LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID
INTELLIGENT TECHNOLOGIES

(Licence Number: GB21100696)

ANNUAL FINANCIAL STATEMENTS

28 February 2023

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
28 February 2023

General review

The operating results of Liquid Telecommunications Holdings Limited (the “company”) and its subsidiaries (the “group”) for the year ended 28 February 2023 are fully disclosed in the accompanying audited annual financial statements.

The company’s main activity is to carry on the business of a holding company in respect of subsidiary companies across Africa and certain other countries across the rest of the world.

The group, trading as Liquid Intelligent Technologies, is a technology and digital solutions provider across 20 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. The group has built Africa’s largest independent fibre network, which reached 104,353 kilometres for the year ended 28 February 2023.

Total revenue for the year was USD 622.5 million (28 February 2022: USD 711.7 million), a decline of 12.5% year-on-year on a reported basis, which is predominantly as a result of the adverse exchange rates in Zimbabwe and South Africa as well as the general decline in Voice revenue, which is following the global trend away from traditional voice traffic.

The group has repositioned and restructured the business as a technology solutions provider to deliver a broader range of products and services to its customers and a more efficient value driven operating model. As such the group categorises its revenue streams as shown below:

• Network - primarily revenue from long haul, metro networks and roaming services;
• C2 - primarily revenue from cloud services, managed services and cybersecurity services;
• Dataport - primarily revenue from undersea assets, international wholesale, international enterprise and VSAT; and
• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

For comparison, the previous revenue streams were:

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

Property, Plant and Equipment decreased to USD 526.0 million as a result of the adverse exchange rates in Zimbabwe and South Africa (2022: USD 706.2 million). We continued our investment in the expansion of our fibre network, which allows us to provide our customers with a full-service offering of connectivity, hosting and digital services, although the translation of this investment was impacted by weaker exchange rates. More detail on the currency movement is given in note 1.1 - *Zimbabwean currency and Hyperinflation accounting.*

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue in the coming financial year to further increase our coverage with a specific focus on building out the East to West links. Where acquisitions make commercial sense, these will be considered as an alternative way of expanding our network and customer reach.

In carrying out the annual impairment testing as required by IAS 36, an impairment of USD 36.1 million was recorded against the goodwill that arose on the acquisition of Liquid Telecommunications South Africa (Pty) Limited by Liquid Telecommunications Holdings South Africa (Pty) Limited (LTHSA). The impairment has resulted primarily from the global inflationary pressures, leading to higher interest rates and WACC for LTHSA, which have eroded the prior year headroom. Refer to note 9 - *Goodwill* for more details.

Impact of global events

On 24 February 2022, Russia invaded Ukraine in an internationally condemned act of aggression. This conflict is ongoing with a devastating impact on human life in the region. Globally, along with the widening sanctions against Russia, the conflict has had a direct impact on the energy sector, with increasing fuel prices and a general instability in the financial markets. This has led to higher costs for energy suppliers, product manufacturers and transportation services. The group has also been monitoring the impact of global inflationary pressures, interest rate increases, load shedding and other power challenges and has incorporated these effects into its forward looking plans, where possible.

Major highlights

On 1 March 2022, Liquid Intelligent Technologies announced a strategic cooperation agreement to bring Telesat Lightspeed Low Earth Orbit (LEO) satellite services to Africa. Moving forward, Telesat and Liquid Intelligent Technologies will work together to determine how each company's industry-leading technologies can integrate with the other to better serve the African continent.

On 29 March 2022, the group announced it has acquired a fibre pair on the Equiano subsea cable, allowing Liquid to transport traffic up to 12 terabits, bringing a much-needed increase in international connectivity in Western and Southern Africa. This will address the growing need for internet capacity supporting cloud services in both coastal and landlocked countries on the continent.

On 11 May 2022, Liquid Intelligent Technologies announced a partnership with PEACE Cable Company to introduce 800Gbps of additional subsea capacity in Mombasa, Kenya on the highly-anticipated global submarine cable. This will increase the availability of high-performance and reliable internet connectivity access across Africa, leveraging Liquid's 100,000km of terrestrial fibre across 12 countries. While acting as a new global internet route between Asia, Europe and the USA, the additional capacity will help increase the proliferation of faster and more affordable internet, Cloud and cyber security services to the African people and businesses.

On 24 November 2022, the group announced the opening of its Cyber Security Fusion Centre in Kenya, making this the second centre of its kind in Africa, adding to the first one in Johannesburg, South Africa which opened earlier this year. The centre will provide real-time intelligence-driven alerts and advisory services to customers to mitigate potential cyber threats.

On 2 February 2023, Liquid Intelligent Technologies announced a partnership with Nokia for the deployment of Nokia's innovative transport network technology in the new terrestrial fibre route connecting Mombasa, Kenya to Johannesburg, South Africa. The technology used has allowed Liquid to build its first terrestrial route that will provide 12 terabits of capacity for carriers and service providers in South Africa, Kenya, Uganda, Rwanda, Zambia, Zimbabwe, and the DRC. The route, which measures 16,576 km, has been designed to cater to the demand for more capacity from Liquid's hyperscale customers.

Going concern

The directors have reviewed the consolidated cash flow projections of the group and company for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2023, including the impact of the currency changes in Zimbabwe and South Africa, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and undrawn committed loan funding, and the provision of financial support to subsidiaries where necessary, 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 instability of financial markets, volatility of currency markets particularly the South African Rand, the economic situation in Zimbabwe, inability of customers to pay and supply chain shortages on the operations, business plan and cashflow for the twelve months from the date of signing of the consolidated financial statements. Furthermore, in light of global interest rate rises, the directors note this has had a negative impact on the group's Weighted Average Cost of Capital used for certain impairment and evaluation exercises. In particular, this, together with a more challenging trading environment, has resulted in a USD 36.1 million impairment of goodwill in South Africa (refer to note 9 - *Goodwill)* . Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 164.2 million is outstanding at 28 February 2023 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 4.9 million is outstanding at 28 February 2023. Taking this into account, alongside the other reviews conducted as set out in this section and the USD 60.0 million undrawn RCF, the directors consider the group has sufficient liquidity to meet its obligations as and when they fall due and forecast this position to continue. Refer to note 23 - *Short term portion of long term borrowings and long term borrowings* for more details.

Cash position

As at 28 February 2023, the group has an unrestricted cash position of USD 88.4 million (28 February 2022: USD 154.6 million). Of this amount, USD 28.3 million (28 February 2022: USD 80.3 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 892.6:1 (28 February 2022: 124.0:1). Cash held in Zimbabwe is mainly used to locally fund operational expenses and capital expenditure.

Going concern (continued)

Operational performance

For the year ended 28 February 2023, the group reported an operating profit of USD 73.7 million (28 February 2022: 163.8 million) and a net cash inflow from operating activities of USD 216.4 million (28 February 2022: USD 212.5 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 changes in Zimbabwe and South Africa.

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 2023 is appropriate.

Events after the reporting date

• In final confirmation of a process which was substantially completed as at the balance sheet date and reflected in the goodwill impairment assessment, ICASA has confirmed that LTSA will migrate the spectrum allocated in the 850Mhz band to a more suitable band. ICASA has confirmed that LTSA will migrate from the 850Mhz and receive 2x5Mhz in the 900Mhz band from 1 March 2024. On 13 April 2023, ICASA granted final approval to ratify the migration agreement reached before the end of the financial year between the two parties. This represents the culmination of engagement with ICASA over several years to migrate the spectrum allocated in the 850Hz band to a more suitable band.

• In March 2023, Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared and paid a dividend of USD 1.0 million. USD 300,000 is attributable to the non-controlling interests of the subsidiary.

• On 26 April 2023 our lending partners (in relation to the USD 220 million equivalent South African Rand term loan as described in note 23) approved our pre-emptive request for a deferral of the net debt to adjusted EBITDA ratio due to the prospect of further exchange rate volatility in certain markets. As a result, the step down from 4.0x to 3.5x that was due to take place at the end of May 2023 will now occur in February 2024 and a second step down from 3.5x to 3.0x that was due to take place in May 2024 will now occur in August 2024. All other terms remain unchanged.

Statement of directors’ responsibility in respect of the annual financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether International Financial Reporting Standards (“IFRS”) have been followed, subject to any material departures disclosed and explained in the financial statements;

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business, and

• maintain adequate accounting records and an effective system of internal controls and risk management.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Chairman and CEO’s statement

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We are implementing and enforcing effective systems to counter bribery and corruption.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius and was granted a Category 2 – Global Business Licence. The company's Global Business Licence (category 2) was converted to a Global Business Company licence on 30 June 2021.

Dividends

Year ended 28 February 2023:

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

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

Year ended 28 February 2022:

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

• Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared a dividend during the year. USD 300,000 is attributable to the non-controlling interests of the subsidiary.

Share capital

The share capital of USD 3.7 million represents 124,857,914 ordinary shares (28 February 2022: 124,857,914). Refer to note 22 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates, investments at Fair Value Through Other Comprehensive Income (FVTOCI) and at amortised cost, and other investments are disclosed in notes 13, 14, 15 and 17 of the financial statements.

Auditor

The auditor, Deloitte, has indicated its willingness to continue in office until the next annual meeting.

Directors and secretary

The directors of the company for the financial year end 2023 and up to the date of this report were as follows:

Name:	Appointed on:	Resigned on:	
Strive Masiyiwa [1]	13-May-08	29-Jun-22	*[1] Zimbabwean*
Nicholas Trevor Rudnick [2]	22-Oct-07	-	*[2] German*
Eric Venpin [3]	26-Jan-07	-	*[3] Mauritian*
Gaetan Lan Hun Kuen [3]	30-Jan-07	-	*[4] British*
Mike Mootien (as alternate to Gaetan Lan) [3]	14-Apr-14	-	*[5] South African*
Hardwork Pemhiwa Njodzi [1]	04-Nov-16	-	*[6] American*
Anil Dua [4]	01-Jan-17	29-Jun-22	*[7] Nigerian*
Rahul Goswamy (as alternate to Anil Dua) [9]	01-Jan-17	29-Jun-22	*[8] Rwandan*
Donald Henry Gips [6]	20-Jun-17	29-Jun-22	*[9] Singaporean*
Omobola Olubusola Johnson [7]	16-Aug-18	-	*[10] Indian*
Donald Kaberuka [8]	16-Aug-18	29-Jun-22	
Richard Wilson [4]	03-Apr-19	-	
Abhinav Sinha (as alternate to Richard Wilson) [10]	22-Jul-19	-	
Udo Hermann Lucht [5]	25-Feb-20	29-Jun-22	
Kate Eleanor Maria Hennessy [4]	04-Oct-19	29-Sep-22	
Katlego Kobue (as alternate to Udo Hermann Lucht) [5]	25-Feb-20	29-Jun-22	
Christopher Rajendran Hyman [4]	29-Jun-22	-	
Eric Ricardo Thompson [6]	27-Jun-23		

Secretary

DTOS Ltd
10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Registered office

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Auditor

Deloitte
7th-8th Floor, Standard Chartered Tower,
19-21 Bank Street,
Cybercity,
Ebene, 72201,
Mauritius

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Liquid Telecommunications Holdings Limited under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 28 February 2023.

For DTOS
Secretary

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Date: 27 June 2023

Deloitte.

7^{th}-8^{th} floor, Standard Chartered Tower
19-21 Bank Street
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Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited** (the "Company") and its subsidiaries (the "Group") set out on pages 9 to 71, which comprise the consolidated and separate statements of financial position as at 28 February 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 28 February 2023, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board of Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises of Report of the Directors and the Certificate from the secretary but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
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Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited (Cont'd)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and the company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Group and Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required;
- in our opinion, proper accounting records have been kept by the Group and Company as far as appears from our examination of those records.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte.

Deloitte
Chartered Accountants
27 June 2023

Agrawal.

Vishal Agrawal, FCA
Licensed by FRC

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February 2023

		Group		Company	
	Notes	**28/02/23**	**28/02/22**	**28/02/23**	**28/02/22**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Revenue	4.1	622,506	711,724	-	-
Interconnect related costs		(50,023)	(70,553)	-	-
Data and network related costs		(158,614)	(144,941)	-	-
Other income	5.2	7,762	11,118	38,778	13,470
Selling, distribution and marketing costs		(9,513)	(9,869)	(858)	(478)
Expected credit loss provision		(9,894)	(10,477)	-	-
Administrative expenses		(57,089)	(65,043)	(22,675)	(22,287)
Staff costs	5.3	(107,234)	(122,461)	(1,596)	(7,366)
Depreciation, impairment and amortisation	5.4	(164,204)	(135,724)	(128,773)	(1,849)
Operating profit / (loss)		**73,697**	**163,774**	**(115,124)**	**(18,510)**
Dividend received		-	-	1,046	30,700
Restructuring costs		-	(20)	-	-
Acquisition and other investment costs	5.5	(1,737)	(40)	(1,247)	(40)
Fair value (loss) / gain on derivatives assets	36.14	(3,997)	2,119	-	-
Gain on disposal of investments at Fair Value Through Other Comprehensive Income	15	-	1,090	-	1,090
Interest income	6	17,233	18,320	20,942	15,750
Finance costs	7	(75,328)	(72,784)	(30,486)	(29,564)
Net foreign exchange (loss) / gain	5.6	(257,220)	(114,103)	1,255	(524)
Hyperinflation monetary gain	1.1	156,854	121,541	-	-
Share of profits of associate	14	25	20	-	-
(Loss) / profit before taxation		**(90,473)**	**119,917**	**(123,614)**	**(1,098)**
Tax credit / (expense)	8	2,465	(61,693)	(2,801)	(2,794)
(Loss) / profit for the year		**(88,008)**	**58,224**	**(126,415)**	**(3,892)**
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Translation loss on accounting for foreign entities		(224,185)	(15,465)	-	-
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	1.1	19,356	8,484	-	-
		(204,829)	(6,981)	-	-
(Loss) / profit and other comprehensive (loss) / income for the year		**(292,837)**	**51,243**	**(126,415)**	**(3,892)**
(Loss) / profit attributable to:					
Owners of the company		(87,565)	57,618	(126,415)	(3,892)
Non-controlling interest		(443)	606	-	-
		(88,008)	**58,224**	**(126,415)**	**(3,892)**
(Loss) / profit and other comprehensive (loss) / income attributable to:					
Owners of the company		(292,218)	50,722	(126,415)	(3,892)
Non-controlling interest		(619)	521	-	-
		(292,837)	**51,243**	**(126,415)**	**(3,892)**
(Loss) / profit per share					
Basic (Cents per share)	39	(70.13)	46.15		

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 28 February 2023

	Notes	Group		Company	
		28/02/23	28/02/22	28/02/23	28/02/22
Non-current assets		USD'000	USD'000	USD'000	USD'000
Goodwill	9	76,576	129,182	-	-
Intangible assets	10	64,214	77,605	2,244	1,907
Property, plant and equipment	11	526,043	706,237	42	41
Right-of-Use assets	12	221,319	168,687	-	-
Investment in subsidiaries	13	-	-	674,665	712,222
Investment in associate	14	543	632	-	-
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	15	15,314	15,314	15,310	15,310
Deferred tax assets	16	48,388	31,471	-	-
Investments at amortised cost	17	45	35	-	-
Long-term receivables	18	133,236	155,742	177,957	235,882
Net derivative assets	36.14	-	2,119	-	-
Pre-commencement lease payments		8,464	33,000	-	-
Total non-current assets		**1,094,142**	**1,320,024**	**870,218**	**965,362**
Current assets					
Inventories	19	27,341	24,572	-	-
Trade and other receivables	20	246,927	237,944	151,796	182,116
Taxation	8	3,098	3,344	-	-
Cash and cash equivalents	21	88,393	154,553	7,525	1,327
Restricted cash and cash equivalents	21	425	9,090	115	112
Total current assets		**366,184**	**429,503**	**159,436**	**183,555**
Total assets		**1,460,326**	**1,749,527**	**1,029,654**	**1,148,917**
Equity and liabilities					
Capital and reserves					
Share capital	22	3,716	3,716	3,716	3,716
Share premium	22	276,714	276,714	276,714	276,714
Convertible preference shares	22	180,000	180,000	180,000	180,000
(Accumulated losses) / retained earnings		(64,098)	23,467	(6,787)	119,628
Foreign currency translation reserve		(217,565)	(12,912)	-	-
Total equity attributable to owners of the parent		**178,767**	**470,985**	**453,643**	**580,058**
Non-controlling interests	13.2	1,146	2,206	-	-
Total equity		**179,913**	**473,191**	**453,643**	**580,058**
Non-current liabilities					
Long term borrowings	23a	763,373	809,516	-	-
Long term lease liabilities	29	103,661	66,420	-	-
Long term intercompany borrowings	24	-	428	533,095	532,852
Long term provisions	26	7,194	8,239	-	-
Deferred revenue	28	65,553	68,565	-	-
Deferred tax liabilities	16	15,986	47,763	-	-
Total non-current liabilities		**955,767**	**1,000,931**	**533,095**	**532,852**
Current liabilities					
Short term portion of long term borrowings	23b	34,687	33,093	201	198
Short term portion of long term lease liabilities	29	31,342	31,009	-	-
Trade and other payables	25	190,304	148,206	38,825	29,259
Short term provisions	27	23,679	33,408	3,890	6,550
Deferred revenue	28	33,806	24,433	-	-
Taxation	8	10,828	5,256	-	-
Total current liabilities		**324,646**	**275,405**	**42,916**	**36,007**
Total equity and liabilities		**1,460,326**	**1,749,527**	**1,029,654**	**1,148,917**

Approved by the Board of Directors and authorised for issue on 27 June 2023.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2023

Group

	Notes	Share Capital	Share Premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / retained earnings	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2021		**3,716**	**276,714**	**180,000**	**(6,016)**	**(121,379)**	**2,001**	**335,036**
Profit on disposal of businesses under common control	35	-	-	-	-	86,626	-	86,626
Disposal of subsidiary under common control	31	-	-	-	-	602	-	602
Dividend	37	-	-	-	-	-	(316)	(316)
(Loss) / profit and total comprehensive (loss) / income for the year		-	-	-	(6,896)	57,618	521	51,243
Profit for the year		-	-	-	-	57,618	606	58,224
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	8,484	-	-	8,484
Translation loss on accounting for foreign entities		-	-	-	(15,380)	-	(85)	(15,465)
At 28 February 2022		**3,716**	**276,714**	**180,000**	**(12,912)**	**23,467**	**2,206**	**473,191**
Dividend	37	-	-	-	-	-	(441)	(441)
Loss and total comprehensive loss for the year		-	-	-	(204,653)	(87,565)	(619)	(292,837)
Loss for the year		-	-	-	-	(87,565)	(443)	(88,008)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	19,356	-	-	19,356
Translation loss on accounting for foreign entities		-	-	-	(224,009)	-	(176)	(224,185)
At 28 February 2023		**3,716**	**276,714**	**180,000**	**(217,565)**	**(64,098)**	**1,146**	**179,913**

Company

	Share capital	Share premium	Convertible preference shares	Retained earnings / (accumulated losses)	Total Equity
	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2021	3,716	276,714	180,000	123,520	583,950
Loss for the year	-	-	-	(3,892)	(3,892)
At 28 February 2022	**3,716**	**276,714**	**180,000**	**119,628**	**580,058**
Loss for the year	-	-	-	(126,415)	(126,415)
At 28 February 2023	**3,716**	**276,714**	**180,000**	**(6,787)**	**453,643**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 28 February 2023

	Notes	Group		Company	
		28/02/23	28/02/22	28/02/23	28/02/22
		USD'000	USD'000	USD'000	USD'000
Cash flows from operating activities:					
Cash generated from / (used in) operations	30	240,747	258,492	525	(58,268)
Income tax paid	8	(24,313)	(45,993)	(2,801)	(2,794)
Net cash generated from / (used in) operating activities		216,434	212,499	(2,276)	(61,062)
Cash flows from investing activities:					
Interest income		1,542	18,320	20,942	6,191
Proceeds from sale of investments	15	-	9,590	-	9,590
Purchase of investments at amortised cost		(46)	-	-	-
Dividend received		-	-	1,046	30,700
Disposal of subsidiary company	31	-	(357)	-	-
Purchase of property, plant and equipment		(87,567)	(80,380)	(14)	(32)
Proceeds on disposal of property, plant and equipment		3,518	3,483	-	-
Pre-commencement lease payments		(3,105)	(33,000)	-	-
Purchase of intangible assets		(14,134)	(14,135)	-	(2,004)
Proceeds on disposal of intangible assets		558	2,918	-	-
Decrease / (increase) in long-term receivables from related parties		4,437	(5,063)	16,987	(16,548)
Decrease in long term receivables		-	9	-	-
Net cash (used in) / generated investing activities		(94,797)	(98,615)	38,961	27,897
Cash flows from financing activities:					
Dividend paid		(441)	(310)	-	-
Finance costs paid		(58,726)	(38,431)	(29,619)	(28,387)
Decrease in borrowings		(14,325)	(6,326)	(865)	(670)
Decrease in lease liabilities		(46,738)	(58,576)	-	-
Decrease in intercompany equity loans		-	-	-	(146)
Increase in long term intercompany borrowing		407	441	-	31,000
Net cash (used in) / generated from financing activities		(119,823)	(103,202)	(30,484)	1,797
Net increase / (decrease) in cash and cash equivalents		1,814	10,682	6,201	(31,368)
Cash and cash equivalents at beginning of the year		163,643	172,638	1,439	32,807
Translation of cash with respect to foreign operations		(76,639)	(19,677)	-	-
Cash and cash equivalents at end of the year		**88,818**	**163,643**	**7,640**	**1,439**
Represented by:					
Cash and cash equivalents	21	88,393	154,553	7,525	1,327
Restricted cash and cash equivalents	21	425	9,090	115	112
		88,818	**163,643**	**7,640**	**1,439**

1. General information

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

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

1.1 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are 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 2023, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

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 of RTGS:USD on launch was 2.5 and this was the rate on 28 February 2019. The Zimbabwean currency is now denominated as the Zimbabwean Dollar (ZWL$).

During the year ended 28 February 2023, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 892.6:1 (28 February 2022: ZWL$:USD 124.0:1) to translate both the statement of profit or loss and the statement of financial position at 28 February 2023. Of the USD 257.2 million (28 February 2022: USD 114.1 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 249.0 million (28 February 2022: USD 115.8 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the financial year ended 29 February 2020, the group observed that the conditions in Zimbabwe were indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - *Financial Reporting in Hyperinflationary Economies* in Zimbabwe had been met. Furthermore, the International Practices Task Force ("IPTF") of the Centre of Audit Quality ("CAQ") monitors inflation in certain countries and reported Zimbabwe's three-year cumulative inflation rate as exceeding 100% in its previous reports and the latest report being 9 November 2022.

Based on these reports, and because Zimbabwe's functional currency is ZWL$, the group has concluded that hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and until there are indicators that allow the group to discontinue doing so. The group has applied hyperinflation accounting to all periods presented in these financial statements, effective from 1 October 2018. The adjustment for the impact of foreign exchange on opening balance under hyperinflation accounting of the Zimbabwe entities at 1 March 2022 resulted in a foreign exchange gain of USD 19.4 million (28 February 2022: USD 8.5 million) has been recognised directly in other comprehensive income, in accordance to IAS 21 - *The Effects of Changes in Foreign Exchange Rates.*

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 28 February 2023.

The restatement of balances in accordance with IAS 29 requires the use of a general price index ("GPI") that reflects changes in general purchasing power. Following the introduction of new regulations by the Zimbabwean government in March 2023, the official published Zimbabwe Consumer Price Index ("CPI") as the GPI was discontinued with the last publication in January 2023.

1.1 Zimbabwean currency and hyperinflation accounting (continued)

Hyperinflation accounting (continued)

IAS 29 allows for an entity to estimate a general price index for use in its financial statements in the absence of an official GPI and suggests the use of the movement in the exchange rates between the local functional currency (ZWL$) and a more stable currency (USD). In calculating the GPI, the group has used the official published Zimbabwe CPI upto 31 January 2023 and then used the movement in the ZWL$:USD exchange rate as described below for the month of February 2023, as an estimation of GPI. The ZWL$:USD exchange rate moved by 11.36% between January 2023 and February 2023 to close at 892.6. Accordingly, the group applied a 11.36% growth on the January 2023 CPI of 13,819.67 to determine the February 2023 closing CPI. Therefore, the closing CPI for February 2023 is 15,389.58. The group also looked at an alternative method of calculating CPI, based on an average of the CPI for the three month period prior to the CPI change. This methodology was not supported by local accounting bodies, but had it been implemented, the monetary gain would have been USD 29.5 million lower.

The gains on the net monetary position of USD 156.9 million (28 February 2022: USD 121.5 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on the above mentioned CPI for February 2023 (28 February 2022: 4,483.06 – as officially published).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 892.6:1 (28 February 2022: ZWL$:USD 124.0:1) has been used.

The directors continue to monitor the economic conditions in Zimbabwe.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the company and group have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2022.

<u>New and revised IFRSs and IFRICs applied with no material effect on the financial statements</u>

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 16 Property, plant and equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.

IFRS 3 Business combinations - Amendments updating a reference to the Conceptual Framework.

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities).

<u>Impact of the above revised Standards</u>

IAS 16 - Property, plant and equipment:

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

This amendment has no impact as the group does not have any items produced that are not an output of the normal business activity.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Impact of the above revised Standards (continued):

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets:

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The principles of this amendment are already applied.

IFRS 3 - Business combinations:

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

This amendment has no impact on the group as there was no business combination during the year.

IFRS 9 - Financial Instruments:

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

This amendment has no impact because there were no borrowings which were extinguised or refinanced during the year.

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2024).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective 1 January 2024).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023).
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023).
IAS 12	Income Taxes - Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes (effective 1 May 2023).
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 1 January 2024).

2. Summary of significant accounting policies

Basis of accounting

The consolidated and separate financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group and the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2. Summary of significant accounting policies (continued)

Basis of accounting (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Refer to note 42 for more details.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profits or losses and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests are considered to be insignificant when the closing balance, individually and collectively, is 5% or lower of the combined total equity at year end. See note 13.2 for *Details of non-wholly owned subsidiaries that have material non-controlling interests.*

2. Summary of significant accounting policies (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	20 - 50 years
Furniture and fittings	5 - 10 years
Computer equipment	2 - 10 years
Network equipment	5 years
Motor vehicles	4 - 5 years
Fibre infrastructure	5 - 25 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the consolidated statements of profit or loss and other comprehensive income.

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase. Once the asset is fully developed and available for use, depreciation will start.

Investment in associate

An associate is an entity over which the group has significant influence through holding, directly or indirectly, of 20 per cent or more of the voting power of the associate, but that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately as a 'bargain purchase gain' in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

2. Summary of significant accounting policies (continued)

Investment in associate (continued)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in subsidiaries

In the company's financial statements, investments in subsidiaries are measured and valued at cost less impairment.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the items to their present location and condition. The cost of inventory is calculated using the Average Cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the group’s statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value (excluding trade receivables which are recognised at transaction price in terms of IFRS 15). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets are classified into the following specified categories:

• Amortised cost.
• Fair Value Through Other Comprehensive Income (FVTOCI).
• Fair Value Through Profit or Loss (FVTPL).

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

• the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
• the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

<u>(i) Amortised cost and effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest method (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the consolidated statement of profit or loss after Operating profit.

All financial assets on the consolidated statement of financial position, with the exception of investments are classified at amortised cost.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, that is dividends are recognised when the entity’s right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in statement of profit or loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are deducted from the cost of investment.

The group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

However, IFRS 9 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 fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value for these investments in equity.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

• for financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss in the 'Net foreign exchange (loss) / gain' line item (note 5);
• for equity instruments measured at FVTOCI, exchange differences are recognised in the statement of other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

<u>(i) Significant increase in credit risk</u>

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the receivable, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the receivable's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the receivable;
• significant increases in credit risk on other financial instruments of the same receivable; or
• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the receivable's ability to meet its debt obligations.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, after the group has exhausted all efforts to recover such trade receivables, which ever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information (including for example macroeconomic developments).

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group makes provision on the following basis, which falls under stage 3 of the ECL model:

• 100% of all non-intercompany trade debts aged 90 days or older (see exception below),

• 100% of the balance due from a client who has a publicised case of either Curatorship, Judicial Management, Liquidation, Scheme of Arrangement and Insolvency and its operations might have ceased or are being wound up, and

• 100% of any disputed balances

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The following are areas where management considers that the risk of default is minimal to nil and no provision is provided unless management assess that the credit risk has increased:

• Payment plans - A signed acknowledgment of debt with a payment plan and/or a set-off agreement exists and the client is abiding by the terms of these agreements. If the client does not comply with the payment plans, the services are stopped. If they still do not pay, the group will engage legal counsel to pursue recovery from the client. Historically and in most cases, customers do pay when legal letters are issued. When the client is unable to pay due to cash flow issues (hence, increased credit risk), a provision is made.

• Payment history – The customer's payment trend is in intervals, say quarterly, bi-annually or annually and its history is evidenced on their customer statement. This is usually applicable to government bodies and strategic clients.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised when the proceeds are received, net of direct issue costs.

A repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Share capital and share premium are classified as equity.

Financial liabilities

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities comprise of long and short term borrowings, other long term payables and trade and other payables.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Net foreign exchange (loss) / gain' line item (note 5) in the statement of profit or loss.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

Derivatives

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives are disclosed separately in the consolidated statement of financial position. Embedded derivatives relating to financial assets and financial liabilities are not bifurcated.

2. Summary of significant accounting policies (continued)

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

2. Summary of significant accounting policies (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Revenue recognition

The group recognises revenue from the following major sources:

• Network - primarily revenue from long haul and metro networks;
• C2 - primarily revenue from cloud services, managed services and cybersecurity services;
• Dataport - primarily revenue from undersea assets, international wholesale, international enterprise and VSAT; and
• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

Revenue is measured based on the consideration to which the group expects to be entitled from a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Depending on whether certain criteria are met, revenue is recognised:

• Over time, in a manner that best reflects the delivery of the group's performance obligations; or
• At a point in time, when control of the goods or services is transferred to the customer.

The group accounts for a contract with a customer only when there is evidence of an arrangement, the group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

• Network: The performance obligation relating to these service contracts consists of two parts; firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

Generally, these contracts only have one performance obligation as the different parts of the service contracts are interrelated. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue (contract liability) is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable (contract asset) is raised as the service is delivered.

• C2: the performance obligation is recognised when the service is made available to customers on-demand via remote connection to a cloud computing server. The connection of the service performance obligation is satisfied on completion of connection as ownership is transferred. The provisioning of a service is recognised monthly as this is when the service is delivered. The transaction price is determined by the signed contract, which takes into account the rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable (contract asset) is raised as the service is delivered.

• Dataport: The performance obligation relating to these service contracts consists of two parts; firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

Generally, these contracts only have one performance obligation, the provisioning of a monthly service that is satisfied over time. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable (contract asset) is raised as the service is delivered.

• Voice Traffic: The performance obligation relating to wholesale voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to wholesale voice is recognised at the point the call is terminated, as this is the point the service is delivered to the customer. Customers are invoiced monthly based for their voice usage and a receivable (contract asset) is raised as the service has been delivered.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue recognition is applied to individual contracts with customers. However, the International Accounting Standards Board (IASB) recognised that there may be situations in which it may be more practical for an entity to combine contracts for revenue recognition purposes rather than attempt to account for each contract separately.

In addition to revenue recognition for revenue streams mentioned above, based on the nature of the group's business operations, from time to time management enters into contracts with customers that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. Such contracts are considered dynamic in nature and encapsulate other performance obligations which are not in line with the group's main business operations. These contracts are entered into on an ad-hoc basis for larger contracts and as a result are accounted for separately.

Management fees

Management fees are recognised when the right to receive payment has been established.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year.

Exchange differences arising on translation of foreign operations, if any, are recognised in other comprehensive income and accumulated under the group's translation reserve. Such translation differences are recognised in statements of profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate on the closing date.

Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a Right-of-Use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, which are short term and low value, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

2. Summary of significant accounting policies (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The amount expected to be payable by the lessee under residual value guarantees;
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related Right-of-Use asset) whenever:

• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Right-of-Use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 “Provisions, contingent liabilities and contingent assets”. To the extent that the costs relate to a Right-of-Use asset, the costs are included in the related Right-of-Use asset, unless those costs are incurred to produce inventories.

Right-of-Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the Right-of-Use asset reflects that the group expects to exercise a purchase option, the related Right-of-Use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Right-of-Use assets are presented as a separate line in the consolidated statement of financial position.

The group applies IAS 36 “Impairment of Assets” to determine whether a Right-of-Use asset is impaired and accounts for any identified impairment loss as described in the ‘Impairment of tangible and intangible assets excluding goodwill’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the Right-of-Use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in ‘Administrative expenses’ in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has elected that any existing lease comprising of both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead account for each lease component and associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors and therefore accounted in accordance with other applicable accounting standards.

2. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Operating Licence	10 - 25 years
Computer Software	2 - 8 years
Customer relationships	3 - 5 years
Other Intangible Assets (This mainly comprises the brand and spectrum assets arising on the acquisition of Liquid Telecommunications South Africa (Pty) Limited).	3 - 10 years

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited, Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, restricted cash, treasury bills and deposits held, less bank overdrafts all of which are available for use by the company unless otherwise stated.

Comparatives

Comparatives have been regrouped or reclassified to conform with current year's presentation.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in investments in subsidiaries on the date of acquisition.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the group's accounting policies (note 2), management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

Key judgements

(i) Revenue recognition

As mentioned in Note 2 - *Summary of significant accounting policies,* management enters into contracts with customers from time to time that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. A key judgement is whether these bespoke contracts have an embedded lease, and should be accounted for under IFRS 16 – *Leases* rather than IFRS 15 – *Revenue from Contracts with Customers,* given that some of these contracts provide for the right of use over specifically identified fibre line channels, rather than capacity. The directors considered the detailed criteria for the recognition of revenue, and are satisfied that the accounting treatment is appropriate in the current year.

For more details on the accounting policy, see 'Revenue recognition' in note 2 - *Summary of significant accounting policies.*

(ii) 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. Where this judgement relates to uncertain tax positions, the group draws on its experience in settling previous open tax issues, having taken into account the basis for the challenge, the evidence available and the technical arguments. Refer to note 40 - *Contingent liabilities* for further disclosure.

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

Key judgements (continued)

(ii) Contingent liabilities (continued)

For more details on the accounting policy, see 'Provisions' in note 2 - *Summary of significant accounting policies.*

<u>Key estimates</u>

(i) 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 present value of the recoverable amount.

For more details on the accounting policy, see 'Goodwill' in note 2 - *Summary of significant accounting policies* and note 9 - *Goodwill.*

(ii) Impairment of investment

The assessment of whether there is an impairment in the carrying value of an investment requires an estimation of the value in use of the cash generating unit to which the investment relates. 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.

For more details on the accounting policy, see 'Investment in subsidiaries' in note 2 - Summary of significant accounting policies and note 13 - *Investments in subsidiaries* .

(iii) Hyperinflation accounting

The restatement of balances in accordance with IAS 29 - *Financial Reporting in Hyperinflationary Economies* requires the use of a general price index (“GPI”) that reflects changes in general purchasing power. Following the introduction of new regulations by the Zimbabwean government in March 2023, the official published Zimbabwe Consumer Price Index (“CPI”) as the GPI was discontinued with the last publication in January 2023.

IAS 29 allows for an entity to estimate a general price index for use in its financial statements in the absence of an official GPI and suggests the use of the movement in the exchange rates between the local functional currency (ZWL$) and a more stable currency (USD). In calculating the GPI, the group has used the official published Zimbabwe CPI upto 31 January 2023 and then used the movement in the ZWL$:USD exchange rate for the month of February 2023. The ZWL$:USD exchange rate moved by 11.36% between January 2023 and February 2023 to close at 892.6. Accordingly, the group applied a 11.36% growth on the January 2023 CPI of 13,819.67 to determine the February 2023 closing CPI. Therefore, the closing CPI for February 2023 is 15,389.58. The group also looked at an alternative method of calculating CPI, based on an average of the CPI for the three month period prior to the CPI change. This methodology was not supported by local accounting bodies, but had it been implemented, the monetary gain would have been USD 29.5 million lower.

For more information on the Zimbabwean currency and hyperinflation accounting, see note 1.1.

4. Revenue and segment information

4.1 Segment revenue and results

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

The group categorises its revenue streams as shown below:

• Network - primarily revenue from long haul, metro networks and roaming services;

• C2 - primarily revenue from cloud services, managed services and cybersecurity services;

• Dataport - primarily revenue from undersea assets, international wholesale, international enterprise and VSAT; and

• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

For comparison, the previous revenue streams were:

• Network - primarily revenue from long haul and metro networks;

• Digital solutions - primarily revenue from cloud services, managed services and cybersecurity services;

• Data technologies - primarily revenue from roaming services and other innovations and undersea assets; and

• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

Following the changes to the presentation of the revenue streams in the current financial year, the comparative revenue streams have been adjusted to align with the revised presentation. As a result, under the new presentation, the revenue for the year ended 28 February 2022 for Network has increased from USD 478 million to USD 521 million and for Dataport decreased from USD 75 million to USD 34 million. These changes are due to the reclassification of roaming services and satellite/VSAT services from Dataport to Network.

The measure of reporting profit for each operating segment, that 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
• Fair value (loss) / gain on derivatives assets
• Gain on disposal of investments at Fair Value Through Other Comprehensive Income
• Net foreign exchange loss (see note 5)
• Hyperinflation monetary gain (see note 1.1)
• Share of profits of associate

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The following is an analysis of the group's revenue and results by reportable segment for the:

Year ended 28 February 2023

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	163,759	114,556	143,224	85,038	-	(67,638)	438,939
C2	43,363	9,703	10,655	17,906	-	(12,223)	69,404
Dataport	8,296	2,499	11,551	35,221	-	(13,913)	43,654
Voice traffic	8,794	72	64	62,993	-	(1,414)	70,509
Inter-segmental revenue	(8,063)	(772)	(13,057)	(73,296)	-	95,188	-
Group External Revenue	**216,149**	**126,058**	**152,437**	**127,862**	**-**	**-**	**622,506**
Adjusted EBITDA	80,819	65,711	47,315	70,810	(17,598)	(9,156)	237,901
Depreciation, impairment and amortisation							(164,204)
Acquisition and other investment costs							(1,737)
Fair value loss on derivatives assets							(3,997)
Interest income							17,233
Finance costs							(75,328)
Net foreign exchange loss							(257,220)
Hyperinflation monetary gain							156,854
Share of profits of associate							25
Loss before taxation							**(90,473)**
Tax credit							2,465
Loss after taxation							**(88,008)**

Central administration costs include certain staff and other stewardship costs not allocated to other business lines.

Year ended 28 February 2022

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	186,993	198,969	118,215	93,925	-	(77,492)	520,610
C2	34,822	15,924	6,609	9,613	-	(7,778)	59,190
Dataport	8,616	3,419	12,804	21,745	-	(12,694)	33,890
Voice traffic	9,670	164	15	89,541	-	(1,356)	98,034
Inter-segmental revenue	(7,268)	(1,109)	(13,705)	(77,238)	-	99,320	-
Group External Revenue	**232,833**	**217,367**	**123,938**	**137,586**	**-**	**-**	**711,724**
Adjusted EBITDA	85,144	126,266	37,524	72,569	(16,663)	(5,342)	299,498
Depreciation, impairment and amortisation							(135,724)
Restructuring costs							(20)
Acquisition and other investment costs							(40)
Fair value gain on derivatives assets							2,119
Gain on disposal of investments at Fair Value Through Other Comprehensive Income							1,090
Interest income							18,320
Finance costs							(72,784)
Net foreign exchange loss							(114,103)
Hyperinflation monetary gain							121,541
Share of profits of associate							20
Profit before taxation							**119,917**
Tax expense							(61,693)
Profit after taxation							**58,224**

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

For the year ended 28 February 2023, there is only 1 major customer* comprising more than 10% of the total group revenue (2022: only 1 major customer). The revenue from this customer is spread across the 4 segments.

** the customer name and revenue have not been disclosed due to confidentiality of information.*

The following tables show the timing of revenue recognition:

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Year ended 28 February 2023					
Recognised over the life of the contract as per IFRS 15	192,099	114,169	119,395	108,943	534,606
Recognised immediately on delivery of the service	24,050	11,889	33,042	18,919	87,900
	216,149	126,058	152,437	127,862	622,506
Year ended 28 February 2022					
Recognised over the life of the contract as per IFRS 15	202,739	197,834	108,713	126,200	635,486
Recognised immediately on delivery of the service	30,094	19,533	15,225	11,386	76,238
	232,833	217,367	123,938	137,586	711,724

	28/02/23	28/02/22
	USD'000	USD'000
Segment assets		
South Africa	590,693	759,609
Zimbabwe	282,198	472,564
Rest of Africa	374,971	312,741
Rest of the World	212,464	204,613
Consolidated total assets	**1,460,326**	**1,749,527**
Segment liabilities		
South Africa	196,608	157,395
Zimbabwe	84,838	116,212
Rest of Africa	194,323	141,401
Rest of the World	11,469	25,707
Total segment liabilities	487,238	440,715
Group Borrowings (USD 620 million 5.5% Senior Secured Notes and USD 220 million equivalent South African Rand term loan - note 23)	793,175	835,621
Consolidated total liabilities	**1,280,413**	**1,276,336**

For the purpose of monitoring segment performance and allocating resources between segments:
• all assets are allocated to reportable segments.
• all liabilities are allocated to reportable segments other than group borrowings.

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment, Right-of-Use assets and intangible assets	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
South Africa	94,144	55,226	104,512	37,920
Zimbabwe	15,676	33,801	19,492	28,645
Rest of Africa	35,672	28,794	67,491	62,243
Rest of the World	18,712	17,903	18,282	18,957
	164,204	**135,724**	**209,777**	**147,765**

5. (Loss) / profit before taxation

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
5.1 (Loss) / profit before taxation is arrived at after taking the following into account:				
Auditor's fees	1,975	2,113	480	373
Non-audit services	136	147	155	87
Consultancy fees	10,146	5,545	2,900	283
Management fee expense	240	240	16,260	15,445
5.2 Other income				
Gain / (loss) on disposal of property, plant and equipment	66	(609)	-	-
Management fees income (note 32)	2,469	1,481	33,096	10,243
Sundry income (non-operating income that does not meet the recognition criteria of revenue under IFRS 15)	5,227	10,246	5,682	3,227
	7,762	**11,118**	**38,778**	**13,470**
5.3 Staff costs				
Wages and salaries	73,631	90,481	1,596	7,366
Social security costs	17,190	14,289	-	-
Defined contribution plans expense	9,604	10,437	-	-
Other staff costs	6,809	7,254	-	-
	107,234	122,461	1,596	7,366

The group operates defined contribution retirement benefit plans for all qualifying employees in accordance with the regulations of each jurisdiction. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in statement of profit or loss of USD 9.6 million (28 February 2022: USD 10.4 million) represents contributions paid to these plans by the group at rates specified in the rules of the plans.

	Group 28/02/23	Group 28/02/22	Company 28/02/23	Company 28/02/22
5.4 Depreciation, impairment and amortisation				
Depreciation (note 11)	61,368	81,428	28	29
Amortisation of intangible assets (note 10)	10,037	16,928	1,675	1,814
Right-of-Use assets depreciation (note 12)	53,991	35,868	-	-
Inventory written off (note 19)	21	337	-	-
Provision for obsolete inventory (note 19)	86	596	-	-
Impairment of investment in subsidiary (note 13)	-	-	127,070	-
Write off of property, plant and equipment (note 11)	255	-	-	-
Impairment of property, plant and equipment (note 11)	2,365	322	-	-
Impairment of goodwill (note 9)	36,081	245	-	-
Impairment loss on intercompany loans	-	-	-	6
	164,204	**135,724**	**128,773**	**1,849**
5.5 Acquisition and other investment costs				
Legal fees	490	2	-	2
Professional fees	42	38	42	38
Other investment costs	1,205	-	1,205	-
	1,737	**40**	**1,247**	**40**
5.6 Net foreign exchange (loss) / gain				
Exchange losses - unrealised	(267,672)	(132,911)	(3)	(520)
Exchange losses - realised	(26,064)	(3,763)	-	(4)
Exchange gains - unrealised	33,589	17,167	1,252	-
Exchange gains - realised	2,927	5,404	6	-
	(257,220)	**(114,103)**	**1,255**	**(524)**

6. Interest income

	Group 28/02/23	Group 28/02/22	Company 28/02/23	Company 28/02/22
Interest received - bank / external	1,542	2,864	5	88
Interest received - inter-group (note 32)	15,691	15,456	20,937	15,662
	17,233	**18,320**	**20,942**	**15,750**

7. Finance costs

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Interest on loans	25,588	21,737	1,118	1,054
Finance cost on Senior Secured Notes	34,100	34,100	-	-
Finance arrangement fees amortised	3,674	4,269	-	-
Interest on lease liabilities	11,747	12,555	-	-
Interest paid - inter-group (note 32)	219	123	29,368	28,510
	75,328	**72,784**	**30,486**	**29,564**

8. Tax

Current taxation	23,386	34,395	-	-
Deferred taxation (credit) /charge (note 16)	(34,062)	17,602	-	-
Withholding taxation	8,211	9,696	2,801	2,794
Total tax (credit) / expense	**(2,465)**	**61,693**	**2,801**	**2,794**

The (credit) / charge for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

(Loss) / profit before taxation	(90,473)	119,917	(123,614)	(1,098)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(24,699)	26,332	-	-
Tax effect of non-deductible expenses	33,061	69,794	-	-
Tax effect of non-taxable income	-	(5,713)	-	-
Tax effect of foreign tax credit	(1,194)	(2,581)	-	-
Effect of tax losses not recognised as deferred tax assets	912	9,053	-	-
Tax effect of utilised unrecognised tax losses	(930)	(14,444)	-	-
Tax effect on IAS 29 adjusments	(17,826)	(30,444)	-	-
Withholding taxation	8,211	9,696	2,801	2,794
	(2,465)	**61,693**	**2,801**	**2,794**

Taxation is calculated at the rates prevailing in the respective jurisdictions:

Mauritius (tax allowance of 80%, depending on type of income)	15%	15%
South Africa (27% for years ending on or after 31 March 2023)	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Taxation asset:				
Opening balance	3,344	2,798	-	-
(Reversal) / provision for the year	(30)	23	-	-
Payments during the year	155	23	-	-
Net reclassification of deferred tax assets / liabilities	315	555	-	-
Foreign exchange differences	(686)	(55)	-	-
Closing balance	**3,098**	**3,344**	**-**	**-**
Taxation liability:				
Opening balance	(5,256)	(8,796)	-	-
Provision for the year	(31,567)	(44,114)	(2,801)	(2,794)
Payments during the year	24,158	45,970	2,801	2,794
Net reclassification of deferred tax assets / liabilities	(187)	(277)	-	-
Foreign exchange differences	2,024	1,961	-	-
Closing balance	**(10,828)**	**(5,256)**	**-**	**-**

9. Goodwill

	Group	
	28/02/23	28/02/22
	USD'000	USD'000
Cost		
Opening balance	129,182	129,364
Impairment (see below)	(36,081)	(245)
Foreign exchange differences	(16,525)	(1,596)
Adjustments - IAS 29	-	1,659
Closing balance	**76,576**	**129,182**

9. Goodwill (continued)

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

	Group	
	28/02/23	**28/02/22**
	USD'000	**USD'000**
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (see below)	5,581	1,441
Zimbabwe Online (Private) Limited (see below)	-	4,140
Liquid Telecommunications Holdings South Africa (Pty) Limited	60,360	112,966
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	76,576	**129,182**

Goodwill is tested at least annually for impairment as required by IAS 36 - *Impairment of assets* . 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. Each CGU is considered to be the operating company, as this is the lowest level of identifiable assets that generate cash inflows, independent from other assets or groups of assets.

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

• The cash flows used are based on Board approved budgets and only take into account cash flows arising from the current asset base and not from any future developments in technology, acquisitions or change in business model and this includes certain cash flows which are anticipated but not yet fully contracted.
• Assessment is performed on a value in use basis, using a 5-year discounted cash flow method.
• 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 4.2%.
• Discount rates: The country specific Weighted Average Cost of Capital ("WACC") is used as the discount rate which ranges from 10.3% to 21.5% (post-tax). The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

- Liquid Telecommunications Holdings South Africa (Pty) Limited ("LTHSA")

In carrying out the annual impairment testing as required by IAS 36 - *Impairment of assets,* a pre-tax impairment of USD 36.1 million was recorded against the goodwill that arose on the acquisition of Liquid Telecommunications South Africa (Pty) Limited by LTHSA. The impairment has resulted primarily from global inflationary pressures, leading to higher interest rates and WACC for LTHSA, which, together with other operational cost pressures have eroded the prior year headroom.

Specifically in relation to LTHSA, the following assumptions were applied:

• A terminal growth rate of 4.2% (28 February 2022: 3.0%) was applied in line with inflation forecasts for South Africa over a comparable period
• LTHSA's WACC of 15.5% (28 February 2022: 14.6%) was used as the discount rate. On a pre-tax basis, this rate is 19.8% (28 February 2022: 15.5%)

<u>Sensitivity analysis</u>

The group also performed a sensitivity analysis on three key inputs to the impairment assessment for LTHSA's goodwill and the results are shown below:

• An increase of 10% in the above terminal growth rate would result in no impairment and a decrease of 10% would result in a further impairment of USD 9.6 million.
• An increase of 10% in the above WACC would result in an additional impairment of USD 44.4 million and a decrease of 10% would result in no impairment, with headroom.
• An increase of 10% in the EBITDA forecasts in each period would result in no impairment, with significant headroom. A reduction of 10% in the EBITDA forecasts in each period would result in full impairment of the carrying value for the goodwill.

<u>Other CGUs</u>

- Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) Limited

During the year ended 28 February 2023, Zimbabwe Online (Private) Limited ("ZOL"), a 100% subsidiary of Data Control and Systems (1996)(Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") was merged into its parent on 1 March 2022. ZOL's retail business together with the Wholesale and Enterprise business of LTZ are now regarded as a single CGU as they both form part of the LTZ legal entity. This change has resulted in a reallocation of the goodwill from LTZ to LTH.

- Sensitivity analysis

The group has conducted an analysis of the sensitivity of the impairment test to changes in the country specific Weighted Average Cost of Capital ("WACC") used to determine the recoverable amount for each CGU to which goodwill is allocated. Except for Liquid Telecommunications Holdings South Africa (Pty) Limited (as described above), an increase of 5% in the WACC would result in no impairment, with headroom. A decrease of 5% would still result in no impairment, with significant headroom.

<u>For the year ended 28 February 2022:</u>

- During the year ended 28 February 2022, the goodwill in Transaction Payment Solutions Indian Ocean Limited was found to be irrecoverable and was impaired.

10. Intangible assets

Group

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Other Intangible Assets* USD'000	Total USD'000
Cost:							
At 1 March 2021	31,465	44,926	116,260	34,465	2,975	50,215	280,306
Disposal of subsidiary (note 31)	(62)	-	-	-	-	-	(62)
Additions during the year	988	3,113	488	-	6,827	2,719	14,135
Disposals during the year	-	(2,799)	(2,658)	-	(198)	-	(5,655)
Reclassification	-	-	-	-	-	(372)	(372)
Transfers	-	846	121	-	(846)	(121)	-
Transfer to Right-of-Use assets (note 12)	-	-	(114,951)	-	-	-	(114,951)
Transfer from Property, plant and equipment (note 11)	-	1,050	-	-	-	-	1,050
Write off	-	(4,633)	-	-	-	-	(4,633)
Foreign exchange differences	(2,347)	(878)	740	(163)	-	(432)	(3,080)
Adjustments - IAS 29	3,086	1,136	-	-	-	-	4,222
At 28 February 2022	33,130	42,761	-	34,302	8,758	52,009	170,960
Additions during the year	7,747	5,285	-	-	1,102	-	14,134
Disposals during the year	(887)	(4,931)	-	-	(25)	-	(5,843)
Transfers	-	831	-	-	(831)	-	-
Transfer to pre-commencement lease payments	-	-	-	-	(5,900)	-	(5,900)
Write off	-	(142)	-	-	-	-	(142)
Foreign exchange differences	(10,217)	(8,374)	-	(7,952)	-	(4,887)	(31,430)
Adjustments - IAS 29	2,621	922	-	-	-	-	3,543
At 28 February 2023	32,394	36,352	-	26,350	3,104	47,122	145,322
Accumulated amortisation:							
At 1 March 2021	11,347	37,329	58,847	15,044	-	26,145	148,712
Amortisation	2,283	4,702	6,012	3,352	-	579	16,928
Disposals during the year	-	(2,737)	-	-	-	-	(2,737)
Transfer to Right-of-Use assets (note 12)	-	-	(65,312)	-	-	-	(65,312)
Transfer to Property, plant and equipment (note 11)	-	-	(46)	-	-	-	(46)
Write off	-	(4,633)	-	-	-	-	(4,633)
Foreign exchange differences	(1,022)	(438)	486	(98)	-	(270)	(1,342)
Adjustments - IAS 29	1,290	495	-	-	-	-	1,785
At 28 February 2022	13,898	34,718	(13)	18,298	-	26,454	93,355
Amortisation	2,259	4,194	-	3,053	-	531	10,037
Disposals during the year	(442)	(4,844)	-	-	-	-	(5,286)
Write off	-	(142)	-	-	-	-	(142)
Foreign exchange differences	(4,781)	(6,390)	13	(2,678)	-	(4,805)	(18,641)
Adjustments - IAS 29	1,190	595	-	-	-	-	1,785
At 28 February 2023	12,124	28,131	-	18,673	-	22,180	81,108

10. Intangible assets (continued)

Group (continued)

Carrying amount:	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Other Intangible Assets* USD'000	Total USD'000
At 28 February 2022	19,232	8,043	13	16,004	8,758	25,555	77,605
At 28 February 2023	20,270	8,221	-	7,677	3,104	24,942	64,214

* This mainly comprises the brand and spectrum assets arising on the acquisition of Liquid Telecommunications South Africa (Pty) Limited.

Company

	Software USD'000	Work in Progress USD'000	Total USD'000
Cost:			
At 1 March 2021	3,511	250	3,761
Additions during the year	1,151	853	2,004
Transfers	846	(846)	-
Reclassification to prepayments	-	(198)	(198)
Write off	(2,566)	-	(2,566)
At 28 February 2022	2,942	59	3,001
Additions during the year	1,285	855	2,140
Transfers	759	(759)	-
Disposals during the year	(128)	-	(128)
At 28 February 2023	4,858	155	5,013
Accumulated amortisation:			
At 1 March 2021	1,846	-	1,846
Amortisation	1,814	-	1,814
Disposals	(2,566)	-	(2,566)
At 28 February 2022	1,094	-	1,094
Amortisation	1,675	-	1,675
At 28 February 2023	2,769	-	2,769
Carrying amount:			
At 28 February 2022	1,848	59	1,907
At 28 February 2023	2,089	155	2,244

No impairment was required following the review of the carrying value of intangible assets of the group and company by the directors for the year ended 28 February 2023 (28 February 2022: Nil).

11. Property, plant and equipment

Group	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost								
At 1 March 2021	21,540	12,252	33,812	95,560	11,399	57,933	1,087,506	1,320,002
Disposal of subsidiaries (note 31)	-	-	-	-	-	1,043	-	1,043
Additions during the year	3	705	1,678	3,340	1,685	33,261	39,708	80,380
Disposals during the year	(196)	(81)	(220)	(291)	(96)	(562)	(15,718)	(17,164)
Impairment	-	-	-	-	-	(322)	-	(322)
Transfers	3	8	318	11,441	-	(45,259)	33,489	-
Transfer to intangible assets (note 10)	-	-	-	-	-	(1,050)	-	(1,050)
Transfer (to)/from inventory (note 19)	-	-	(13)	(598)	-	122	(86)	(575)
Foreign exchange differences	(1,284)	(1,306)	(951)	(3,938)	(2,074)	(3,819)	(116,809)	(130,181)
Adjustments - IAS 29	1,698	506	(1,547)	3,288	2,237	4,255	150,964	161,401
At 28 February 2022	21,764	12,084	33,077	108,802	13,151	45,602	1,179,054	1,413,534
Additions during the year	428	487	1,431	3,911	677	38,905	47,472	93,311
Disposals during the year	(944)	(275)	(2,703)	(1,265)	(29)	(2,722)	(29,952)	(37,890)
Impairment	-	-	-	-	-	(165)	(2,200)	(2,365)
Write offs	-	(74)	(117)	(1,132)	-	(11)	(209)	(1,543)
Transfers	-	142	235	2,464	182	(30,959)	27,936	-
Transfer to inventory (note 19)	-	-	-	-	-	(7)	(15)	(22)
Foreign exchange differences	(6,663)	(3,801)	(4,222)	(19,692)	(6,816)	(14,136)	(462,654)	(517,984)
Adjustments - IAS 29	1,442	964	536	571	2,623	3,876	139,507	149,519
At 28 February 2023	16,027	9,527	28,237	93,659	9,788	40,383	898,939	1,096,560
Accumulated depreciation								
At 1 March 2021	7,342	9,675	28,646	88,170	8,575	(2,257)	500,225	640,376
Depreciation charge for the year	377	1,226	4,175	8,818	1,562	-	65,270	81,428
Disposals during the year	(11)	(62)	(165)	(263)	(34)	-	(12,538)	(13,073)
Transfers	-	2	(2)	-	-	-	-	-
Transfer from intangible assets (note 10)	-	-	-	-	-	-	46	46
Foreign exchange differences	(37)	(910)	(709)	(3,433)	(1,556)	-	(40,742)	(47,387)
Adjustments - IAS 29	-	130	(1,687)	2,950	1,343	-	43,171	45,907
At 28 February 2022	7,671	10,061	30,258	96,242	9,890	(2,257)	555,432	707,297
Depreciation charge for the year	298	622	1,409	9,277	622	-	49,140	61,368
Disposals during the year	(944)	(278)	(2,689)	(1,141)	(24)	-	(29,361)	(34,437)
Write offs	-	(63)	(117)	(1,053)	-	-	(55)	(1,288)
Foreign exchange differences	(1,296)	(3,082)	(3,646)	(15,118)	(5,109)	-	(186,891)	(215,142)
Adjustments - IAS 29	-	508	263	78	1,318	-	50,552	52,719
At 28 February 2023	5,729	7,768	25,478	88,285	6,697	(2,257)	438,817	570,517

11. Property, plant and equipment (continued)

Group (continued)

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Carrying amount:								
At 28 February 2022	14,093	2,023	2,819	12,560	3,261	47,859	623,622	706,237
At 28 February 2023	10,298	1,759	2,759	5,374	3,091	42,640	460,122	526,043

Refer to note 23 for details of security over property, plant and equipment.

The significant foreign exchange difference arising in the year ended 28 February 2023 is primarily due to the deterioration of the ZWL$:USD exchange rate from 124.0:1 at 28 February 2022 to 892.6:1 at 28 February 2023. This is partially offset by the IAS 29 hyperinflation adjustment.

In Property, plant and equipment, during the year ended 28 February 2023, USD 2.4 million assets were impaired as they were deemed to be unusable. (28 February 2022: USD 0.3 million assets were impaired as they were deemed to be unusable). No further impairment was required following the review of the carrying value of Property, plant and equipment of the group and company by the directors.

Company	Furniture & Fittings USD'000	Computer equipment USD'000	Work in progress USD'000	Total USD'000
Cost				
At 1 March 2021	12	79	-	91
Additions	-	10	22	32
Write off	(12)	(32)	-	(44)
Transfer	-	22	(22)	-
At 28 February 2022	-	79	-	79
Additions	-	29	-	29
At 28 February 2023	-	108	-	108
Accumulated depreciation:				
At 1 March 2021	9	44	-	53
Depreciation charge for the year	3	26	-	29
Disposals	(12)	(32)	-	(44)
At 28 February 2022	-	38	-	38
Depreciation charge for the year	-	28	-	28
At 28 February 2023	-	66	-	66
Carrying amount:				
At 28 February 2022	-	41	-	41
At 28 February 2023	-	42	-	42

12. Right-of-Use assets

Group

	Land and buildings USD'000	Furniture and fittings USD'000	Network equipment USD'000	Motor vehicles USD'000	Fibre infrastructure USD'000	Fibre Optical - IRU USD'000	Total USD'000
Cost:							
At 1 March 2021	76,250	16	46,695	1,772	23,380	-	148,113
Additions during the year	25,489	-	11,584	534	15,643	-	53,250
Disposals during the year*	(1,572)	-	(17,565)	-	(4,145)	-	(23,282)
Transfer from Intangible assets (note 10)	-	-	-	-	-	114,951	114,951
Foreign exchange differences	(6,682)	-	2,638	37	81	(171)	(4,097)
Adjustments - IAS 29	24,450	-	-	-	-	-	24,450
At 28 February 2022	117,935	16	43,352	2,343	34,959	114,780	313,385
Additions during the year	24,935	-	10,254	240	62,905	3,998	102,332
Disposals during the year*	(2,504)	(16)	(51)	(149)	(3,958)	(466)	(7,144)
Write offs	(2,581)	-	-	-	-	-	(2,581)
Transfer from pre-commencement lease payments**	-	-	-	-	-	33,541	33,541
Foreign exchange differences	(57,240)	-	(1,231)	(353)	(6,659)	(3,568)	(69,051)
Adjustments - IAS 29	20,624	-	-	-	-	-	20,624
At 28 February 2023	101,169	-	52,324	2,081	87,247	148,285	391,106
Accumulated depreciation:							
At 1 March 2021	20,313	-	24,661	1,118	15,254	-	61,346
Depreciation	17,738	-	7,566	455	10,109	-	35,868
Disposals during the year*	(1,332)	-	(14,765)	-	(4,130)	-	(20,227)
Foreign exchange differences	(614)	-	770	11	150	(220)	97
Adjustments - IAS 29	2,302	-	-	-	-	-	2,302
Transfer from Intangible assets (note 10)	-	-	-	-	-	65,312	65,312
At 28 February 2022	38,407	-	18,232	1,584	21,383	65,092	144,698
Write offs	(2,581)	-	-	-	-	-	(2,581)
Depreciation	15,434	-	14,191	512	18,032	5,822	53,991
Disposals during the year*	(1,795)	-	(50)	(149)	(3,448)	(349)	(5,791)
Foreign exchange differences	(12,896)	-	(374)	(272)	(4,392)	(3,100)	(21,034)
Adjustments - IAS 29	504	-	-	-	-	-	504
At 28 February 2023	37,073	-	31,999	1,675	31,575	67,465	169,787
Carrying amount:							
At 28 February 2022	79,528	16	25,120	759	13,576	49,688	168,687
At 28 February 2023	64,096	-	20,325	406	55,672	80,820	221,319

No impairment was required following the review of the carrying value of Right-of-Use assets by the directors for the year ended 28 February 2023 (28 February 2022: Nil).

* relate to lease modifications or cancellations.

** During the year ended 28 February 2023, USD 33.5m was transferred from pre-commencement lease payments to Right-of-Use assets as the assets were brought into use.

12. Right-of-Use assets (continued)

Group (continued)

The group leases several assets including land and buildings, computer equipment, furniture and fittings, network equipment, motor vehicles and fibre infrastructure. The average lease term is 5 years (28 February 2022: 5 years). For some of the lease contracts, the group has the option to purchase the assets at the end of the lease terms.

The maturity analysis of lease liabilities is presented in note 29.

Amounts recognised in consolidated statement of profit or loss	28/02/2023 USD'000	28/02/2022 USD'000
Right-of-Use assets depreciation (note 5.4)	53,991	35,868
Interest on lease liabilities (note 7)	11,747	12,555

The group does not have leases with variable payments and has an insignificant amount of leases of low value assets. The total cash outflow for leases amount to USD 46.7 million (28 February 2022: 58.6 million).

13. Investments in subsidiaries

13.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/23	Company 28/02/22
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Active	100	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe**	H	Telecommunications	Zimbabwe	Active	100	256,749	140,903
▪ Zimbabwe Online (Private) Limited**	S	Telecommunications	Zimbabwe	Active	100	-	-
▪ Liquid Telecommunications Zambia Limited	H	Telecommunications	Zambia	Active	100	52,197	52,197
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Dormant	100	-	-
▪ Liquid Telecommunications Kenya Limited*	H	Telecommunications	Kenya	Active	79.99	43,052	43,052
▪ Liquid Telecommunications Uganda Limited	H	Telecommunications	Uganda	Active	99.99	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090
▪ Liquid Telecom DRC S.A.	H	Telecommunications	Democratic Republic of Congo	Active	99	8,940	8,940

* The company continues to have 100% economic interest in Liquid Telecommunications Kenya Limited as at 28 February 2023.

** Zimbabwe Online (Private) Limited is a 100% subsidiary of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and was merged into its parent on 1 March 2022 resulting in a reallocation of the goodwill.

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/23	Company 28/02/22
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-
▪ Africa Digital Networks SASU	H	Telecommunications	Democratic Republic of Congo	Active	100	100	100
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	100	10,731	10,731
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	130
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	12,650
▪ Raha Limited	S	Telecommunications	United Republic of Tanzania	Active	100	-	-
▪ Zanlink Limited	S	Telecommunications	United Republic of Tanzania	Active	70	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited*	H	Telecommunications	South Africa	Active	100	266,041	419,444
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited*	S	Telecommunications	South Africa	Active	100	-	-
▪ Liquid Telecommunications Sahara Holdings Limited	H	Telecommunications	Mauritius	Active	100	1	1
▪ Liquid Telecommunications Co. Limited	S	Telecommunications	Sudan	Dormant	100	-	-
▪ Liquid Telecom West Africa Data Centre Ghana Limited	H	Telecommunications	Ghana	Dormant	100	-	-
▪ Liquid Intelligent Technologies Limited (previously known as Liquid Telecom West Africa Data Centre Nigeria Limited)	H	Telecommunications	Nigeria	Disposed	-	-	-
▪ Worldstream (Pty) Limited	H	Telecommunications	South Africa	Active	71	8,974	8,974
▪ Liquid Telecommunications Cote D'Ivoire	H	Telecommunications	Ivory Coast	Dormant	100	-	-
						674,665	712,222

H = This is a direct holding by Liquid Telecommunications Holdings Limited.

S = This is an indirect holding.

*The company has assessed its investments in subsidiaries in accordance with IAS 36 - *Impairment of Assets* and has recorded an impairment of USD 127.1 million in respect of its investment in Liquid Telecommunications Holdings South Africa (Pty) Limited. This assessment was based on a five-year cash flow financial forecast with a terminal growth rate of 4.2% (2022: 3.0%) and discounted using the weighted average cost of capital rate of 15.5% (pre-tax 19.8%). These local currency forecasts were converted at a closing rate of ZAR:USD 18.39:1 and compared to an investment value translated at the historical rate of ZAR:USD 13.39:1.

Sensitivities:
•If the WACC increases by 10% then there would be an additional impairment of USD 40.2 million and if the WACC decreases by 10%, there would be a reduction in the impairment of USD 51.1 million.
•If the ZAR:USD exchange rate weakens by 10% then there would be an additional impairment of USD 26.8 million and if the ZAR:USD exchange rate strengthens by 10%, there would be a reduction in the impairment of USD 32.8 million.

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

See note 41.1 for additional non-cash investment in subsidiaries made during the year ended 28 February 2023.

On 1 November 2021, Liquid Intelligent Technologies Limited (previously known as Liquid Telecom West Africa Data Centre Nigeria Limited) was disposed of to Liquid Delta (Jersey) Limited, a subsidiary of Liquid Telecommunications (Jersey) Limited, the parent company of LTH, for a nominal value.

The directors have reviewed the carrying value of each of the above investments in subsidiaries and have not found any indication of impairment, other than those mentioned above.

13.2 Details of non-wholly owned subsidiaries that have non-controlling interests

	(Loss) / profit allocated to non-controlling interests		Accumulated non-controlling interests	
	28/02/23	**28/02/22**	**28/02/23**	**28/02/22**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Individually immaterial subsidiaries with non-controlling interests	(443)	606	1,146	2,206
	(443)	**606**	**1,146**	**2,206**

14. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 28/02/23	28/02/22
			%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20

Pursuant to the shareholder agreement, Liquid Telecommunications South Africa (Pty) Limited, a subsidiary of LTH, has the right to cast 20% of the vote at shareholder meetings of Number Portability Company (Pty) Limited.

The associate has a December year end and has been adjusted (taking the 2 months financial information upto February, of the associate) to reflect the February year end of the group.

Although Liquid Telecommunications South Africa (Pty) Limited holds 20% of the equity shares of Number Portability Company (Pty) Limited, and it has less than 50% of the voting power at shareholder meetings, Liquid Telecommunications South Africa (Pty) Limited exercises significant influence by virtue of its contractual right to appoint directors to the board of directors of that entity.

Summarised is the financial information in respect of the group's associate where it has significant interest.

	28/02/23	28/02/22
	USD'000	USD'000
Number Portability Company (Pty) Limited		
Total assets	2,886	3,636
Total liabilities	(173)	(474)
Net assets	2,713	3,162
Revenue	1,605	1,984
Profit for the period	123	102
Total comprehensive income for the year	123	102
Group's share of net assets of associate	543	632
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	632	615
Share of profits of associate	25	20
Foreign exchange	(114)	(3)
Closing balance	543	632

15. Investments at Fair Value Through Other Comprehensive Income (FVTOCI)

	Group		Company	
Investments in equity instruments designated as at FVTOCI	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Opening balance	15,314	23,814	15,310	23,810
Disposal	-	(8,500)	-	(8,500)
Closing balance	**15,314**	**15,314**	**15,310**	**15,310**

The above represents investements in shares over which the company does not have any significant influence or control.

In November 2021, following a strategic decision, the company disposed its shareholding in West Indian Ocean Cable Company Limited for USD 9.6 million. A gain on disposal of USD 1.1 million was recognised in the consolidated statement of profit or loss.

16. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	28/02/23	**28/02/22**
	USD'000	**USD'000**
Net deferred tax assets	48,388	31,471
Net deferred tax liabilities	(15,986)	(47,763)
Net deferred tax assets / (liabilities)	**32,402**	**(16,292)**

	Group	
	28/02/23	**28/02/22**
	USD'000	**USD'000**
Group - Gross deferred tax assets:		
Deferred revenue	177	13,780
Property, plant and equipment	2,847	42,347
Assessed losses	13,582	9,693
Other*	72,441	6,889
	89,047	**72,709**
Credit / (charge) to profit for the year	32,858	(404)
Group - Gross deferred tax liabilities:		
Property, plant and equipment	(50,715)	(77,002)
Other*	(5,930)	(11,999)
	(56,645)	**(89,001)**
Credit / (charge) to profit for the year	1,204	(17,198)
Net movement		
Deferred tax assets / (liabilities)	32,402	(16,292)
Deferred taxation (credit) / charge to profit for the year (note 8)	(34,062)	17,602

*Comprising IFRS 16 adjustments, unrealised foreign exchange differences and provisions.

Management have carried out an assessment of the group's ability to utilise its tax losses in the relevant territories, based on the business plans over a five year time term as the most appropriate recognition period. The deferred tax asset recognised on tax losses in the group is USD 13.6 million (2022: USD 21.9 million), of which the most material balance is in South Africa (USD 12.5 million). The tax losses for Liquid Telecommunication South Africa (Pty) Limited (which can be carried forward indefinitely) are USD 249.9 million (2022: USD 282.5 million) of which USD 50.2 million (2022: USD 74.8) has been utilised to raise the deferred tax asset that has been recognised, and the tax losses for Liquid Telecommunications Kenya Limited (which can also be carried forward indefinitely) are USD 39.9 million (2022: USD 50.7 million) on which no deferred tax asset (2022: Nil) has been recognised.

17. Investments at amortised cost

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Treasury bonds	45	-	-	-
CABS housing scheme	-	35	-	-
	45	**35**	**-**	**-**

The investment in treasury bonds was made by Zanlink Limited, a subsidiary of the group, with a face value of TZS 100 million in October 2022 and matures in 2047 at an interest rate of 12.56% per annum. The investment is measured at amortised cost.

The CABS balance is an investment initially placed in March 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Staff Housing Scheme which matured in the year ended 28 February 2023.

18. Long term receivables

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 32)	133,236	155,742	177,957	235,882

The directors have assessed the Expected Credit Loss ("ECL'') on the long term intercompany receivables and have concluded that the ECL is not material, hence no ECL has been accounted for.

19. Inventories

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Goods for resale	27,426	24,930	-	-
Provision for obsolete inventory for the year (note 5.4)	(86)	(596)	-	-
Inventory written off (note 5.4)	(21)	(337)	-	-
Transfer from Property, plant and equipment (note 11)	22	575	-	-
	27,341	**24,572**	**-**	**-**
Cost of inventories expensed	16,000	17,332	-	-

The directors are of the opinion that the inventory amounts are recorded at values not in excess of their net realisable value.

20. Trade and other receivables

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Trade receivables	128,959	129,411	-	-
Affiliated entities (note 32)	35,436	29,423	81,061	50,263
Expected credit loss provision	(42,372)	(44,874)	-	-
Total trade and affiliated entities receivables, net of expected credit loss provision	**122,023**	**113,960**	**81,061**	**50,263**
Short-term inter-company receivables (note 32)	21,813	46,307	64,351	127,818
Sundry debtors	61,735	41,834	1,981	669
Deposits paid	5,051	4,832	-	-
Prepayments	36,305	31,011	4,403	3,366
	246,927	**237,944**	**151,796**	**182,116**

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

Before accepting any new customer, where possible 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 completed by any new customer. The creditworthiness of customers is reviewed continuously throughout the year.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are payable in accordance with the terms of the relevant agreements, under which payment terms range from 30 days to 6 months.

Sundry debtors mainly include VAT receivable and non-operating receivable.

20. Trade and other receivables (continued)

The following table details the risk profile of trade receivables and affiliated entities receivables. Lifetime ECL on receivables are assessed individually and collectively.

		Past due				
	Current	31 - 60	61 - 90	91 - 120	> 120	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2023						
Trade and affiliated entities receivables - Gross	51,277	28,936	14,994	12,588	56,600	164,395
Lifetime ECL	(3,868)	(2,259)	(1,088)	(750)	(34,407)	(42,372)
Trade and related parties receivables - Net	**47,409**	**26,677**	**13,906**	**11,838**	**22,193**	**122,023**
Default rate	7.5%	7.8%	7.3%	6.0%	60.8%	
Group - 2022						
Trade and affiliated entities receivables - Gross	75,725	21,964	9,810	7,336	43,999	158,834
Lifetime ECL	(2,787)	(3,005)	(919)	(1,604)	(36,559)	(44,874)
Trade and related parties receivables - Net	**72,938**	**18,959**	**8,891**	**5,732**	**7,440**	**113,960**
Default rate	3.7%	13.7%	9.4%	21.9%	83.1%	
Company - 2023						
Trade and affiliated entities receivables - Gross	8,748	4,989	5,142	7,134	55,048	81,061
Lifetime ECL	-	-	-	-	-	-
Trade and related parties receivables - Net	**8,748**	**4,989**	**5,142**	**7,134**	**55,048**	**81,061**
Default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Company - 2022						
Trade and affiliated entities receivables - Gross	2,752	2,468	2,477	2,421	40,145	50,263
Lifetime ECL	-	-	-	-	-	-
Trade and related parties receivables - Net	**2,752**	**2,468**	**2,477**	**2,421**	**40,145**	**50,263**
Default rate	0.0%	0.0%	0.0%	0.0%	0.0%	

The following table shows the movement in lifetime expected credit loss ("ECL") that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Group	
	28/02/23	**28/02/22**
	USD'000	**USD'000**
Movement in the expected credit loss provision:		
Opening balance	(44,874)	(46,950)
Doubtful debt provision (raised) / released	(9,014)	1,906
Bad debts recovered	439	42
Write off	2,613	73
Foreign exchange differences	7,081	(340)
Adjustments - IAS 29	1,383	395
Closing balance	**(42,372)**	**(44,874)**

21. Cash and cash equivalents, and restricted cash and cash equivalents

	Group		Company	
	28/02/23	**28/02/22**	**28/02/23**	**28/02/22**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Cash and bank balances	88,393	154,121	7,525	1,327
Money market deposits	-	432	-	-
Cash and cash equivalents	**88,393**	**154,553**	**7,525**	**1,327**
Restricted cash and cash equivalents	425	9,090	115	112
Total cash and cash equivalents	88,818	163,643	7,640	1,439

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

Cash and cash equivalents include USD 28.3 million (28 February 2022: USD 80.3 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 892.6:1 (28 February 2022: ZWL$:USD 124.0:1). See note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure.

The group and company have restricted cash for the following purposes:

Guarantees	1	7,501	115	112
Customer deposits held	424	1,589	-	-
	425	**9,090**	**115**	**112**

22. Share capital and share premium

	Group and Company	
	28/02/23	**28/02/22**
	USD'000	**USD'000**
Issued and paid share capital		
Ordinary shares	**3,716**	**3,716**
Share premium	**276,714**	**276,714**

Movement in capital:	**Number of ordinary shares**	**Share capital**	**Share Premium**
		USD'000	**USD'000**
Issued and paid share capital	124,857,914	3,716	276,714
Balance at 28 February 2023 and 28 February 2022	**124,857,914**	**3,716**	**276,714**

Convertible preference shares

The group has issued USD 180 million of convertible preference shares with the same par value, voting and dividend rights as the ordinary shares. The preference shares are exchangeable at the option of the shareholder based on certain conditions applicable only at conversion date.

23. Short term portion of long term borrowings and long term borrowings

	Group		Company	
	28/02/23	**28/02/22**	**28/02/23**	**28/02/22**
23a. Long term borrowings:	**USD'000**	**USD'000**	**USD'000**	**USD'000**
USD 620 million 5.5% Senior Secured Notes (i)	609,840	606,973	-	-
Net settled: Embedded derivatives (note 36.14)	1,878	-	-	-
USD 220 million equivalent South African Rand term loan (ii)	150,406	198,350	-	-
Stanbic Bank of Zambia Limited (iii)	1,249	4,193	-	-
	763,373	**809,516**	**-**	**-**
23b. Short term portion of long term borrowings:				
USD 620 million 5.5% Senior Secured Notes (i)	17,050	17,050	-	-
USD 220 million equivalent South African Rand term loan (ii)	13,800	13,050	-	-
Stanbic Bank of Zambia Limited (iii)	3,636	2,795	-	-
USD 60 million revolving credit facility (iv)	201	198	201	198
	34,687	**33,093**	**201**	**198**

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

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

(ii) On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a 5 year ZAR 3.3 billion term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan was initially 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 syndicators of this loan are: Standard Bank of South Africa Limited, Sanlam Investment Management Pty Ltd, Sanlam Life Insurance Ltd, State Bank of India (SBI), Stanlib Asset Management and Liberty Group. In June 2021, Liquid Telecommunications South Africa (Pty) Limited refinanced a portion of the term loan, amounting to ZAR 1.0 billion, with the International Finance Corporation with interest payable quarterly at JIBAR plus 5%. Following the refinancing, the term loan is now split between an amortising tranche and two separate bullet repayment tranches, representing one third and two thirds respectively of the term loan.

The covenants relevant to this loan are Net debt to EBITDA, Interest cover and Debt Service Cover Ratio.

On 26 April 2023 our lending partners (in relation to the USD 220 million equivalent South African Rand term loan) approved our pre-emptive request for a deferral of the net debt to adjusted EBITDA ratio due to the prospect of further exchange rate volatility in certain markets. As a result, the step down from 4.0x to 3.5x that was due to take place at the end of May 2023 will now occur in February 2024 and a second step down from 3.5x to 3.0x that was due to take place in May 2024 will now occur in August 2024. All other terms remain unchanged.

(iii) Liquid Telecommunications Zambia Limited has USD 23.3 million (maturity in the financial year 2025) of term loans denominated in local currency (Zambian Kwacha). As at 28 February 2023, the outstanding balance on all term loans is USD 4.9 million. Liquid Telecommunications Holdings Limited guaranteed up to USD 13.0 million in aggregate of these facilities. The facility agreement also included a first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The facility bears interest at the rate of 23.5%. Capital and interest are repaid on a quarterly basis. The financial covenants for this facility are Total debt to EBITDA and Debt Service Ratio.

23. Short term portion of long term borrowings and long term borrowings (continued)

(iv) In addition to the USD 620 million 5.5% Senior Secured Notes and the USD 220 million equivalent South African Rand term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man), Standard Chartered Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured Notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of SOFR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes. The Revolving Credit Facility remains undrawn at 28 February 2023. The facility holds the same covenant obligations as the South African term loan referenced above.

24. Long term intercompany borrowings

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Long term intercompany payable (note 32)	-	428	529,990	529,990
Intercompany equity loan payable (note 32)	-	-	3,105	2,862
	-	428	533,095	532,852

The company's long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 5.5 % (28 February 2022: 5.5%) and is repayable in September 2026.

25. Trade and other payables

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Trade accounts payable	103,202	61,786	383	196
Payable balance to affiliated entities (note 32)	15,779	7,661	3,011	4,601
Short-term inter-company payables (note 32)	-	9,586	30,173	20,787
Accruals	45,920	51,833	5,258	3,675
Staff payables	4,745	3,813	-	-
Transaction taxes due in various jurisdictions	4,456	8,875	-	-
Other short term payables	16,202	4,652	-	-
	190,304	**148,206**	**38,825**	**29,259**

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.

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

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

26. Long term provisions

	Group	
	28/02/23	28/02/22
	USD'000	USD'000
Onerous contracts	7,194	8,239
	7,194	**8,239**

	Long term portion
	USD'000
At 01 March 2022	**8,239**
Interest recognised in Data and network related costs	678
Transfer to short term (note 27)	(1,536)
Foreign exchange differences	(187)
At 28 February 2023	**7,194**

27. Short term provisions

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Bonus provision (i)	11,888	17,131	2,415	5,075
Licence fee provision (ii)	2,377	4,682	-	-
Short term portion of onerous contracts (iii)	847	783	-	-
Leave pay provision (iv)	2,429	2,737	-	-
Other provision (iv)	6,138	8,075	1,475	1,475
	23,679	**33,408**	**3,890**	**6,550**

(i) Bonuses are payable to all eligible staff according to the terms of the group's remuneration policy. The individual payout is a percentage of the total cost to the group, taking into account the employee's level, individual performance rating and group performance. The payment is time-apportioned based on the length of time the employee has been employed by the group in the current year. The actual payments are made post financial year end.

	Group	Company
	USD'000	USD'000
At 01 March 2022	**17,131**	**5,075**
Provision raised during the year	6,252	914
Utilisation / payment	(6,413)	(1,574)
Reversal	(2,000)	(2,000)
Foreign exchange differences	(3,082)	-
At 28 February 2023	**11,888**	**2,415**

(ii) The licence fee provision includes provision for Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools over an extended five-year period. The ICT services include the provision of the local area network, the wide area network, the end user devices in schools and training. Liquid Telecommunications South Africa (Pty) Ltd has capitalised the obligation (refer note 10) through raising a provision at the estimated present value of the total obligation. This is reassessed annually. The capitalised amount is amortised over the remaining licence period. The provision will be fully utilised in the financial year 2024.

	Group
	USD'000
At 01 March 2022	**4,682**
Provision raised during the year	941
Utilisation / payment	(2,866)
Foreign exchange differences	(380)
At 28 February 2023	**2,377**

(iii) Onerous contracts:

The group purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an onerous 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 onerous 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.

	Group
	USD'000
At 01 March 2022	**783**
Charged to Data and network related costs (unwinding of interest)	70
Expense to Data and network related costs	(1,512)
Transfer from long term (note 26)	1,536
Foreign exchange differences	(30)
At 28 February 2023	**847**

27. Short term provisions (continued)

(iv) Below is the movement in leave pay provisions and other provisions during the year ended 28 February 2023:

	Group USD'000		Company USD'000
	Leave pay provision	*Other provisions	*Other provisions
	USD'000	USD'000	USD'000
At 01 March 2022	**2,737**	**8,075**	1,475
Provision raised during the year	716	339	-
Payment/utilisation	(116)	(2,139)	-
Foreign exchange differences	(908)	(137)	-
At 28 February 2023	**2,429**	**6,138**	**1,475**

*includes various provisions that do not fall in the other categories already described above. Mainly provision of legal fees.

28. Deferred revenue

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	65,553	68,565	-	-
Short term portion of deferred revenue	33,806	24,433	-	-
	99,359	**92,998**	**-**	**-**

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

Below is the movement in the above balances:	Group	
	28/02/23	28/02/22
Short term portion of deferred revenue:	USD'000	USD'000
Opening balance	**24,433**	**44,219**
Net amount recognised as liability	14,961	8,216
Net amount recognised in statement of profit or loss	(5,922)	(37,209)
Reclassification from long term deferred revenue	4,996	9,337
Adjustments - IAS 29	1,335	291
Foreign exchange differences	(5,997)	(421)
Closing balance	**33,806**	**24,433**
Long term portion of deferred revenue:		
Opening balance	**68,565**	**48,295**
Net amount recognised as liability	10,423	29,522
Reclassification to short term deferred revenue	(4,996)	(9,337)
Foreign exchange differences	(8,439)	85
Closing balance	**65,553**	**68,565**

29. Long term lease liabilities and short term portion of long term lease liabilities

	Group	
	28/02/23	28/02/22
	USD'000	USD'000
Long term lease liabilities (discounted)	103,661	66,420
Short term portion of long term lease liabilities (discounted)	31,342	31,009
	135,003	**97,429**

The table below details the remaining contractual maturity for leases and has been drawn up based on the undiscounted cash flows:

Less than 1 year	46,937	38,461
1 to 2 years	28,563	33,790
2 to 3 years	21,735	22,629
3 to 4 years	18,059	12,059
4 to 5 years	16,823	9,996
More than 5 years	65,572	23,390
	197,689	**140,325**

The group does not face a significant liquidity risk with regard to its lease liabilities.

30. Cash generated from operations

	Notes	Group 28/02/23 USD'000	Group 28/02/22 USD'000	Company 28/02/23 USD'000	Company 28/02/22 USD'000
(Loss) / profit before tax		(90,473)	119,917	(123,614)	(1,098)
Adjustments for:					
Depreciation, impairment and amortisation	5	164,204	135,724	128,773	1,849
Fair value loss / (gain) on derivatives assets	36.14	3,997	(2,119)	-	-
Gain on disposal of investments at FVTOCI	15	-	(1,090)	-	(1,090)
Dividend received		-	-	(1,046)	(30,700)
Bad debts provision / (reversal)		5,961	(1,240)	-	-
(Decrease) / increase in provisions	27	(6,048)	9,553	(2,660)	5,075
Foreign exchange loss		233,831	116,061	-	-
Hyperinflation monetary gain		(156,854)	(121,541)	-	-
(Profit) / loss on disposal of fixed assets		(66)	609	-	-
Interest income	6	(17,233)	(18,320)	(20,942)	(15,750)
Finance costs	7	75,328	72,784	30,486	29,564
Share of profits of associate	14	(25)	(20)	-	-
		212,622	310,318	10,997	(12,150)
Working capital changes:					
Increase in inventories		(10,569)	(3,474)	-	-
Increase in trade and other receivables*		(141,462)	(39,492)	(20,036)	(46,349)
Increase / (decrease) in trade and other payables**		160,695	(9,389)	9,564	231
Increase in deferred revenue		19,461	529	-	-
Cash generated from / (used in) operations		**240,747**	**258,492**	**525**	**(58,268)**

*Included in the trade and other receivables working capital changes are unrealised foreign exchange losses of USD 85.1m (28 February 2022: USD 39.5m) out of which Zimbabwe contributed USD 76.7m (28 February 2022: USD 32.8m).

**Included in the trade and other payables working capital changes are unrealised foreign exchange gains of USD 18.6m (28 February 2022: USD 13.6m) out of which Zimbabwe contributed USD 7.1m (28 February 2022: USD 6.5m).

31. Acquisition / disposal of subsidiary company

28 February 2023

There was no acquisition/disposal of subsidiary company for the year ended 28 February 2023.

28 February 2022

On 1 November 2021, Liquid Intelligent Technologies Limited (Nigeria) (previously known as Liquid Telecom West Africa Data Centre Nigeria Limited) was disposed of to Liquid Delta (Jersey) Limited, a subsidiary of Liquid Telecommunications (Jersey) Limited, the parent company of LTH, for a nominal value. The acquisition was made through a common control transaction and recorded at cost.

	28/02/22 Cost USD'000
Intangible assets	62
Property, plant and equipment	1,043
Trade receivables and other receivables	226
Cash and cash equivalents	357
Trade payables	(285)
Inter-company payables short-term	(7)
Accruals	(63)
Deferred revenue short-term	(1)
Long-term intercompany loans	(1,894)
Net assets value (100%)	(562)
Non-controlling interest	-
FCTR realised	(12)
Consideration	(28)
Profit on disposal	(602)
Net cash inflow on disposal of subsidiary	
Total consideration	28
Loan receivable	(28)
Total cash consideration	-
Bank balances and cash equivalents	357
Net cash outflow arising on disposal	357

32. Related party transactions

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

• Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet South Africa (Pty) Limited, Steward Bank Limited, Econet Wireless Zimbabwe Limited, Cassava FinTech (Pty) Ltd, Distributed Power Africa Proprietary Limited, VAYA Africa Mauritius Ltd, Distributed Power Africa (Private) Limited, Cassava Technologies Limited and Distributed Power Africa Limited and are referred to as "Econet Global related group companies";

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

• Liquid Technologies Infrastructure Finance SARL;

• Liquid Intelligent Technologies Limited;

• Liquid Delta (Jersey) Limited;

• Telrad Networks Ltd; and

• Liquid Telecommunications (Jersey) Ltd.

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

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the group note. The amounts outstanding are unsecured. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. During the year, the group and company entered into the following trading transactions with related parties:

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
Sales of goods and services:	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Econet Global Related Group Companies	81,367	127,006	-	-
	81,367	**127,006**	**-**	**-**
Purchase of goods and services:				
Econet Global Related Group Companies	26,911	27,315	-	-
	26,911	**27,315**	**-**	**-**
Management fees expense:				
Econet Global Related Group Companies	240	240	-	-
Liquid Telecommunications Limited	-	-	13,432	13,674
Liquid Telecommunications Botswana (Pty) Limited	-	-	1,463	-
Liquid Telecommunications Uganda Limited	-	-	107	-
Liquid Telecommunications Kenya Limited	-	-	-	866
Raha Limited	-	-	9	-
Liquid Telecommunications International FZE	-	-	1,249	905
	240	**240**	**16,260**	**15,445**
Management fees income:				
Econet Global Related Group Companies	177	414	-	-
Africa Data Centres related group companies	397	1,007	397	958
Liquid Intelligent Technologies Limited	122	-	122	-
Liquid Telecommunications (Jersey) Ltd	1,773	60	1,773	60
Liquid Telecommunications Operations Limited	-	-	8,962	4,736
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	5,511	428
Liquid Telecommunications Kenya Limited	-	-	2,205	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	8,690	1,014
Transaction Payment Solutions International Limited	-	-	675	1,054
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	70
Zimbabwe On Line Private Limited	-	-	-	1,079
Liquid Telecommunications Sahara Holdings Limited	-	-	358	7
Liquid Telecommunications Uganda Limited	-	-	592	275
Liquid Telecommunications Rwanda Limited	-	-	212	286
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	3,589	256
Zanlink Limited	-	-	10	10
Raha Limited	-	-	-	10
	2,469	**1,481**	**33,096**	**10,243**

32. Related party transactions (continued)

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
Dividend income:	USD'000	USD'000	USD'000	USD'000
Liquid Telecommunications Rwanda Limited	-	-	700	700
Worldstream (Pty) Limited	-	-	346	-
Liquid Telecommunications Operations Limited	-	-	-	30,000
	-	**-**	**1,046**	**30,700**
Dividend paid:				
Other shareholders (net of taxes)	441	316	-	-
	441	**316**	**-**	**-**
Finance costs:				
Liquid Telecommunications Financing Plc	-	-	29,149	28,387
Liquid Technologies Infrastructure Finance SARL	219	123	219	123
	219	**123**	**29,368**	**28,510**
Administration fees paid:				
DTOS Limited	321	292	88	92
Interest income:				
Econet Global Related Group Companies	419	216	407	216
Liquid Telecommunications Zambia Limited	-	-	488	258
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	6,492
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	4,426	2,402
Liquid Telecommunications Operations Limited	-	-	3,488	642
Africa Digital Networks S.A.S	-	-	947	510
Liquid Telecommunications Uganda Limited	-	-	1,046	566
Liquid Telecommunications International FZE	-	-	793	396
Liquid Telecommunications Kenya Limited	-	-	7,725	3,219
Liquid Telecommunications Sahara Holdings Limited	-	-	271	144
Liquid Telecommunications Rwanda Limited	-	-	195	105
Raha Tanzania Holdings Limited	-	-	450	322
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	55
Kenya Employee Benefit Trust	-	-	168	91
Africa Data Centres related group companies	15,110	15,214	371	190
Liquid Intelligent Technologies Limited (Nigeria)	162	26	162	54
	15,691	**15,456**	**20,937**	**15,662**
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	529,990	529,990
Africa Data Centres related group companies	-	428	-	-
	-	**428**	**529,990**	**529,990**

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 5.5% and is repayable in September 2026.

32. Related party transactions (continued)

	Group		Company	
	28/02/23	**28/02/22**	**28/02/23**	**28/02/22**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Long term intercompany receivables:				
Liquid Telecommunications Sahara Holdings Limited	-	-	4,365	3,663
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	71,631
Liquid Telecommunications Kenya Limited	-	-	60,096	53,530
Africa Digital Networks S.A.S	-	-	13,755	12,808
Liquid Telecommunications Rwanda Limited	-	-	2,958	2,763
Liquid Telecommunications Uganda Limited	-	-	16,436	15,531
Liquid Telecommunications International FZE	-	-	9,184	8,877
Raha Tanzania Holdings Limited	-	-	5,572	5,162
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	49,584	46,957
Liquid Telecommunications Zambia Limited	-	-	7,411	6,923
Kenya Employee Benefit Trust	-	-	2,528	2,385
Liquid Intelligent Technologies Limited (Nigeria)	2,794	2,005	2,794	2,005
Africa Data Centres related group companies	129,771	153,737	3,274	3,647
Econet Global Related Group Companies	671	-	-	-
	133,236	**155,742**	**177,957**	**235,882**

The long term intercompany receivable from Liquid Telecommunications Sahara Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Data & Control System (Private) Limited has been capitalised as an equity loan. The equity loan is unsecured and is repayable at the discretion of each respective borrower.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Africa Digital Networks S.A.S Limited is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 5.5% and is repayable in February 2026.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

The long term intercompany receivable from Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 6.5% and is repayable in January 2025.

The long term intercompany receivable from Liquid Telecommunications Zambia Limited is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

32. Related party transactions (continued)

The long term intercompany receivable from Liquid Intelligent Technologies Limited (Nigeria) is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Kenya Employee Benefit Trust is unsecured, denominated in USD, bears interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and is repayable in February 2026.

The long term intercompany receivables from Africa Data Centres related group companies are unsecured, denominated in USD, bear interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 3.75% and are repayable in February 2026.

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Short term intercompany payables:				
Liquid Telecommunications (Jersey) Ltd	-	2,882	-	2,882
Liquid Telecommunications Mozambique Limitada	-	-	1	1
Liquid Technologies Infrastructure Finance SARL	-	6,704	4,336	4,117
Liquid Telecommunications Financing PLC	-	-	25,836	13,787
	-	**9,586**	**30,173**	**20,787**

The short term intercompany payable to Liquid Telecommunications Financing PLC represents the interest accrued on the long term intercompany payable.

The short term intercompany payable to Liquid Technologies Infrastructure Finance SARL is the current remaining payable balance of the USD 13 million investment.

Short term intercompany receivables:				
Econet Global Related Group Companies	1,339	731	1,327	731
Liquid Intelligent Technologies Limited (Nigeria)	7	7	-	-
Liquid Technologies Infrastructure Finance SARL	3,348	-	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	48,570
Liquid Telecommunications Operations Limited	-	-	48,691	76,675
Africa Data Centres related group companies	17,119	45,569	14,333	1,842
	21,813	**46,307**	**64,351**	**127,818**

Short term intercompany receivables bear interest at the rate of Libor (changing to SOFR as from 1 March 2023) plus 2.5%, are unsecured and are to be repaid within 12 months.

Payable balance to affiliated entities:				
Econet Global Related Group Companies	1,045	4,429	-	-
Africa Data Centres related group companies	10,313	1,702	-	-
Zanlink Limited	-	-	-	2
Worldstream (Pty) Limited	-	-	-	25
Liquid Technologies Infrastructure Finance SARL	4,421	1,530	-	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	3,011	4,574
	15,779	**7,661**	**3,011**	**4,601**

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

Equity loans due to:				
Liquid Telecommunications Botswana (Pty) Limited	-	-	3,105	2,862
	-	**-**	**3,105**	**2,862**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of the borrower.

32. Related party transactions (continued)

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties:				
Econet Global Limited (Mauritius)	4,999	4,999	4,999	4,999
Econet Global Related Group Companies	27,422	19,063	3,659	-
Africa Data Centres related group companies	-	4,540	-	1,283
Liquid Technologies Infrastructure Finance SARL	-	613	-	-
Telrad Networks Ltd	2,697	-	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	21,487	13,047
Liquid Telecommunications Zambia Limited	-	-	1,027	1,027
Liquid Telecommunications Rwanda Limited	-	-	1,792	1,421
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	5,942	1,166
Liquid Telecommunications South Africa (Pty) Limited	-	-	10,238	9,765
Raha Limited	-	-	1,495	997
Liquid Telecommunications Operations Limited	-	-	22,290	11,045
ZOL Zimbabwe (Private) Limited	-	-	-	1,986
Liquid Telecommunications Kenya Limited	-	-	4,282	1,336
Africa Digital Networks S.A.S	-	-	401	401
Liquid Telecommunications Uganda Limited	-	-	1,977	1,263
Transaction Payment Solutions International Limited	-	-	69	109
Liquid Telecommunications Sahara Holdings Limited	-	-	845	160
Liquid Telecommunications International FZE	-	-	73	71
Zanlink Limited	-	-	137	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	78
Liquid Delta (Jersey) Limited	28	28	28	28
Liquid Intelligent Technologies Limited (Nigeria)	290	180	275	4
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	45	77
	35,436	**29,423**	**81,061**	**50,263**

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are payable in accordance with the terms of the relevant agreements, under typical payment terms. In certain circumstances, payment terms extend beyond this where the group provides financial support to its subsidiaries.

33. Compensation of key management personnel

The remuneration of the directors and other key management personnel during the year is as follows:

Short-term employee benefits	4,160	8,275	536	2,620

The key management personnel are the directors who have authority and responsibility for planning, directing and controlling the activities of the group, whether directly or indirectly.

34. Commitments

34.1 Capital commitments

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
At 28 February 2023, the group committed to the following capital commitments:				
Authorised and contracted	34,684	33,001	-	-

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

34.2 Other

The group continues to provide support to its subsidiaries, where appropriate, to ensure they are able to continue their operations and meet their liabilities as and when they fall due.

35. Profit on disposal of subsidiaries under common control

During the year ended 28 February 2021, the group transferred the assets and liabilities of the Data centre line of business from the Liquid Group, the holding company of the group, to the Africa Data Centres (ADC) group. The group entered into a sale agreeement with Africa Data Centres Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited), which was completed on 4 March 2021, for the disposal of the ADC line of business carried out by the South African and Kenyan subsdiaries of the group for a consideration of USD 193.0 million.

A profit of USD 86.6 million arose on the disposal of the ADC assets, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill upon the completion of the transaction in the subsequent reporting period. The profit has been disclosed in the consolidated statement of changes in equity, for the previous year ended 28 February 2022.

36. Financial instruments

36.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's policy is to borrow centrally, principally using Senior Secured Notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its interest cover, net debt to EBITDA ratio, gross debt to EBITDA ratio and debt service cover ratio (''DSCR'') to comply with its Senior Secured Notes and other borrowing facilities covenants. The group complied with its maintenance covenants throughout the financial year and the overall strategy remains unchanged from prior years.

The capital structure of the group and company consist of net debt (which includes borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued share capital, convertible preference shares, reserves and retained earnings. The group and company are not subject to any externally imposed capital requirement. Management reviews the capital structure of the group and company on a periodic basis, including the cost of capital and the risks associated with each class of capital.

36.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

36. Financial instruments (continued)

36.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group		Company	
	28/02/23	**28/02/22**	**28/02/23**	**28/02/22**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Debt (i)	933,063	940,466	533,296	533,050
Cash and cash equivalents (net of restricted cash)	(88,393)	(154,553)	(7,525)	(1,327)
Net debt	**844,670**	**785,913**	**525,771**	**531,723**
Equity (ii)	179,913	473,191	453,643	580,058
Net debt to equity ratio	4.7:1	1.7:1	1.2:1	0.9:1

(i) Debt is defined as long and short-term borrowings and lease liabilities, as detailed in notes 23, 24 and 29.

(ii) Equity includes all capital and reserves of the group and the company, as detailed in the statement of changes in equity.

36.4 Categories of financial assets and liabilities

	Group		Company	
	28/02/23	**28/02/22**	**28/02/23**	**28/02/22**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Financial assets				
Amortised cost	424,248	518,577	332,990	416,071
Investments at amortised cost	*45*	*35*	-	-
Long-term receivables	*133,236*	*155,742*	*177,957*	*235,882*
Trade and other receivables (excluding Prepayments and VAT receivable)	*202,149*	*199,157*	*147,393*	*178,750*
Cash and cash equivalents	*88,393*	*154,553*	*7,525*	*1,327*
Restricted cash and cash equivalents	*425*	*9,090*	*115*	*112*
Fair Value Through Other Comprehensive Income (FVTOCI)				
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	*15,314*	*15,314*	*15,310*	*15,310*
Fair Value Through Profit and Loss (FVTPL)				
Net derivative assets	-	*2,119*	-	-
Total financial assets	**439,562**	**536,010**	**348,300**	**431,381**
Financial liabilities				
Amortised cost	1,114,166	1,075,984	572,121	562,309
Long term borrowings	*763,373*	*809,516*	-	-
Short term portion of long term borrowings	*34,687*	*33,093*	*201*	*198*
Long term lease liabilities	*103,661*	*66,420*	-	-
Short term portion of long term lease liabilities	*31,342*	*31,009*	-	-
Long term intercompany borrowings	-	*428*	*533,095*	*532,852*
Trade and other payables (excluding Staff payables and Transaction taxes due in various jurisdictions)	*181,103*	*135,518*	*38,825*	*29,259*
Total financial liabilities	**1,114,166**	**1,075,984**	**572,121**	**562,309**

36. Financial instruments (continued)

36.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

36.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see notes 36.7 and 36.8) and interest rates (see notes 36.9 and 36.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk where appropriate.

36.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The group constantly reviews its foreign exchange rate exposures and enters into foreign currency hedging contracts when appropriate.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follows:

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	8,822	15,487	-	-
Currency of United States (USD)	119,365	112,694	348,300	431,381
Currency of Zimbabwe (ZWL$)	52,093	97,602	-	-
Currency of South Africa (ZAR)	183,173	239,288	-	-
Currency of Botswana (BWP)	1,741	1,834	-	-
Currency of Kenya (KES)	51,475	51,781	-	-
Currency of Zambia (ZMK)	13,293	8,078	-	-
Currency of Rwanda (RWF)	5,068	4,586	-	-
Currency of Nigeria (NGN)	88	103	-	-
Currency of Uganda (UGX)	2,199	2,570	-	-
Currency of Tanzania (TZS)	2,245	1,987	-	-
	439,562	**536,010**	**348,300**	**431,381**

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
Liabilities				
Currency of the United Kingdom (GBP)	5,457	9,093	40	40
Currency of United States (USD)	716,335	641,227	572,081	562,269
Currency of Zimbabwe (ZWL$)	31,741	28,681	-	-
Currency of South Africa (ZAR)	303,555	338,924	-	-
Currency of Botswana (BWP)	748	542	-	-
Currency of Kenya (KES)	24,343	20,674	-	-
Currency of Zambia (ZMK)	20,098	26,754	-	-
Currency of Rwanda (RWF)	3,521	3,856	-	-
Currency of Nigeria (NGN)	2	8	-	-
Currency of Uganda (UGX)	3,161	1,786	-	-
Currency of Tanzania (TZS)	5,205	4,439	-	-
	1,114,166	**1,075,984**	**572,121**	**562,309**

36. Financial instruments (continued)

36.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP), Zimbabwean dollar (ZWL$), South Africa (ZAR), Kenyan Shilling (KES), Rwandan Franc (RWF) and Zambian Kwacha (ZMK).

The following table details the group's sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

	Group		Company	
	28/02/23	28/02/22	28/02/23	28/02/22
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	336	639	-	-
ZWL$ Currency impact	2,035	6,892	-	-
ZAR Currency impact	(12,038)	(9,964)	-	-
KES Currency impact	2,713	3,111	-	-
RWF Currency impact	155	73	-	-
ZMK Currency impact	(680)	(1,868)	-	-
	(7,479)	**(1,117)**	**-**	**-**

36.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see note 36.12 below). Interest rates have been disclosed in the respective notes where applicable.

36.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant;

• Profit for the year ended 28 February 2023 for the group and the company respectively would increase by USD 0.3 million (2022: decrease of USD 1.2 million) and decrease by USD 3.1 million (2022: decrease of USD 1.9 million). This is mainly attributable to the group's limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
• There would be no increase or decrease in other equity reserves for the year ended 28 February 2023 (2022: no increase or decrease).

36.11 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with financial institutions which are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information. The group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

36. Financial instruments (continued)

36.11 Credit risk management (continued)

Note 18 and 20 detail the group’s and the company's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

Other than those disclosed in the notes to the financial statements, the company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit loss, represents the group’s maximum exposure to credit risk.

36.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group’s short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 year	2 to 5 years	More than 5 years	Total
		USD'000	USD'000	USD'000	USD'000
Group - 2023					
Financial liabilities	6.96%	397,730	851,397	65,572	1,314,699
Group - 2022					
Financial liabilities	5.66%	304,500	892,301	23,390	1,220,191
Company - 2023					
Financial liabilities	5.50%	34,908	537,212	-	572,120
Company - 2022					
Financial liabilities	5.50%	29,457	532,852	-	562,309

36.13 Fair values

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

36.14 Net settled: Embedded derivatives

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.

36. Financial instruments (continued)

36.14 Derivative assets (continued)

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

The key assumptions used to estimate the fair value are:

1. the initial fair value of the Notes (being the issue price of 100% on the issue date);
2. the credit spread (implied from the issue price of the bond); and
3. the discount curve (Secured Overnight Financing Rate Data).

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2023					
Net settled: Embedded derivatives	-	-	-	-	-
Group - 2022					
Net settled: Embedded derivatives	-	-	2,119	-	2,119

	28/02/2023	28/02/2022
	USD'000	USD'000
Opening balance	2,119	-
Fair value (loss) / gain recognised in statement of profit or loss	(3,997)	2,119
Closing balance	**(1,878)**	**2,119**

37. Dividend

Year ended 28 February 2023:

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

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

Year ended 28 February 2022:

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

• Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared a dividend during the year. USD 0.3 million is attributable to the non-controlling interests of the subsidiary.

38. 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 2023				
Investments at FVTOCI (note 15)	-	-	15,314	15,314
Total	**-**	**-**	**15,314**	**15,314**
28 February 2022				
Investments at FVTOCI (note 15)	-	-	15,314	15,314
Net settled: Embedded derivatives (note 36.14)	-	2,119	-	2,119
Total	**-**	**2,119**	**15,314**	**17,433**

The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investments at FVTOCI (note 15)	Fair value was determined to not be materially different to the cost previously recognised.		
Net settled: Embedded derivatives	See note 36.14 for details		

There has been no gain or loss on fair value changes for investment at FVTOCI. For fair value changes for the Net settled: Embedded derivatives see note 36.14.

There has been no transfer between the different levels of the fair value hierarchy during the current and prior financial years.

39. (Loss) / profit per share

	Group	
	28/02/23	28/02/22
Basic (loss) / profit per share (Cents per share)	(70.13)	46.15

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

	Group	
	28/02/23	28/02/22
	USD'000	USD'000
(Loss) / profit attributable to owners of the company	(87,565)	57,618

	Group	
	28/02/23	28/02/22
Weighted average number of ordinary shares for the purpose of basic profit per share	124,857,914	124,857,914

See note 22 for number of shares.

40. Contingent liabilities

Uncertain Tax Positions

The group has a number of tax audits underway across the various jurisdictions in which it operates. These audits are routine and often involve discussion and negotiation with the relevant authorities. When assessing the potential outcome of these audits, the group uses judgement based on past experience, industry practice and advice from local tax advisers. Where the assessment finds that a tax liability is probable, a tax provision is made through current tax. Where the group considers it has a robust position, no tax provision is made, however, these positions are kept under review as the audit process progresses and in some or all cases, the outcome of the audit and discussions with the tax authorities may be different to that anticipated by the group. Although the group currently has potential Uncertain Tax Provisions across a number of jurisdictions (principally the DRC, Kenya, Tanzania, Zambia and Zimbabwe), it does not believe that these Uncertain Tax Provisions will materialise in full. The group has a history of negotiating final settlements at an amount which is significantly lower than that initially indicated by the Tax Authority. In recent periods, this settlement rate has been in the region of 18% - 20%.

41. Non-cash transactions

41.1 Transactions excluded from statements of cash flows

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

During the year ended 28 February 2023:

• The long term intercompany receivable from Data & Control System (Private) Limited (as disclosed in note 32) has been capitalised as an equity loan. The equity loan is unsecured and is repayable at the discretion of each respective borrower.

• Purchase of property, plant and equipment of the group included a non cash portion of USD 5.7 million.

• Purchase of intangible assets acquisitions of the company included a non cash portion of USD 2.1 million.

During the year ended 28 February 2022:

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

• On 1 November 2021, Liquid Intelligent Technologies Limited (previously known as Liquid Telecom West Africa Data Centre Nigeria Limited) was disposed of to Liquid Delta (Jersey) Limited a subsidiary of Liquid Telecommunications (Jersey) Limited, the parent company of LTH, for a nominal value.

41.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

28 February 2023: Group	**01/03/2022**	**Non-cash**	**Cash**	**28/02/2023**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Short term portion of long term borrowings (note 23b)	33,093	15,919	(14,325)	34,687
Long term borrowings (note 23a)	809,516	(46,143)	-	763,373
Lease liabilities (note 29)	97,429	84,312	(46,738)	135,003
Long term intercompany borrowings (note 32)	428	(835)	407	-

28 February 2022: Group	**01/03/2021**	**Non-cash**	**Cash**	**28/02/2022**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Short term portion of long term borrowings (note 23b)	2,859	34,807	(4,573)	33,093
Long term borrowings (note 23a)	823,246	(11,977)	(1,753)	809,516
Lease liabilities (note 29)	96,659	59,346	(58,576)	97,429
Long term intercompany borrowings (note 32)	-	(13)	441	428

41. Non-cash transactions (continued)

41.2 Reconciliation of liabilities arising from financing activities (continued)

The non-cash portion consists of the following:

	28 February 2023	28 February 2022
Short term portion of long term borrowings and long term borrowings:	Finance arrangement fees, interest accrued and foreign exchange on translation of	Finance arrangement fees and interest accrued.
Long term lease liabilities and short term portion of long term lease liabilities:	Interest on leases under IFRS 16 and foreign exchange on translation of foreign leases.	Interest on leases under IFRS 16 and foreign exchange on translation of foreign leases.
Increase in long term intercompany loan:	Foreign exchange on translation of foreign long term intercompany loan.	Foreign exchange on translation of foreign long term intercompany loan.

28 February 2023: Company	01/03/2022	Non-cash	Cash	28/02/2023
	USD'000	USD'000	USD'000	USD'000
Short-term portion of long-term borrowings (note 23b)	198	868	(865)	201
Long term intercompany borrowing (note 24)	532,852	243	-	533,095

28 February 2022: Company	01/03/2021	Non-cash	Cash	28/02/2022
	USD'000	USD'000	USD'000	USD'000
Short-term portion of long-term borrowings (note 23b)	-	868	(670)	198
Long term intercompany borrowing (note 24)	506,308	(4,310)	30,854	532,852

42. Going concern

The directors have reviewed the consolidated cash flow projections of the group and company for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2023, including the impact of the currency changes in Zimbabwe and South Africa, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and undrawn committed loan funding, and the provision of financial support to subsidiaries where necessary, 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 instability of financial markets, volatility of currency markets particularly the South African Rand, the economic situation in Zimbabwe, inability of customers to pay and supply chain shortages on the operations, business plan and cashflow for the twelve months from the date of signing of the consolidated financial statements. Furthermore, in light of global interest rate rises, the directors note this has had a negative impact on the group's Weighted Average Cost of Capital used for certain impairment and evaluation exercises. In particular, this, together with a more challenging trading environment, has resulted in a USD 36.1 million impairment of goodwill in South Africa (refer to note 9 - *Goodwill)* . Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 164.2 million is outstanding at 28 February 2023 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 4.9 million is outstanding at 28 February 2023. Taking this into account, alongside the other reviews conducted as set out in this section and the USD 60.0 million undrawn RCF, the directors consider the group has sufficient liquidity to meet its obligations as and when they fall due and forecast this position to continue. Refer to note 23 - *Short term portion of long term borrowings and long term borrowings* for more details.

42. Going concern (continued)

Cash position

As at 28 February 2023, the group has an unrestricted cash position of USD 88.4 million (28 February 2022: USD 154.6 million). Of this amount, USD 28.3 million (28 February 2022: USD 80.3 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 892.6:1 (28 February 2022: 124.0:1). Cash held in Zimbabwe is mainly used to locally fund operational expenses and capital expenditure.

Operational performance

For the year ended 28 February 2023, the group reported an operating profit of USD 73.7 million (28 February 2022: 163.8 million) and a net cash inflow from operating activities of USD 216.4 million (28 February 2022: USD 212.5 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 changes in Zimbabwe and South Africa.

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 2023 is appropriate.

43. Events after the reporting date

• In final confirmation of a process which was substantially completed as at the balance sheet date and reflected in the goodwill impairment assessment, ICASA has confirmed that LTSA will migrate the spectrum allocated in the 850Mhz band to a more suitable band. ICASA has confirmed that LTSA will migrate from the 850Mhz and receive 2x5Mhz in the 900Mhz band from 1 March 2024. On 13 April 2023, ICASA granted final approval to ratify the migration agreement reached before the end of the financial year between the two parties. This represents the culmination of engagement with ICASA over several years to migrate the spectrum allocated in the 850Hz band to a more suitable band.

• In March 2023, Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared and paid a dividend of USD 1.0 million. USD 300,000 is attributable to the non-controlling interests of the subsidiary.

• On 26 April 2023 our lending partners (in relation to the USD 220 million equivalent South African Rand term loan as described in note 23) approved our pre-emptive request for a deferral of the net debt to adjusted EBITDA ratio due to the prospect of further exchange rate volatility in certain markets. As a result, the step down from 4.0x to 3.5x that was due to take place at the end of May 2023 will now occur in February 2024 and a second step down from 3.5x to 3.0x that was due to take place in May 2024 will now occur in August 2024. All other terms remain unchanged.

44. Immediate and ultimate holding companies

The directors regard Liquid Telecommunications (Jersey) Limited, incorporated in Jersey, as the immediate holding company, Econet New Arx Limited as the intermediate holding company and Econet Global Limited as the ultimate holding company, both incorporated in Mauritius.