February 2020 (Audited)	59,480	23	-	25,714	1,112	11,013	97,342
At 28 February 2021 (Audited)	55,937	-	16	22,034	654	8,126	86,767

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

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Cash and bank balances	163,419	81,257
Money market deposits	479	2,235
Cash and cash equivalents	**163,898**	**83,492**
Restricted cash and cash equivalents	**8,740**	**1,511**
Total cash and cash equivalents	**172,638**	**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 44.0 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$:USD of 83.9:1 (29 February 2020: ZWL$:USD 18.0:1). See note 2.2 - *Zimbabwean currency* for more detailed disclosure on ZWL$.

The group has restricted cash for the following purposes:

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Guarantees	7,501	241
Customer deposits held	1,239	1,270
	8,740	**1,511**

13. Trade and other receivables

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Trade receivables	157,755	150,886
Allowance for doubtful debts	(46,950)	(41,692)
Affiliated entities (note 18)	15,045	39,631
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**125,850**	**148,825**
Short-term inter-company receivables (note 18)	910	-
Sundry debtors	29,392	44,489
Deposits paid	5,525	4,565
Prepayments	25,087	23,494
	186,764	**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.

	Ageing of past due but not impaired 28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
31 - 60 days	12,429	10,594
61 - 90 days	6,162	9,895
91 - 120 days	4,335	8,030
121 + days	37,265	39,298
Total ageing of past due but not impaired	**60,191**	**67,817**
Current items	65,659	81,008
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**125,850**	**148,825**

13. Trade and other receivables (continued)

In addition to the current items not yet due of USD 65.7 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, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

Included in the above amounts past due but not impaired are amounts due from customers totaling USD 10.7 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 15.0 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

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Long term borrowings:		
Stanbic Bank of Zambia Limited	6,817	10,859
USD 620 million 5.5% Senior Secured Notes	605,219	-
USD 730 million 8.5% Senior Secured Notes	-	721,656
USD 220 million equivalent South African Rand term loan	211,210	-
	823,246	**732,515**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	2,859	3,813
USD 730 million 8.5% Senior Secured Notes	-	8,273
USD 73 million revolving credit facility	-	125
	2,859	**12,211**

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

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

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a 5 year USD 220 million equivalent South African Rand term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively.

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

14. Long term borrowings and short term portion of long-term borrowings (continued)

The above events have been treated as adjusting post balance sheet events. See note 20 - *Post balance sheet events* for more details.

Liquid Telecommunications Zambia Limited has USD 23.3 million of term loans denominated in local currency (Zambian Kwacha). As at 28 February 2021, the outstanding balance on all term loans is USD 9.7 million.

15. Lease liabilities

	28/02/2021	29/02/2020
	USD'000	USD'000
	(Audited)	(Audited)
Long term portion of lease liabilities	59,948	65,492
Short term portion of lease liabilities	36,711	29,922
	96,659	**95,414**

16. Trade and other payables

	28/02/2021	29/02/2020
	USD'000	USD'000
	(Audited)	(Audited)
Trade accounts payable	65,100	80,568
Payable balance to affiliated entities (note 18)	3,111	3,315
Short-term inter-company payables (note 18)	14,380	-
Total trade and affiliated entities payables	**82,591**	**83,883**
Accruals	61,081	53,177
Staff payables	3,106	2,147
Transaction taxes due in various jurisdictions	5,370	3,660
Unfavourable contracts	706	633
Senior secured notes premium	-	1,930
Other short term payables	7,615	9,257
	160,469	**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

	28/02/2021	29/02/2020
	USD'000	USD'000
	(Audited)	(Audited)
Long term portion of deferred revenue	48,295	52,898
Short term portion of deferred revenue	44,219	6,690
	92,514	**59,588**

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

18. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa) (as at 9 June 2020), 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 South Africa (Pty) Limited, Steward Bank Limited and Omni Broadcast Limited (Uganda) and are referred to as "Econet Global related group companies". The following are also related parties: Africa Data Centres Holdings Ltd, Liquid Technologies Infrastructure Finance SARL and Liquid Telecommunications (Jersey) Ltd. They have been disclosed as related parties due to their common control.

18. Related party transactions and balances (continued)

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

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Sales of goods and services				
Econet Global related group companies	75,401	58,630	30,198	24,227
Purchase of goods and services				
Econet Global related group companies	33,212	27,179	6,473	6,782
Management fees paid				
Econet Global related group companies	240	240	60	60
Liquid Telecommunications (Jersey) Ltd	60	-	60	-
	300	**240**	**120**	**240**
Management fees received				
Econet Global related group companies	61	26	16	22
Dividend paid				
Econet Global related group companies	18,078	-	-	-
Other shareholders	22,559	-	2	-
	40,637	**-**	**2**	**-**
Interest income				
Econet Global related group companies	400	425	56	131
Africa Data Centres related group companies	3	-	3	-
	403	425	59	131
Finance costs				
Liquid Technologies Infrastructure Finance SARL	9	-	-	-
Administration fees paid				
DTOS Limited	336	367	83	267

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

	28/02/2021	29/02/2020
	USD'000	USD'000
	(Audited)	(Audited)
Short term intercompany receivables		
Africa Data Centres related group companies	459	-
Econet Global related group companies	451	-
	910	**-**
Short term intercompany payables		
Liquid Technologies Infrastructure Finance SARL	11,684	-
Africa Data Centres related group companies	2,696	-
	14,380	**-**
Receivables balances from affiliated entities		
Econet Global Limited (Mauritius)	4,998	27,171
Liquid Technologies Infrastructure Finance SARL	1,248	-
Econet Global Related Group Companies	8,799	12,460
	15,045	**39,631**

18. Related party transactions and balances (continued)

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Payable balance to affiliated entities		
Econet Global related group companies	3,103	3,315
Liquid Telecommunications (Jersey) Ltd	8	-
	3,111	**3,315**
Acquisition of controlling interest in subsidiary		
Econet Global Related Group Companies	8,974	-

19. Capital commitments

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
At 28 February 2021 the group was committed to making the following capital commitments:		
Authorised and contracted	27,344	53,754

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

20. Post balance sheet events

Adjusting events:

Refinancing of USD 730 million 8.5% Senior Secured Notes

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

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively.

In addition to the bond and term loan, the group entered into a USD 60 million Revolving Credit Facility agreement with and interest rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

Due to the fact that by the year end, the tender process had launched and closed, the group's intentions regarding the old bond made clear and commitments made by investors on the new bond, the directors have assessed (under IAS 10 *Events after the reporting period*) that these events provide evidence that the re-financing conditions existed at the statement of financial position date and therefore the re-financing has been treated as an adjusting post balance sheet event as at 28 February 2021.

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes which had been capitalised at the time of the original transaction and not yet amortised have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. Below is a breakdown of the fees debited or credited in the consolidated statement of profit or loss:

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
Accrued interest	14,002	-
Tender premium	12,574	-
Reversal of interest accrued	(8,273)	-
Write off of premium unamortised	(2,637)	-
Write off of finance arrangement fees unamortised	4,806	-
Fees for early repayment of Revolving Credit Facility	990	-
Total net refinancing costs	21,462	-

20. Post balance sheet events (continued)

The fees on the USD 620 million 5.5% Senior Secured Note and USD 220 million equivalent South African Rand term loan have been capitalised and will be amortised over the tenors of the respective instruments.

Non-adjusting events:

Assets held for sale

As a result of the ADC restructuring described above, the group entered into a sale agreement with Africa Data Centre Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited) for the disposal of the ADC line of business. The disposal is expected to be completed within 12 months and have been classified as Assets held for sale (see note 25 - *Assets held for sale*) and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The transaction was completed on the 4 March 2021 and therefore has been disclosed as a Non-adjusting post balance sheet event in accordance with IAS 10 *Events after the reporting period* .

21. Dividend paid

Of the USD 40.6 million dividend paid (29 February 2020: Nil), USD 40.3 million relates to a scrip dividend declared on 8 June 2020 by Liquid Telecommunications Holdings Limited. The dividend declared was either in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

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
28 February 2021				
Investments	-	-	23,814	23,814
Unfavourable contracts	-	-	9,733	9,733
Total (Audited)	**-**	**-**	**33,547**	**33,547**
29 February 2020				
Investments	-	-	10,814	10,814
Unfavourable contracts	-	-	10,320	10,320
Total (Audited)	**-**	**-**	**21,134**	**21,134**

Investments

Investments in equity instruments designated as at FVTOCI*	28/02/2021	29/02/2020
	USD'000 (Audited)	USD'000 (Audited)
Opening balance	10,814	10,814
Additions	13,000	-
Closing balance	23,814	10,814

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

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

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

No impairment was required following the review of the carrying value of the investments by the directors for the year ended 28 February 2021 (29 February 2020: Nil).

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.

	28/02/2021 USD'000 (Audited)	29/02/2020 USD'000 (Audited)
SEACOM Limited	9,027	9,687

Derivative assets

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

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

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

The key assumptions used to estimate the fair value are:

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

	Within 1 year USD'000	1 to 2 years USD'000	2 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Group - 2021					
Net settled: Embedded derivates	-	-	1,800	-	1,800
Group - 2020					
Net settled: Embedded derivates	-	-	-	-	-

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:

During the year ended 28 February 2021:

• Liquid Telecommunications Holdings Limited declared a dividend in shares. See note 21 - *Dividend paid* 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.

• Of the USD 13.0 million addition to investments (see note 22 *Investments*), only USD 4.3 million has been paid during the year. The remaining balance is payable at year end.

During the year ended 29 February 2020:

• In February 2020, the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). This transaction resulted in the de-recognition of a Fibre Optical-IRU of USD 9.0 million (see note 10 - *Intangible assets*), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

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

24. (Loss) / profit per share

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Basic (loss) / profit per share (Cents per share)	(11.88)	(51.64)	(2.37)	119.90

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	(14,755)	(63,120)	(2,933)	146,565

	28/02/2021	29/02/2020
	USD'000	USD'000
	(Audited)	(Audited)
Weighted average number of ordinary shares for the purpose of basic (loss) / profit per share for the period/year ended	124,173,555	122,236,964

At 28 February 2021, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (29 February 2020: 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 40.6 million dividend paid (29 February 2020: Nil), USD 40.3 million relates to a scrip dividend declared, 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. Assets held for sale

As part of their ongoing review of the group's strategy, the directors consider the Data Centre ("ADC") 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 the year ended 28 February 2021, to allow greater operational focus and additional fund-raising for this sector. As a result, the group entered into a sale agreeement with Africa Data Centre Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited) on 4 March 2021 for the disposal of the ADC line of business carried out by the South African and Kenyan subsdiaries of the group for a consideration USD 193.0 million. The disposal is expected to be completed within 12 months and has been classified as a disposal group held for sale (see note 20 - *Post balance sheet events* for more details) and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The results of the discontinued operations, which have been included in the consolidated statement of profit or loss, were as follows:

25. Assets held for sale (continued)

Consolidated Statements of Profit or Loss (summary)

	Group 28/02/21		
	Including ADC USD'000	**ADC USD'000**	**Excluding ADC USD'000**
Revenue	651,890	23,472	628,418
Adjusted EBITDA	240,972	11,571	229,401
Profit before tax	19,718	2,736	16,982
Tax expense	(34,047)	(1,075)	(32,972)
Profit after tax	(14,329)	1,661	(15,990)

During the year, ADC contributed USD 12.3 million to the Group's net operating cash flows, paid USD 17.3 million in respect of investing activities and received USD 5.0 million in respect of financing activities.

A profit of USD 86.3 million arose on the disposal of the ADC assets, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill upon the completion of the transaction in the subsequent reporting period.

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

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

26. Contingent liability

Raha Limited - Fine

On 28 August 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS 11.9 billion (approximately USD 5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on 21 August 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited (the "company") (a subsidiary in Tanzania), which the company disagrees with. The findings and fines result from a hearing held on 25 August 2020. The company 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.

27. Reconciliation

27.1 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 (Audited)	Reclassification of network costs USD'000 (Audited)	Revised statement of profit or loss USD'000 (Audited)
12 months ended 28 February 2021:			
Revenue	651,890	-	651,890
Interconnect related costs	(94,480)	-	(94,480)
Data and network related costs	(150,050)	30,721	(119,329)
Gross Profit	407,360	30,721	438,081
Other income	4,017	-	4,017
Dividend received	292		292
Selling, distribution and marketing costs	(25,364)	-	(25,364)
Administrative expenses	(53,218)	(30,721)	(83,939)
Staff costs	(92,115)	-	(92,115)
Adjusted EBITDA	**240,972**	**-**	**240,972**
12 months ended 29 February 2020 (restated):			
Revenue	694,919	-	694,919
Interconnect related costs	(123,560)	-	(123,560)
Data and network related costs	(151,592)	36,664	(114,928)
Gross Profit	419,767	36,664	456,431
Other income	4,583	-	4,583
Selling, distribution and marketing costs	(27,032)	-	(27,032)
Administrative expenses	(50,659)	(36,664)	(87,323)
Staff costs	(99,319)	-	(99,319)
Adjusted EBITDA	**247,340**	**-**	**247,340**
3 months ended 28 February 2021:			
Revenue	194,648	-	194,648
Interconnect related costs	(12,787)	-	(12,787)
Data and network related costs	(46,815)	7,763	(39,052)
Gross Profit	135,046	7,763	142,809
Other income	3,638	-	3,638
Selling, distribution and marketing costs	(12,746)	-	(12,746)
Administrative expenses	(18,248)	(7,763)	(26,011)
Staff costs	(25,218)	-	(25,218)
Adjusted EBITDA	**82,472**	**-**	**82,472**
3 months ended 29 February 2020 (restated):			
Revenue	207,541	-	207,541
Interconnect related costs	(33,604)	-	(33,604)
Data and network related costs	(46,013)	9,148	(36,865)
Gross Profit	127,924	9,148	137,072
Other income	2,449	-	2,449
Selling, distribution and marketing costs	(17,471)	-	(17,471)
Administrative expenses	(15,022)	(9,148)	(24,170)
Staff costs	(25,229)	-	(25,229)
Adjusted EBITDA	**72,651**	**-**	**72,651**

27.2 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* .

	12 months ended		3 months ended	
	28/02/2021	29/02/2020	28/02/2021	29/02/2020
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	117,081	97,451	45,619	34,014
Add back:				
Depreciation, impairment and amortisation	123,599	149,889	36,853	38,637
Dividend received	292	-	-	-
Adjusted EBITDA (note 3)	**240,972**	**247,340**	**82,472**	**72,651**

28. Prior period restatement

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

The impact of the review in the prior year is a reduction in both Data and network related costs and Revenue of USD 90.8 million. There is no impact to Operating profit/(loss), Adjusted EBITDA, profit after tax, the consolidated statement of financial position or consolidated statement of cash flow.

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

	Revenue			Data and network related costs			
	Previously reported	IAS 8 Adjustment	As Restated	Previously reported	IAS 8 Adjustment	As Restated	Net Impact On Operating Profit
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Q1 FY20	145,515	-	145,515	30,206	-	30,206	-
Q2 FY20	187,503	(30,547)	156,956	64,033	(30,547)	33,486	-
Q3 FY20	214,918	(30,009)	184,909	71,896	(30,009)	41,887	-
Q4 FY20	237,805	(30,266)	207,539	76,279	(30,266)	46,013	-
FY20	785,741	(90,822)	694,919	242,414	(90,822)	151,592	-
Q1 FY21	166,640	(24,900)	141,740	57,400	(24,900)	32,500	-
Q2 FY21	179,901	(25,932)	153,969	53,664	(25,932)	27,732	-
Q3 FY21	188,738	(27,203)	161,535	70,206	(27,203)	43,003	-
Q4 FY21	224,188	(29,542)	194,646	76,357	(29,542)	46,815	-
FY21	759,467	(107,577)	651,890	257,627	(107,577)	150,050	-