LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID
INTELLIGENT TECHNOLOGIES

(Licence Number: GB21100696)

ANNUAL FINANCIAL STATEMENTS

28 February 2022

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
28 February 2022

General review

The operating results of Liquid Telecommunications Holdings Limited (the “company”) and its subsidiaries (the “group”) for the year ended 28 February 2022 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 all over the world.

The Liquid 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, more than 100,000 kilometres.

Group revenue increased by 9.2% from last year to USD 711.7 million (2021: USD 651.9 million). This increase was seen across all product segments except for voice traffic. In South Africa and Zimbabwe particularly, customer demand has continued to rise in a post COVID-19 lockdown environment.

For the year ended 28 February 2022, the group's main 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 strategic repositioning announced in the prior financial year, the separation of the Africa Data Centres ("ADC") business from the Liquid Group to the ADC Group (owned by Liquid Telecommunications (Jersey) Limited) was finalised on the 4 March 2021. Even after taking this into account Property, Plant and Equipment in LTH increased to USD 706.2 million (2021: USD 679.6 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 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.

Response to COVID-19 pandemic

It is over two years now since the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in many extensive restrictions across the globe which have had far reaching social and economic consequences. Although the spread of the virus continues, with a number of variants evolving, the extensive roll out of vaccination programmes and other public health measures have meant that restrictions are being lifted in most countries. The situation remains under review by governments on all continents, but it is expected that COVID-19 will be downgraded to ‘endemic’ status and will be managed as part of everyday life going forward.

Since the initial outbreak, the group has continued to prioritise the health, well-being and safety of staff, customers, partners and the public as it delivers essential telecommunications and digital services to its customers. Our early response planning and ongoing monitoring of local conditions have allowed us to respond in a way that protects both our people and our ability to sustain and grow the business.

The group is now following local government guidance in all the territories in which we operate, allowing us to return our staff to work premises and enable customer site visits as necessary in a structured and controlled manner. We have also kept under review other areas which are potentially impacted by the after-effects of COVID-19, such as customers’ ability to pay on time and the supply of consumables and equipment necessary for the delivery of our services.

Russia-Ukraine conflict

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 the impact is being felt through increasing fuel prices, widening sanctions against Russia and its citizens and instability in the financial markets. The group has been monitoring the situation and assessing any potential impact on its business model. It is likely that higher fuel costs will be passed on globally by energy suppliers, product manufacturers and in logistics and transportation services. The group has factored such price increases into its forward looking plans.

Major highlights

On 2 June 2021, Liquid Intelligent Technologies achieved the 100,000 km fibre network milestone, positioning the organisation as the largest independent fibre network provider in emerging markets globally.

On 8 September 2021, the group announced a strategic partnership with global managed network provider, Unitas Global in a bid to meet the demands of rapid digital transformation across the continent. Through strategic interconnections, Liquid and Unitas are now better positioned to serve their customers in Africa and beyond, with this rapid response to the growing demand for secure, cost-effective, Cloud services.

On 19 October 2021, the group announced the launch of the shortest terrestrial fibre route between the East and West coasts of Africa, connecting Mombasa, Kenya to Muanda, DRC. With the completion of this route, Liquid establishes a new global Internet transit route between Asia and the USA through Africa, avoiding high-risk bottlenecks in the Middle East and Europe. The new route will also serve tens of millions of people in Africa's landlocked cities, towns, and villages.

On 28 October 2021, Liquid Intelligent Technologies and Orange announced a new partnership to leverage each other's existing networks in Africa, allowing them even greater access and opportunity to build their businesses throughout the continent. This partnership will give Liquid access to Orange's extensive network in West Africa, including the new Djoliba network. Likewise, it will give Orange access to Liquid's pan-African network. As a result, the two organizations will offer end-to-end high-speed connectivity and services across their networks, allowing existing and new customers in over 20 African countries greater access and opportunity to build their businesses.

On 11 November 2021, the group launched its OneVoice for Cloud PBX offering in six key African markets. This is part of the organisation's investment as it partners with its customers in their digital transformation journeys that have accelerated due to the pandemic.

On 20 January 2022, the group announced the deployment of its new and affordable gaming bundles in Zambia to encourage the gaming and e-sports industry in the country. The launch of these bundles aims to attract a growing and loyal gaming and e-sports market, harness developers and gaming talent in addition to providing users localised data capped access to gaming services such as Steam and the PlayStation Network.

On 15 February 2022, the group announced a strategic partnership with Teridion, a superior cloud-based global connectivity platform, to offer internet service that matches the changing Enterprise needs. This will allow Liquid to provide reliable and fast internet connectivity to its global 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 2022, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

Going concern (continued)

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic, and the Russia-Ukraine conflict on the operations, business plan and cashflow for the financial year 2023, including the instability of financial markets, volatility of currency markets, particularly the South African Rand and the economic situation in Zimbabwe, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026) and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 7.0 million is outstanding at 28 February 2022. Securing the new funding in the prior financial year has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

Cash position

As at 28 February 2022, the group has an unrestricted cash position of USD 154.6 million (28 February 2021: USD 163.9 million). Of this amount, USD 80.3 million (28 February 2021: USD 44.0 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 124.0:1 (28 February 2021: 83.9:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

Operational performance

For the year ended 28 February 2022, the group reported an operating profit of USD 163.8 million (28 February 2021: 117.1 million) and a net cash inflow from operating activities of USD 212.5 million (28 February 2021: USD 245.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

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 2022 is appropriate.

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.

Statement of directors' responsibility in respect of the annual financial statements (continued)

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's 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 2022:

• Zanlink Ltd, 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.

Year ended 28 February 2021:

Of the USD 40.6 million dividend paid, USD 40.3 million relates to a scrip dividend that, on 8 June 2020, Liquid Telecommunications Holdings Limited declared as a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

Share capital

The share capital of USD 3.7 million represents 124,857,914 ordinary shares (28 February 2021: 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 and other investments are disclosed in notes 13, 14 and 15 of the financial statements.

Auditor

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

Statement of directors' responsibility in respect of the annual financial statements (continued)

Directors and secretary

The directors of the company during the year under review and up to the date of this report were as follows:

Name:	Appointed on:	Resigned on:	
Strive Masiyiwa [1]	13-May-08	-	*[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	-	*[7] Nigerian*
Rahul Goswamy (as alternate to Anil Dua) [9]	01-Jan-17	-	*[8] Rwandan*
Donald Henry Gips [6]	20-Jun-17	-	*[9] Singaporean*
Omobola Olubusola Johnson [7]	16-Aug-18	-	*[10] Indian*
Donald Kaberuka [8]	16-Aug-18	-	
Richard Wilson [4]	03-Apr-19	-	
Abhinav Sinha (as alternate to Richard Wilson) [10]	22-Jul-19	-	
Udo Hermann Lucht [5]	25-Feb-20	-	
Kate Eleanor Maria Hennessy [4]	04-Oct-19	-	
Katlego Kobue (as alternate to Udo Hermann Lucht) [5]	25-Feb-20	-	

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 2022.

For DTOS
Secretary

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

Date: 27 June 2022

Deloitte.

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

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

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 72, which comprise the consolidated and separate statements of financial position as at 28 February 2022, 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 2022, 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 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.

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19-21 Bank Street
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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 so far as explained in the Basis for opinion section;
- in our opinion, proper accounting records have been kept by the Group and Company as far as appears from our examination of those records; and
- the consolidated and separate financial statements of the Group and Company comply with the Mauritius Companies Act 2001, in so far as applicable to companies holding Global Business Licence.

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

28 June 2022

Agrawal.

Vishal Agrawal, FCA

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February 2022

		Group		Company	
	Notes	**28/02/22**	**28/02/21**	**28/02/22**	**28/02/21**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Revenue	4.1	711,724	651,890	-	-
Interconnect related costs		(70,553)	(94,480)	-	-
Data and network related costs		(144,941)	(150,050)	-	-
Other income	5.2	11,118	4,017	13,470	1,783
Selling, distribution and marketing costs		(22,252)	(13,759)	(478)	(426)
Expected credit loss provision	20	1,906	(11,605)	-	-
Administrative expenses		(65,043)	(53,218)	(22,287)	(18,357)
Staff costs	5.3	(122,461)	(92,115)	(7,366)	(4,162)
Depreciation, impairment and amortisation	5.4	(135,724)	(123,599)	(1,849)	(2,103)
Operating profit / (loss)		**163,774**	**117,081**	**(18,510)**	**(23,265)**
Dividend received		-	292	30,700	40,992
Restructuring costs	5.5	(20)	(5,422)	-	-
Acquisition and other investment costs	5.6	(40)	(574)	(40)	(574)
Fair value gain on derivatives assets	36.14	2,119	-	-	-
Gain on disposal of investments at Fair Value Through Other Comprehensive Income	15	1,090	-	1,090	-
Interest income	6	18,320	2,048	15,750	14,414
Finance costs	7	(72,784)	(99,699)	(29,564)	(39,370)
Net foreign exchange loss	5.7	(114,103)	(385,988)	(524)	(832)
Hyperinflation monetary gain	1.1	121,541	391,917	-	-
Share of profits of associate	14	20	63	-	-
Profit / (loss) before taxation		**119,917**	**19,718**	**(1,098)**	**(8,635)**
Tax expense	8	(61,693)	(34,047)	(2,794)	(1,094)
Profit / (loss) for the year		**58,224**	**(14,329)**	**(3,892)**	**(9,729)**
Other comprehensive income / (loss) for the year					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / gain on accounting for foreign entities		(15,465)	5,088	-	-
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	1.1	8,484	4,209	-	-
		(6,981)	9,297	-	-
Profit / (loss) and other comprehensive income / (loss) for the year		**51,243**	**(5,032)**	**(3,892)**	**(9,729)**
Profit / (loss) attributable to:					
Owners of the company		57,618	(14,755)	(3,892)	(9,729)
Non-controlling interest		606	426	-	-
		58,224	**(14,329)**	**(3,892)**	**(9,729)**
Profit / (loss) and other comprehensive income attributable to:					
Owners of the company		50,722	(5,340)	(3,892)	(9,729)
Non-controlling interest		521	308	-	-
		51,243	**(5,032)**	**(3,892)**	**(9,729)**
Profit / (loss) per share					
Basic (Cents per share)	39	46.15	(11.88)		

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 28 February 2022

	Notes	Group 28/02/22 USD'000	Group 28/02/21 USD'000	Company 28/02/22 USD'000	Company 28/02/21 USD'000
Non-current assets					
Goodwill	9	129,182	129,364	-	-
Intangible assets	10	77,605	131,594	1,907	1,915
Property, plant and equipment	11	706,237	679,626	41	38
Right-of-Use assets	12	168,687	86,767	-	-
Investment in subsidiaries	13	-	-	712,222	712,250
Investment in associate	14	632	615	-	-
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	15	15,314	23,814	15,310	23,810
Deferred tax assets	16	31,471	31,595	-	-
Investments at amortised cost	17	35	49	-	-
Long-term receivables	18	155,742	13	235,882	212,214
Net derivative assets	36.14	2,119	-	-	-
Pre-commencement lease payments		33,000	-	-	-
Total non-current assets		**1,320,024**	**1,083,437**	**965,362**	**950,227**
Current assets					
Inventories	19	24,572	25,288	-	-
Trade and other receivables	20	237,944	186,764	182,116	137,417
Taxation	8	3,344	2,798	-	-
Cash and cash equivalents	21	154,553	163,898	1,327	25,307
Restricted cash and cash equivalents	21	9,090	8,740	112	7,500
Assets classified as held for sale	35	-	126,838	-	-
Total current assets		**429,503**	**514,326**	**183,555**	**170,224**
Total assets		**1,749,527**	**1,597,763**	**1,148,917**	**1,120,451**
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
Retained earnings / (accumulated losses)		23,151	(121,379)	119,628	123,520
Foreign currency translation reserve		(12,912)	(6,016)	-	-
Total equity attributable to owners of the parent		**470,669**	**333,035**	**580,058**	**583,950**
Non-controlling interests	13.2	2,522	2,001	-	-
Total equity		**473,191**	**335,036**	**580,058**	**583,950**
Non-current liabilities					
Long term borrowings	23a	809,516	823,246	-	-
Long term lease liabilities	29	66,420	59,948	-	-
Long term intercompany borrowings	24	428	-	532,852	506,308
Long term provisions	26	8,239	9,027	-	-
Deferred revenue	28	68,565	48,295	-	-
Deferred tax liabilities	16	47,763	26,281	-	-
Total non-current liabilities		**1,000,931**	**966,797**	**532,852**	**506,308**
Current liabilities					
Short term portion of long term borrowings	23b	33,093	2,859	198	-
Short term portion of long term lease liabilities	29	31,009	36,711	-	-
Trade and other payables	25	148,206	159,763	29,259	28,718
Short term provisions	27	33,408	23,490	6,550	1,475
Deferred revenue	28	24,433	44,219	-	-
Taxation	8	5,256	8,796	-	-
Liabilities directly associated with assets classified as held for sale	35	-	20,092	-	-
Total current liabilities		**275,405**	**295,930**	**36,007**	**30,193**
Total equity and liabilities		**1,749,527**	**1,597,763**	**1,148,917**	**1,120,451**

Approved by the Board of Directors and authorised for issue on 27 June 2022.

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 2022

Group

	Notes	Share Capital	Share Premium	Convertible preference shares	Foreign currency translation reserve	Retained earnings / (Accumulated losses)	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2020		**3,638**	**251,446**	**180,000**	**(15,560)**	**(56,607)**	**2,026**	**364,943**
Issue of share capital and share premium	22	78	25,268	-	-	-	-	25,346
Change in ownership	13.3	-	-	-	-	-	(167)	(167)
Scrip dividend paid	37	-	-	-	-	(40,637)	-	(40,637)
Acquisition of subsidiary under common control	31	-	-	-	129	(9,380)	(166)	(9,417)
(Loss) / profit and total comprehensive (loss) / income for the year		-	-	-	9,415	(14,755)	308	(5,032)
Loss for the year		-	-	-	-	(14,755)	426	(14,329)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	4,209	-	-	4,209
Translation gain / (loss) on accounting for foreign entities		-	-	-	5,206	-	(118)	5,088
At 28 February 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) / gain on accounting for foreign entities		-	-	-	(15,380)	-	(85)	(15,465)
At 28 February 2022		**3,716**	**276,714**	**180,000**	**(12,912)**	**23,151**	**2,522**	**473,191**

Company

	Notes	Share capital	Share premium	Convertible preference shares	Retained earnings	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2020		3,638	251,446	180,000	173,595	608,679
Loss for the year		-	-	-	(9,729)	(9,729)
Dividend	37	-	-	-	(40,346)	(40,346)
Issue of share capital	22	78	25,268	-	-	25,346
At 28 February 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**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 28 February 2022

	Notes	Group 28/02/22 USD'000	Group 28/02/21 USD'000	Company 28/02/22 USD'000	Company 28/02/21 USD'000
Cash flows from operating activities:					
Cash generated from / (used in) operations	30	258,492	261,852	(58,268)	3,723
Income tax paid	8	(45,993)	(16,489)	(2,794)	(1,094)
Net cash generated from / (used in) operating activities		212,499	245,363	(61,062)	2,629
Cash flows from investing activities:					
Interest income		18,320	2,037	6,191	14,414
Proceeds from sale of investments	15	9,590	-	9,590	-
Acquisition of business operations	31	-	1,442	-	-
Acquisition of investments	41.1	-	(4,301)	-	(4,301)
Dividend received		-	292	30,700	992
Disposal of subsidiary company	31	(357)	-	-	-
Purchase of property, plant and equipment		(80,380)	(87,747)	(32)	(15)
Proceeds on disposal of property, plant and equipment		3,483	4,255	-	-
Pre-commencement lease payments		(33,000)	-	-	-
Purchase of intangible assets		(14,135)	(14,105)	(2,004)	(1,188)
Proceeds on disposal of intangible assets		2,918	1,734	-	42
Increase in long-term receivables from affiliated entities	18	(5,063)	-	(16,548)	(14,851)
Increase in long term receivables		9	-	-	-
Net cash (used in) / generated investing activities		(98,615)	(96,393)	27,897	(4,907)
Cash flows from financing activities:					
Dividend paid		(310)	(289)	-	-
Finance costs paid		(38,431)	(94,145)	(28,387)	(39,370)
(Decrease) / increase in borrowings		(6,326)	64,266	(670)	(125)
Decrease in lease liabilities		(58,576)	(37,352)	-	-
Decrease in intercompany equity loans		-	-	(146)	(1,170)
Increase in long term intercompany borrowing		441	-	31,000	62,717
Net cash (used in) / generated from financing activities		(103,202)	(67,520)	1,797	22,052
Net increase / (decrease) in cash and cash equivalents		10,682	81,450	(31,368)	19,774
Cash and cash equivalents at beginning of the year		172,638	85,003	32,807	13,033
Translation of cash with respect to foreign operations		(19,677)	6,185	-	-
Cash and cash equivalents at end of the year		**163,643**	**172,638**	**1,439**	**32,807**
Represented by:					
Cash and cash equivalents	21	154,553	163,898	1,327	25,307
Restricted cash and cash equivalents	21	9,090	8,740	112	7,500
		163,643	**172,638**	**1,439**	**32,807**

1. General information

Liquid Telecommunications Holdings Limited (trading as Liquid Intelligent Technologies,) is a private company incorporated in Mauritius on the 26 January 2007 and 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 throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior year.

These financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, 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 - F*inancial Reporting in Hyperinflationary Economies* should be applied. The group has continued the application of hyperinflation accounting during the year ended 28 February 2022, 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 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 2022, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 124.0:1 (28 February 2021: ZWL$:USD 83.9:1) to translate both the statement of profit or loss and the statement of financial position at 28 February 2022. Of the USD 114.1 million (28 February 2021: USD 386.0 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 133.7 million (28 February 2021: USD 377.0 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 19 November 2019, 10 November 2020, 18 May 2021 and 6 November 2021 reports.

Based on these reports, the group has concluded that hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019. 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 2021 of USD 8.5 million (28 February 2021: USD 4.2 million) has been recognised directly in other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 28 February 2022.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains on the net monetary position of USD 121.5 million (28 February 2021: USD 391.9 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 4,483.06 (28 February 2021: 2,698.89).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 124.0:1 (28 February 2021: ZWL$:USD 83.9:1) has been used.

1.1 Zimbabwean currency and hyperinflation accounting (continued)

Hyperinflation accounting (continued)

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

The directors continue to monitor the economic conditions in Zimbabwe.

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 2021.

<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.

IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform.
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform.

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

By the end of December 2021, rates such as LIBOR will be retired and replaced with an alternative reference system. Given the scope of the impact of the LIBOR phase out, affected businesses should be taking steps now to plan for the transition.

It should be noted that the South African Reserve Bank (SARB) also supports this move as there are shortcomings with the JIBAR and as such, will also look to implement a new rate. In November 2020, the Deputy Governor of the SARB confirmed that JIBAR would cease 'at some future point' and that South Africa would transit to alternative reference rates. Current expectations are that JIBAR may cease in 2024.

The IBOR reform phase II amendment indicates that changes in LIBOR and JIBAR will be treated the same as changes in a floating interest rate instrument, that is, with no profit or loss impact.

There has been no impact for now as the group continues to apply the LIBOR and JIBAR.

<u>New and revised IFRSs and IFRICs in issue but not yet effective</u>

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 classification of liabilities (effective 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023).
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 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 (effective 1 January 2022).
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022).

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

IFRS 3 Business combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022).

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) (effective 1 January 2022).

IFRS 16 Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 April 2021).

2. Summary of significant accounting policies

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.

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.

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.

Even when the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholder's meetings.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in the consolidated statements of profit or loss and other comprehensive income as a bargain purchase gain.

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

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

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRSs). The fair value of any investment retained in the former subsidiary as at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 incurred.

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.

Common controlled transactions

Common controlled transactions are recorded at book value. Any difference between cost and book value is taken directly to equity.

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
Data centres	5 - 20 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.

2. Summary of significant accounting policies (continued)

Investment in associate (continued)

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.

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.

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).

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

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.

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)

Classification of financial assets (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.

<u>(ii) Equity instruments designated as at FVTOCI</u>

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 be 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 *(* see *Critical accounting judgements and key sources of estimation uncertainty* in note 3 on *Fair value of investments)* .

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;
• 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, when the amounts are past due, whichever 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 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)

Unfavourable contracts

Present obligations arising under unfavourable contracts are recognised and measured as provisions. An unfavourable 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;
• Digital solutions - primarily revenue from cloud services, managed services and cybersecurity services;
• Data technologies - primarily revenue from roaming services and other innovations and undersea assets;
• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
• Data centre - primarily revenue from the group's data centres.

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.

• Digital Solutions: 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 is raised as the service is delivered.

• Data Technologies: 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 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 is raised as the service has been delivered.

• Data Centre: The performance obligation relating to these service contracts consists of the provisioning of monthly services, the Monthly Recurring Revenue (MRR). Therefore, the MRR component of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account rates determined at market related prices with the client for the MRR components. Customers are invoiced on a monthly basis for MRR. A receivable is raised as the service is 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.

Exchange differences arising on translation of foreign operations, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income 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
Data centres	2 - 10 years
Other Intangible Assets	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.

Equity Loans

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

Restructuring costs

Restructuring costs are recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of the restructuring costs includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Non-current assets and liabilities held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

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

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

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. Refer to note 40 for Contingent liabilities disclosure.

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

Key estimates

(i) Deferred taxation assets

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

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

(ii) 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) Fair value measurement

As described in our accounting policies on financial instruments *(* see note 2 - *Summary of significant accounting policies)* and note 38 - *Fair value measurements recognised in the consolidated statement of financial position* , the fair value of our financial assets and financial liabilities, except for the derivative assets (explained below), are based on unobservable inputs which are not market dependent.

Although there has been some turmoil in the global financials markets as a result of the COVID-19 pandemic, the group’s bond has proved to be relatively resilient and has performed well in the period since its issuance. As a result the group has recorded a fair value gain on derivative assets as at 28 February 2022. This financial instrument is classified under the level 2 of the fair value hierarchy which contains some elements of market data. See note 36.14 – *Derivative assets* for more details.

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

As such, appropriate fair value measurement has been applied at 28 February 2022 and management estimates that the pandemic has a low to nil impact on the fair value measurements applied.

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

The 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 gain on derivatives
• 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

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

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	160,549	201,319	117,054	43,071	-	(43,122)	478,871
Digital Solutions	34,822	15,924	6,604	9,613	-	(7,772)	59,191
Data Technologies	34,946	1,069	12,197	72,297	-	(45,438)	75,071
Voice Traffic	9,670	164	15	89,541	-	(1,356)	98,034
Data Centre	114	-	231	301	-	(89)	557
Inter-segmental revenue	(7,268)	(1,109)	(12,162)	(77,238)	-	97,777	-
Group External Revenue	**232,833**	**217,367**	**123,939**	**137,585**	**-**	**-**	**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)

Year ended 28 February 2021	**South Africa**	**Zimbabwe**	**Rest of Africa**	**Rest of the World**	**Central Administration Costs**	**Eliminations**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Network	137,813	123,533	120,654	54,320	-	(31,081)	405,239
Digital Solutions	31,917	9,260	4,385	5,694	-	(4,926)	46,330
Data Technologies	31,382	60	12,801	55,859	-	(42,361)	57,741
Voice Traffic	5,830	-	13	115,655	-	(2,594)	118,904
Data Centre	18,201	-	5,619	314	-	(458)	23,676
Inter-segmental revenue	(8,385)	(1,575)	(9,371)	(62,089)	-	81,420	-
Group External Revenue	**216,758**	**131,278**	**134,101**	**169,753**	**-**	**-**	**651,890**
Adjusted EBITDA	78,585	64,632	42,879	75,836	(21,162)	202	240,972
Depreciation, impairment and amortisation							(123,599)
Restructuring costs							(5,422)
Acquisition and other investment costs							(574)
Interest income							2,048
Finance costs							(99,699)
Net foreign exchange loss							(385,988)
Hyperinflation monetary gain							391,917
Share of profits of associate							63
Profit before taxation							**19,718**
Tax expense							(34,047)
Loss after taxation							**(14,329)**

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 2022, there is only 1 major customer* comprising more than 10% of the total group revenue (2021: only 2 major customers*). 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 2022					
Recognised over the life of the contract as per IFRS 15	202,739	197,834	108,714	126,199	635,486
Recognised immediately on delivery of the service	30,094	19,533	15,225	11,386	76,238
	232,833	217,367	123,939	137,585	711,724
Year ended 28 February 2021					
Recognised over the life of the contract as per IFRS 15	199,906	128,774	101,132	160,510	590,322
Recognised immediately on delivery of the service	16,852	2,504	32,969	9,243	61,568
	216,758	131,278	134,101	169,753	651,890

4. Revenue and segment information (continued)

4.2 Segment assets and liabilities

	28/02/22	28/02/21
	USD'000	USD'000
Segment assets		
South Africa	759,609	706,787
Zimbabwe	472,564	402,214
Rest of Africa	312,741	268,589
Rest of the World	204,613	220,173
Consolidated total assets	**1,749,527**	**1,597,763**
Segment liabilities		
South Africa	157,395	166,610
Zimbabwe	116,212	102,791
Rest of Africa	141,401	122,550
Rest of the World	25,707	54,346
Total segment liabilities	440,715	446,297
Group Borrowings (Senior Secured Notes and USD 220 million loan - note 23)	835,621	816,430
Consolidated total liabilities	**1,276,336**	**1,262,727**

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.

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment, Right-of-Use assets and intangible assets	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
South Africa	55,226	52,515	37,920	55,061
Zimbabwe	33,801	22,682	28,645	22,931
Rest of Africa	28,794	28,393	62,243	51,117
Rest of the World	17,903	20,009	18,957	17,032
	135,724	**123,599**	**147,765**	**146,141**

5. Profit / (loss) before taxation

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
5.1 Profit / (loss) before taxation is arrived at after taking the following into account:				
Auditor's fees	2,113	2,201	373	216
Non-audit services	147	458	87	240
Consultancy fees	5,545	5,567	283	1,696
5.2 Other income				
(Loss) / profit on disposal of property, plant and equipment	(609)	130	-	-
Profit on disposal of Right-of-Use assets	-	21	-	-
Management fees received (note 32)	1,481	61	10,243	5,465
Sundry income (non-operating income that does not meet the recognition criteria of revenue under IFRS 15)	10,246	3,805	3,227	1,725
Loss on part disposal of subsidiary	-	-	-	(5,407)
	11,118	**4,017**	**13,470**	**1,783**
5.3 Staff costs				
Wages and salaries	90,481	66,333	7,366	4,162
Social security costs	14,289	12,173	-	-
Defined contribution plans expense	10,437	7,961	-	-
Other staff costs	7,254	5,648	-	-
	122,461	92,115	7,366	4,162

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 10.4 million (28 February 2021: USD 8.0 million) represents contributions paid to these plans by the group at rates specified in the rules of the plans.

5.4 Depreciation, impairment and amortisation

	Group 28/02/22	Group 28/02/21	Company 28/02/22	Company 28/02/21
Depreciation (note 11)	81,428	74,588	29	33
Amortisation of intangible assets (note 10)	16,928	16,531	1,814	1,579
Right-of-Use assets depreciation (note 12)	35,868	30,192	-	-
Inventory written off (note 19)	337	376	-	-
Provision for obsolete inventory (note 19)	596	511	-	-
Impairment of property, plant and equipment (note 11)	322	-	-	-
Impairment of intangible assets (note 10)	-	318	-	-
Impairment of investment in subsidiaries (note 13.1)	-	-	-	473
Goodwill impairment (note 9)	245	-	-	-
Impairment loss on intercompany loans	-	1,083	6	18
	135,724	**123,599**	**1,849**	**2,103**

5.5 Restructuring costs

During the year ended 28 February 2022, the group continued to restructure its operations, primarily in Liquid Telecommunications Ltd, due to the development of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	Group 28/02/22	Group 28/02/21	Company 28/02/22	Company 28/02/21
Redundancy costs	20	4,191	-	-
Employee support costs	-	368	-	-
Legal fees	-	213	-	-
Other costs	-	650	-	-
	20	**5,422**	**-**	**-**

	Group		Company	
5.6 Acquisition and other investment costs	**28/02/22**	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Legal fees	2	60	2	-
Professional fees	38	494	38	549
Consultancy and advisory fees	-	6	-	25
Other investment costs	-	14	-	-
	40	**574**	**40**	**574**

5.7 Net foreign exchange (loss) / gain

Exchange losses - unrealised	(132,911)	(420,200)	(520)	(863)
Exchange losses - realised	(3,763)	(2,897)	(4)	-
Exchange gains - unrealised	17,167	33,418	-	31
Exchange gains - realised	5,404	3,691	-	-
	(114,103)	**(385,988)**	**(524)**	**(832)**

6. Interest income

Interest received - bank / external	2,864	1,645	88	451
Interest received - inter-group (note 32)	15,456	403	15,662	13,963
	18,320	**2,048**	**15,750**	**14,414**

7. Finance costs

Interest on bank overdraft and loans	21,737	2,751	1,054	1,280
Finance cost on Senior Secured Notes	34,100	62,050	-	-
Finance arrangement fees amortised	4,269	3,538	-	-
Total net refinancing costs (note 44)	-	21,462	-	990
Interest on lease liabilities	12,555	9,889	-	-
Interest paid - inter-group (note 32)	123	9	28,510	37,100
	72,784	**99,699**	**29,564**	**39,370**

8. Tax

Current taxation	34,395	17,246	-	-
Deferred taxation charge (note 16)	17,602	12,469	-	-
Withholding taxation	9,696	4,332	2,794	1,094
Total taxation	**61,693**	**34,047**	**2,794**	**1,094**

The 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:

Profit / (loss) before taxation	119,917	19,718	(1,098)	(8,635)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	26,332	8,760	-	-
Tax effect of non-deductible expenses	69,794	129,687	-	-
Tax effect of non-taxable income	(5,713)	155	-	-
Tax effect of foreign tax credit	(2,581)	(6,735)	-	-
Effect of tax losses not recognised as deferred tax assets	9,053	5,112	-	-
Tax effect of utilised unrecognised tax losses	(14,444)	(14,748)	-	-
Tax effect on IAS 29 adjusments	(30,444)	(92,516)	-	-
Withholding taxation	9,696	4,332	2,794	1,094
	61,693	**34,047**	**2,794**	**1,094**

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

Mauritius (tax credit 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%

8. Tax (continued)

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Taxation asset:				
Opening balance	2,798	966	-	-
Provision for the year	23	266	-	-
Payments during the year	23	820	-	-
Net reclassification of deferred tax assets / liabilities	555	826	-	-
Foreign exchange differences	(55)	(80)	-	-
Closing balance	**3,344**	**2,798**	**-**	**-**
Taxation liability:				
Opening balance	(8,796)	(2,443)	-	-
Provision for the year	(44,114)	(21,844)	(2,794)	(1,094)
Payments during the year	45,970	15,669	2,794	1,094
Net reclassification of deferred tax assets / liabilities	(277)	(772)	-	-
Foreign exchange differences	1,961	594	-	-
Closing balance	**(5,256)**	**(8,796)**	**-**	**-**

9. Goodwill

	Group	
	28/02/22	**28/02/21**
	USD'000	**USD'000**
Cost		
Opening balance	129,364	125,770
Impairment	(245)	-
Foreign exchange differences	(1,596)	765
Adjustments - IAS 29	1,659	2,829
Closing balance	**129,182**	**129,364**

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.

Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	4,140	3,669
Liquid Telecommunications Holdings South Africa (Pty) Limited	112,966	113,374
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited*	-	245
	129,182	**129,364**

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

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

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

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 0.5% to 5.0%.

• Discount rates: discount rates ranged from 11.0% to 14.4%. The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

10. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Data centres	Other Intangible Assets*	Total
Cost:	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
At 1 March 2020	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries (note 31)	-	176	-	-	-	-	-	176
Additions during the year	2,749	3,424	7,431	-	501	-	-	14,105
Disposals during the year	-	(151)	(1,823)	-	(42)	-	-	(2,016)
Transfers	250	320	-	-	(570)	-	-	-
Transfers from / (to) Property, plant and equipment (note 11)	294	(676)	-	-	-	-	8,712	8,330
Impairment	-	(471)	-	-	-	-	-	(471)
Write off	-	-	(1,791)	-	-	-	-	(1,791)
Transfer to Assets classified as held for sale (note 35)	-	-	-	-	-	(23)	-	(23)
Foreign exchange differences	(5,463)	(111)	(2)	1,513	-	(1)	31	(4,033)
Adjustments - IAS 29	5,264	1,053	-	-	-	-	-	6,317
At 28 February 2021	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
Accumulated amortisation:								
At 1 March 2020	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Acquisition of subsidiaries (note 31)	-	104	-	-	-	-	-	104
Amortisation	1,749	3,933	7,325	3,086	-	-	438	16,531
Disposals during the year	-	(151)	(132)	-	-	-	-	(283)
Transfers (to) / from Property, plant and equipment (note 11)	-	(676)	-	-	-	-	441	(235)
Write off	-	-	(1,420)	-	-	-	-	(1,420)
Transfer to Assets classified as held for sale (note 35)	-	-	-	-	-	(2)	-	(2)
Impairment	-	(153)	-	-	-	-	-	(153)
Foreign exchange differences	(1,784)	38	69	484	-	-	390	(803)
Adjustments - IAS 29	1,865	721	-	-	-	-	-	2,586
At 28 February 2021	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

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	Data centres USD'000	Other Intangible Assets* USD'000	Total USD'000
At 28 February 2021	20,118	7,597	57,413	19,421	2,975	-	24,070	131,594
At 28 February 2022	19,232	8,043	13	16,004	8,758	-	25,555	77,605

* covers various other intangible assets that do not fall in the other classes of intangible assets disclosed above.

Company

Cost:	Software USD'000	Work in Progress USD'000	Total USD'000
At 1 March 2020	2,655	111	2,766
Additions during the year	687	501	1,188
Transfers	320	(320)	-
Disposals during the year	(151)	(42)	(193)
At 28 February 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
Accumulated amortisation:			
At 1 March 2020	418	-	418
Amortisation	1,579	-	1,579
Disposals	(151)	-	(151)
At 28 February 2021	1,846	-	1,846
Amortisation	1,814	-	1,814
Write off	(2,566)	-	(2,566)
At 28 February 2022	1,094	-	1,094
Carrying amount:			
At 28 February 2021	1,665	250	1,915
At 28 February 2022	1,848	59	1,907

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 2022 (28 February 2021: Nil).

11. Property, plant and equipment

Group	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Data centres	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost									
At 1 March 2020	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Acquisition of subsidiaries (note 31)	-	52	206	-	47	-	-	-	305
Additions during the year	211	362	1,206	2,335	1,884	38,727	1,042	41,980	87,747
Disposals during the year	-	(1)	(139)	(5)	(59)	(372)	-	(4,693)	(5,269)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 35)	(36,118)	-	-	-	-	(20,246)	(90,708)	-	(147,072)
Transfers	(129)	-	74	3,887	-	(16,498)	48	12,618	-
Transfer (to) / from intangible assets (note 10)	-	-	-	-	-	(294)	676	(8,712)	(8,330)
Transfer to inventory (note 19)	-	-	2	-	-	(58)	-	-	(56)
Foreign exchange differences	(2,951)	(3,229)	(1,700)	(10,410)	(5,485)	(7,249)	(6,827)	(306,006)	(343,857)
Adjustments - IAS 29	2,896	2,881	1,827	5,220	4,193	7,024	-	275,493	299,534
At 28 February 2021	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
Accumulated depreciation									
At 1 March 2020	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Acquisition of subsidiaries (note 31)	-	48	186	-	32	-	-	-	266
Depreciation	1,109	652	3,303	8,227	686	-	6,668	53,943	74,588
Disposals during the year	-	-	(97)	(5)	(35)	-	-	(1,007)	(1,144)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 35)	(14,149)	-	-	-	-	-	(26,006)	-	(40,155)
Transfers	7,195	(4)	-	(7)	-	-	(7,184)	-	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	676	(441)	235
Foreign exchange differences	263	(2,663)	(1,167)	(9,315)	(5,050)	-	(1,711)	(141,777)	(161,420)
Adjustments - IAS 29	-	1,484	1,019	4,896	3,161	-	-	61,826	72,386
At 28 February 2021	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

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	Data centres USD'000	Fibre infrastructure USD'000	Total USD'000
Carrying amount:									
At 28 February 2021	14,198	2,577	5,166	7,390	2,824	60,190	-	587,281	679,626
At 28 February 2022	14,093	2,023	2,819	12,560	3,261	47,859	-	623,622	706,237

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 2022 is primarily due to the deterioration of the ZWL$:USD exchange rate from 83.9:1 at 28 February 2021 to 124.0:1 at 28 February 2022. This is largely offset by the IAS 29 hyperinflation adjustment.

Company	Furniture & Fittings USD'000	Computer equipment USD'000	Work in progress USD'000	Total USD'000
Cost				
At 1 March 2020	12	81	-	93
Additions	-	15	-	15
Disposals	-	(17)	-	(17)
At 28 February 2021	12	79	-	91
Additions	-	10	22	32
Write off	(12)	(32)	-	(44)
Transfers	-	22	(22)	-
At 28 February 2022	-	79	-	79
Accumulated amortisation:				
At 1 March 2020	5	32	-	37
Depreciation charge for the year	4	29	-	33
Disposals	-	(17)	-	(17)
At 28 February 2021	9	44	-	53
Depreciation charge for the year	3	26	-	29
Write off	(12)	(32)	-	(44)
At 28 February 2022	-	38	-	38
Carrying amount:				
At 28 February 2021	3	35	-	38
At 28 February 2022	-	41	-	41

No impairment was required following the review of the carrying value of Property, plant and equipment of the group and company by the directors for the year ended 28 February 2022 (28 February 2021: Nil).

12. Right-of-Use assets

Group

	Land and buildings USD'000	Computer equipment 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 2020	70,382	23	-	38,481	1,678	18,061	-	128,625
Additions during the year	29,429	-	16	9,958	57	4,829	-	44,289
Disposals during the year	(373)	(22)	-	(1,721)	-	-	-	(2,116)
Transfer to Assets classified as held for sale (note 35)	(10,481)	-	-	-	-	-	-	(10,481)
Foreign exchange differences	(11,078)	(1)	-	(23)	37	490	-	(10,575)
Adjustments - IAS 29	(1,629)	-	-	-	-	-	-	(1,629)
At 28 February 2021	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	-	-	-	-	-	-	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
Accumulated depreciation:								
At 1 March 2020	10,902	-	-	12,767	566	7,048	-	31,283
Depreciation	10,215	-	-	11,971	517	7,489	-	30,192
Disposals during the year	(8)	(1)	-	(72)	-	-	-	(81)
Transfer to Assets classified as held for sale (note 35)	(696)	-	-	-	-	-	-	(696)
Foreign exchange differences	(111)	1	-	(5)	35	717	-	637
Adjustments - IAS 29	11	-	-	-	-	-	-	11
At 28 February 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
Carrying amount:								
At 28 February 2021	55,937	-	16	22,034	654	8,126	-	86,767
At 28 February 2022	79,528	-	16	25,120	759	13,576	49,688	168,687

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 2022 (28 February 2021: Nil).

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 2021: 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.

	28/02/2022	28/02/2021
Amounts recognised in consolidated statement of profit or loss	**USD'000**	**USD'000**
Right-of-Use assets depreciation (note 5.4)	35,868	30,192
Interest on lease liabilities (note 7)	12,555	9,889

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 58.6 million (28 February 2021: 37.4 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's investment 28/02/22	Company's investment 28/02/21
					%	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	140,903	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 2022.

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 28/02/22	Company 28/02/21
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.	S	Telecommunications	Democratic Republic of Congo	Dormant	100	-	-
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2
▪ Ipidi Media *	H	Telecommunications	Mauritius	Wound up	-	-	-
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-
▪ Liquid Sea Limited (Mauritius) *	H	Telecommunications	Mauritius	Wound up	-	-	-
▪ Africa Digital Networks S.A.S	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	419,444	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	-	-	28
▪ Worldstream (Pty) Limited	H	Telecommunications	South Africa	Active	71	8,974	8,974
▪ Liquid Telecommunications Cote D'Ivoire	H	Telecommunications	Ivory Coast	Dormant	100	-	-
						712,222	712,250

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

S = This is an indirect holding.

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 2022.

* Ipidi Media and Liquid Sea Limited (Mauritius) were wound up during the year ended 28 February 2022.

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

The investment in Liquid Telecom West Africa Data Centre Ghana Limited of USD 473,000 was impaired during the year ended 28 February 2021 and and is disclosed in 'Depreciation, impairment and amortisation' in note 5.4.

The directors have valued the unquoted investments in subsidiaries at cost of the investments less impairments. Refer to note 3 for *Critical accounting judgements and key sources of estimation uncertainty* . See note 13.2 below for the current year position.

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

	Proportion of ownership interests held by non-controlling interests		Profit / (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**	**28/02/22**	**28/02/21**
	%	**%**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Individually immaterial subsidiaries with non-controlling interests	-	-	606	426	2,522	2,001
			606	**426**	**2,522**	**2,001**

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

13. Investments in subsidiaries (continued)

13.3 Change in the group's ownership interest in a subsidiary

There has been no change in ownership during the year ended 28 February 2022.

During the year ended 28 February 2021, Zanlink Limited completed the process to reduce its share capital. The USD 0.2 million represents the share of non-controlling interest.

	Group	
	28/02/22	28/02/21
	USD'000	USD'000
Carrying amount of non-controlling interest acquired	-	167
Excess of consideration recognised in parent's equity	**-**	**167**

14. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 28/02/22	28/02/21
			%	%
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.

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

	28/02/22	28/02/21
	USD'000	USD'000
Number Portability Company (Pty) Limited		
Total assets	3,636	3,379
Total liabilities	(474)	(304)
Net assets	3,162	3,075
Revenue	1,984	1,696
Profit for the period	102	315
Total comprehensive income for the year	102	315
Group's share of net assets of associate	632	615
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	615	528
Share of profits of associate	20	63
Foreign exchange	(3)	24
Closing balance	632	615

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

	Group		Company	
Investments in equity instruments designated as at FVTOCI	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Opening balance	23,814	10,814	23,810	10,810
Addition (note 41.1)	-	13,000	-	13,000
Disposal	(8,500)	-	(8,500)	-
Closing balance	**15,314**	**23,814**	**15,310**	**23,810**

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

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.

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

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	
	28/02/22	**28/02/21**
	USD'000	**USD'000**
Net deferred tax assets	31,471	31,595
Net deferred tax liabilities	(47,763)	(26,281)
Net deferred tax (liabilities) / assets	**(16,292)**	**5,314**

	Group	
	28/02/22	**28/02/21**
	USD'000	**USD'000**
Group - Gross deferred tax assets:		
Deferred revenue	13,780	9,500
Property, plant and equipment	1,110	781
Assessed losses	21,946	20,439
Other*	6,889	22,668
	43,725	**53,388**
Charge to profit for the year	(404)	(3,394)
Group - Gross deferred tax liabilities:		
Property, plant and equipment	(35,765)	(35,599)
Other*	(24,252)	(12,475)
	(60,017)	**(48,074)**
Charge to profit for the year	(17,198)	(9,075)
Net movement		
Deferred tax (liabilities) / assets	(16,292)	5,314
Deferred taxation charge to profit for the year (note 8)	17,602	12,469

**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 21.9 million (2021: USD 20.4 million), of which the most material balance is in South Africa (USD 20.2 million). The tax losses for Liquid Telecommunication South Africa (Pty) Limited (which can be carried forward indefinitely) are USD 282.5 million (2021: USD 396.7 million) of which USD 74.8 million (2021: USD 123.3) has been utilised to raise the deferred tax asset that has been recognised, and the tax losses for Liquid Telecommunications Kenya Limited (which can be carried forward for 9 years) are USD 50.7 million (2021: USD 56.9 million) on which no deferred tax asset (2021: Nil) has been recognised.

17. Investments at amortised cost

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
CABS housing scheme	35	49	-	-
	35	**49**	**-**	**-**

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 that matures in 2025 at a pre-tax interest rate of 8% per annum. None of these assets were past due or impaired at the end of the reporting period.

18. Long term receivables

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 32)	155,742	-	235,882	212,214
Other receivables	-	13	-	-
	155,742	**13**	**235,882**	**212,214**

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	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Goods for resale	26,080	26,233	-	-
Provision for obsolete inventory for the year (note 5.4)	(596)	(511)	-	-
Inventory written off (note 5.4)	(337)	(376)	-	-
Transfer to Property, plant and equipment (note 11)	(575)	(98)	-	-
Acquisition of subsidiaries (note 31)	-	40	-	-
	24,572	**25,288**	**-**	**-**
Cost of inventories expensed	17,332	12,036	-	-

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	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Trade receivables	129,411	157,755	-	-
Affiliated entities (note 32)	29,423	15,045	50,263	48,314
Expected credit loss provision	(44,874)	(46,950)	-	-
Total trade and affiliated entities receivables, net of expected credit loss provision	**113,960**	**125,850**	**50,263**	**48,314**
Short-term inter-company receivables (note 32)	46,307	910	127,818	85,618
Sundry debtors	41,834	29,392	669	124
Deposits paid	4,832	5,525	-	-
Prepayments	31,011	25,087	3,366	3,361
	237,944	**186,764**	**182,116**	**137,417**

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 repayable within the next 6 months.

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

20. Trade and other receivables (continued)

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Ageing of past due but not impaired				
31 - 60 Days	18,959	12,429	2,468	1,705
61 - 90 Days	8,891	6,162	2,477	2,142
91 - 120 Days	5,732	4,335	2,421	1,832
121 + Days	7,440	37,265	40,145	41,374
	41,022	60,191	47,511	47,053
Current items	72,938	65,659	2,752	1,261
Total trade and affiliated entities receivables, net of expected credit loss provision	**113,960**	**125,850**	**50,263**	**48,314**

In addition to the current items not yet due of USD 72.9 million (28 February 2021: USD 65.7 million) and USD 2.8 million (28 February 2021: USD 1.3 million) for the group and company respectively, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group and company has not recognised an expected credit loss provision, because, based on historical payment trends, current business relationship and forward looking market data, there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

See note 3 - '*Critical accounting judgements and key sources of estimation uncertainty*' for the impact of COVID-19 pandemic on the expected credit loss assessment on Trade and affiliated entities receivables.

Included in amounts past due but not impaired are USD 24.1 million (28 February 2021: USD 13.8 million) of receivables from the Econet Group. Refer to note 32 for the total breakdown of Econet Group trade receivables.

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

		Past due				
	Current	31 - 60	61 - 90	91 - 120	> 120	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2022						
Average expected default rate	3.7%	13.7%	9.4%	21.9%	83.1%	
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
Group - 2021						
Average expected default rate	1.0%	10.7%	17.2%	37.0%	52.4%	
Trade and affiliated entities receivables - Gross	66,351	13,916	7,445	6,876	78,212	172,800
Lifetime ECL	692	1,487	1,283	2,541	40,947	46,950
Company - 2022						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	2,752	2,468	2,477	2,421	40,145	50,263
Lifetime ECL	-	-	-	-	-	-
Company - 2021						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	1,261	1,705	2,142	1,832	41,374	48,314
Lifetime ECL	-	-	-	-	-	-

20. Trade and other receivables (continued)

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		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Movement in the expected credit loss provision:				
Opening balance	(46,950)	(41,692)	-	-
Acquisition of subsidiaries	-	(7)	-	-
Doubtful debt provision released / (raised)	1,906	(11,605)	-	-
Bad debts recovered	42	-	-	-
Reversal of provision	73	3,622	-	-
Foreign exchange differences	(340)	2,732	-	-
Adjustments - IAS 29	395	-	-	-
Closing balance	**(44,874)**	**(46,950)**	**-**	**-**

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

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Cash and bank balances	154,121	163,419	1,327	25,307
Money market deposits	432	479	-	-
Cash and cash equivalents	**154,553**	**163,898**	**1,327**	**25,307**
Restricted cash and cash equivalents	9,090	8,740	112	7,500
Total cash and cash equivalents	163,643	172,638	1,439	32,807

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 80.3 million (28 February 2021: USD 44.0 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 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	7,501	7,501	112	7,500
Customer deposits held	1,589	1,239	-	-
	9,090	**8,740**	**112**	**7,500**

USD 7.5 million of the total guarantees relates to a bank guarantee to a global technology company in connection to credit facilities for the use of capacity on their network. See note 43 for events after the reporting date relating to this guarantee.

22. Share capital and share premium

	Group and Company	
	28/02/22	28/02/21
	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
Balance at 1 March 2020	122,236,964	3,638	251,446
Issue of shares through scrip dividend	2,620,950	78	25,268
Balance at 28 February 2021 and 28 February 2022	**124,857,914**	**3,716**	**276,714**

22. Share capital and share premium (continued)

Of the USD 40.6 million dividend paid during the year ended 28 February 2021, USD 40.3 million relates to a scrip dividend that, on 8 June 2020, Liquid Telecommunications Holdings Limited declared as a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

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	
	28/02/22	28/02/21	28/02/22	28/02/21
23a. Long term borrowings:	USD'000	USD'000	USD'000	USD'000
USD 620 million 5.5% Senior Secured Notes (i)	606,973	605,219	-	-
USD 220 million equivalent South African Rand term loan (ii)	198,350	211,210	-	-
Stanbic Bank of Zambia Limited (iii)	4,193	6,817	-	-
	809,516	**823,246**	**-**	**-**
23b. Short term portion of long term borrowings:				
USD 620 million 5.5% Senior Secured Notes (i)	17,050	-	-	-
USD 220 million equivalent South African Rand term loan (ii)	13,050	-	-	-
Stanbic Bank of Zambia Limited (iii)	2,795	2,859	-	-
USD 60 million revolving credit facility (iv)	198	-	198	-
	33,093	**2,859**	**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 is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively. In June 2021, Liquid Telecommunications South Africa (Pty) Limited refinanced a portion of the term loan, amounting to ZAR 1.0 billion, with the International Finance Corporation with interest payable quarterly at JIBAR plus 5%.

(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 2022, the outstanding balance on all term loans is USD 7.0 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.

23b. Short term portion of long term borrowings (continued):

(iv) In addition to the new bond and term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man), 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 LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

24. Long term intercompany borrowings

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Long term intercompany payables (note 32)	428	-	529,990	498,990
Intercompany equity loan payables (note 32)	-	-	2,862	7,318
	428	-	532,852	506,308

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 2021: 5.5%) and is repayable in September 2026.

25. Trade and other payables

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Trade accounts payable	61,786	65,100	196	1,796
Payable balance to affiliated entities (note 32)	7,661	3,111	4,601	12,327
Short-term inter-company payables (note 32)	9,586	14,380	20,787	8,709
Accruals	51,833	61,081	3,675	5,883
Staff payables	3,813	3,106	-	-
Transaction taxes due in various jurisdictions	8,875	5,370	-	-
Other short term payables	4,652	7,615	-	3
	148,206	**159,763**	**29,259**	**28,718**

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		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Unfavourable contracts	8,239	9,027	-	-
	8,239	**9,027**	**-**	**-**

	Long term portion
	USD'000
At 01 March 2021	**9,027**
Interest recognised in Data and network related costs	749
Transfer to short term (note 27)	(1,534)
Foreign exchange differences	(3)
At 28 February 2022	**8,239**

27. Short term provisions

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Leave pay provision	2,737	2,019	-	-
Bonus provision	17,131	9,193	5,075	-
Licence fee provision	4,682	6,565	-	-
Short term portion of unfavourable contracts	783	706	-	-
Other provision	8,075	5,007	1,475	1,475
	33,408	**23,490**	**6,550**	**1,475**

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
	Bonus provision	**Bonus provision**
	USD'000	**USD'000**
At 01 March 2021	**9,193**	**-**
Provision raised during the year	15,697	5,075
(Utilisation) / payment	(7,323)	-
Foreign exchange differences	(436)	-
At 28 February 2022	**17,131**	**5,075**

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. The ICT services include the provision of the local area network, the wide area network and end user devices in schools and training facilities. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation by 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. In assessing the present value of the ICASA obligation, a discount rate of 13.0% (2021: 13.1%) per annum has been applied.

	Group
	Licence fee provision
	USD'000
At 01 March 2021	**6,565**
Provision raised during the year	24
(Utilisation) / payment	(2,065)
Foreign exchange differences	158
At 28 February 2022	**4,682**

Unfavourable contracts:

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

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

27. Short term provisions (continued)

Unfavourable contracts (continued):	Group Short term portion USD'000
At 01 March 2021	**706**
Charged to Data and network related costs (unwinding of interest)	63
Expense to Data and network related costs	(1,517)
Transfer from long term (note 26)	1,534
Foreign exchange differences	(3)
At 28 February 2022	**783**

28. Deferred revenue

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	68,565	48,295	-	-
Short term portion of deferred revenue	24,433	44,219	-	-
	92,998	**92,514**	**-**	**-**

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

Below is the movement in the above balances:	Group	
	28/02/22	28/02/21
Short term portion of deferred revenue:	USD'000	USD'000
Opening balance	**44,219**	**6,690**
Net amount recognised as liability	8,216	30,270
Net amount recognised in statement of profit or loss	(37,209)	(1,003)
Reclassification from long term deferred revenue	9,337	7,062
Adjustments - IAS 29	291	70
Foreign exchange differences	(421)	1,130
Closing balance	**24,433**	**44,219**
Long term portion of deferred revenue:		
Opening balance	**48,295**	**52,898**
Net amount recognised as liability	29,522	3,686
Reclassification to short term deferred revenue	(9,337)	(7,062)
Foreign exchange differences	85	(1,227)
Closing balance	**68,565**	**48,295**

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

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Long term lease liabilities (discounted)	66,420	59,948	-	-
Short term portion of long term lease liabilities (discounted)	31,009	36,711	-	-
	97,429	**96,659**	**-**	**-**

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	38,461	37,239	-	-
1 to 2 years	33,790	29,512	-	-
2 to 3 years	22,629	21,355	-	-
3 to 4 years	12,059	16,642	-	-
4 to 5 years	9,996	13,029	-	-
More than 5 years	23,390	20,753	-	-
	140,325	**138,530**	**-**	**-**

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

30. Cash generated from operations

	Notes	Group 28/02/22 USD'000	Group 28/02/21 USD'000	Company 28/02/22 USD'000	Company 28/02/21 USD'000
Profit / (loss) before tax		119,917	19,718	(1,098)	(8,635)
Adjustments for:					
Depreciation, impairment and amortisation	5	135,724	123,599	1,849	2,103
Fair value adjustment on derivatives (note 36.14)		(2,119)	-	-	-
Gain on disposal of investments at FVTOCI	15	(1,090)	-	(1,090)	-
Write off of intangible assets	10	-	371	-	-
Dividend received		-	(292)	(30,700)	(992)
Bad debts (reversal) / provision		(1,240)	2,998	-	(32)
Increase in provisions	27	9,553	3,020	5,075	-
Foreign exchange loss		116,061	386,717	-	-
Hyperinflation monetary gain		(121,541)	(391,917)	-	-
Loss on disposal of subsidiary		-	-	-	5,407
(Profit) / loss on disposal of fixed assets		609	(130)	-	-
Interest income	6	(18,320)	(2,048)	(15,750)	(14,414)
Finance costs	7	72,784	99,699	29,564	39,370
Share of profits of associate	14	(20)	(63)	-	-
		310,318	241,672	(12,150)	22,807
Working capital changes:					
Increase in inventories		(3,474)	(3,114)	-	-
Increase in trade and other receivables		(39,492)	(18,178)	(46,349)	(15,605)
(Decrease) / increase in trade and other payables		(9,389)	8,519	231	(3,461)
Increase/ (decrease) in deferred revenue		529	32,953	-	(18)
Cash generated from / (used in) operations		**258,492**	**261,852**	**(58,268)**	**3,723**

31. Acquisition / disposal of subsidiary company

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 LTJ, 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)
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

31. Acquisition / disposal of subsidiary company (continued)

28 February 2021

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

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within South Africa.

	28/02/21
	Cost
	USD'000
Intangible assets	72
Property, plant and equipment	39
Deferred tax assets	1,114
Inventories	40
Trade receivables	1,199
Trade receivables from Affiliated entities	10,517
Provision for bad debts	(7)
Other receivables	306
Cash and cash equivalents	1,442
Short-term inter-company receivables	12
Trade payables	(14,585)
Trade payables to Affiliated entities	(183)
Accruals	(201)
Short term provision	(13)
Other payables	(324)
Net assets value (100%)	(572)
Non-controlling interest	166
Net assets acquired	(406)
Loss on acquisition under common control	9,380
Total non-cash consideration	8,974
Net cash inflow on acquisition of subsidiary	
Total cash consideration	-
Cash and cash equivalents	1,442
Net cash inflow arising on acquisition	**1,442**

There is no contingent consideration payable and the consideration represents the full purchase price.

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 Cassava FinTech (Pty) Ltd, Distributed Power Africa Proprietary Limited, VAYA Africa Mauritius Ltd 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) 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 (Nigeria);

• Liquid Delta (Jersey) Limited; 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 transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the year, the group and company entered into the following trading transactions with related parties:

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Sales of goods and services:				
Econet Global Related Group Companies	127,006	75,401	-	-
	127,006	**75,401**	**-**	**-**
Purchase of goods and services:				
Econet Global Related Group Companies	27,315	33,212	-	-
	27,315	**33,212**	**-**	**-**
Management fees paid:				
Econet Global Related Group Companies	240	240	-	-
Liquid Telecommunications Limited	-	-	13,674	7,865
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	235
Liquid Telecommunications Kenya Limited	-	-	866	302
Liquid Telecommunications International FZE	-	-	905	819
Liquid Telecommunications (Jersey) Ltd	-	60	-	60
	240	**300**	**15,445**	**9,281**
Management fees received:				
Econet Global Related Group Companies	414	61	-	-
Africa Data Centres related group companies	1,007	-	958	-
Liquid Telecommunications (Jersey) Ltd	60	-	60	-
Liquid Telecommunications Operations Limited	-	-	4,736	4,158
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	428	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	1,014	890
Transaction Payment Solutions International Limited	-	-	1,054	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	70	-
Zimbabwe On Line Private Limited	-	-	1,079	-
Liquid Telecommunications Sahara Holdings Limited	-	-	7	-
Liquid Telecommunications Uganda Limited	-	-	275	-
Liquid Telecommunications Rwanda Limited	-	-	286	229
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	256	188
Zanlink Limited	-	-	10	-
Raha Limited	-	-	10	-
	1,481	**61**	**10,243**	**5,465**

32. Related party transactions (continued)

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
Dividend income:	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Liquid Telecommunications Rwanda Limited	-	-	700	700
Liquid Telecommunications Operations Limited	-	-	30,000	40,000
	-	**-**	**30,700**	**40,700**
Dividend paid:				
Econet Global related group companies	-	18,078	-	18,078
Other shareholders	316	22,559	-	22,267
	316	**40,637**	**-**	**40,345**
Finance costs:				
Liquid Telecommunications Limited	-	-	-	8
Liquid Telecommunications Financing Plc	-	-	28,387	37,083
Liquid Technologies Infrastructure Finance SARL	123	9	123	9
	123	**9**	**28,510**	**37,100**
Administration fees paid:				
DTOS Limited	292	336	92	159
Interest income:				
Econet Global Related Group Companies	216	400	216	367
Liquid Telecommunications Zambia Limited	-	-	258	189
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	6,492	6,694
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	2,402	1,779
Liquid Telecommunications Operations Limited	-	-	642	734
Africa Digital Networks S.A.S	-	-	510	237
East Africa Data Centre Limited	-	-	-	157
Liquid Telecommunications Uganda Limited	-	-	566	571
Liquid Telecommunications International FZE	-	-	396	368
Liquid Telecommunications Kenya Limited	-	-	3,219	2,155
Liquid Telecommunications Sahara Holdings Limited	-	-	144	154
Liquid Telecommunications Rwanda Limited	-	-	105	106
Raha Tanzania Holdings Limited	-	-	322	318
Liquid Telecommunications Botswana (Pty) Limited	-	-	55	64
Kenya Employee Benefit Trust	-	-	91	67
Africa Data Centres related group companies	15,214	3	190	3
Liquid Intelligent Technologies Limited (Nigeria)	26	-	54	-
	15,456	**403**	**15,662**	**13,963**
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	529,990	498,990
Africa Data Centres related group companies	428	-	-	-
	428	**-**	**529,990**	**498,990**

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	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables:				
Liquid Telecommunications Sahara Holdings Limited	-	-	3,663	3,927
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	53,530	54,431
Africa Digital Networks S.A.S	-	-	12,808	12,298
Liquid Telecommunications Rwanda Limited	-	-	2,763	2,658
East Africa Data Centre Limited	-	-	-	3,936
Liquid Telecommunications Uganda Limited	-	-	15,531	15,050
Liquid Telecommunications International FZE	-	-	8,877	6,759
Raha Tanzania Holdings Limited	-	-	5,162	5,693
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	46,957	27,148
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	1,067
Liquid Telecommunications Zambia Limited	-	-	6,923	5,205
Kenya Employee Benefit Trust	-	-	2,385	2,317
Liquid Intelligent Technologies Limited (Nigeria)	2,005	-	2,005	94
Africa Data Centres related group companies	153,737	-	3,647	-
	155,742	**-**	**235,882**	**212,214**

The long term intercompany receivable from Liquid Telecommunications Sahara Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Data & Control System (Private) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.25% and is repayable in December 2025.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

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 plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from East Africa Data Centre Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of Libor 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 plus 5.5% and is repayable in February 2024.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor 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 plus 6.5% and is repayable in January 2025.

The long term intercompany receivable from Liquid Telecommunications Botswana (Pty) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.0% and is repayable in March 2022.

The long term intercompany receivable from Liquid Telecommunications Zambia Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

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 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 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 plus 3.75% and are repayable in February 2024.

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	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	11,684	4,117	8,708
Liquid Telecommunications Financing PLC	-	-	13,787	-
Africa Data Centres related group companies	-	2,696	-	-
	9,586	**14,380**	**20,787**	**8,709**

	Group		Company	
Short term intercompany receivables:				
Econet Global Related Group Companies	731	451	731	451
Liquid Intelligent Technologies Limited (Nigeria)	7	-	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	48,570	48,271
Liquid Telecommunications Operations Limited	-	-	76,675	36,437
Africa Data Centres related group companies	45,569	459	1,842	459
	46,307	**910**	**127,818**	**85,618**

Short term intercompany receivables bear interest at the rate of LIBOR plus 2.5%, are unsecured and are to be repaid within 12 months.

	Group		Company	
Payable balance to affiliated entities:				
Econet Global Related Group Companies	4,429	3,103	-	-
Africa Data Centres related group companies	1,702	-	-	-
Zanlink Limited	-	-	2	-
Worldstream (Pty) Limited	-	-	25	-
Liquid Technologies Infrastructure Finance SARL	1,530	-	-	-
Liquid Telecommunications (Jersey) Ltd	-	8	-	8
Liquid Telecommunications South Africa (Pty) Limited	-	-	4,574	12,319
	7,661	**3,111**	**4,601**	**12,327**

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

	Group		Company	
Equity loans due to:				
Liquid Telecommunications Botswana (Pty) Limited	-	-	2,862	7,318
	-	**-**	**2,862**	**7,318**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of each respective borrower and thus considered to represent equity.

	Group		Company	
Acquisition of controlling interest in subsidiary				
Econet Global Related Group Companies	-	8,974	-	-
	-	**8,974**	**-**	**-**

Refer to note 31 for more details on the acquisition of subsdiary.

32. Related party transactions (continued)

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Receivables balances from affiliated entities and other related parties:				
Econet Global Limited (Mauritius)	4,999	4,998	4,999	4,998
Econet Global Related Group Companies	19,063	8,799	-	-
Africa Data Centres related group companies	4,540	-	1,283	-
Liquid Technologies Infrastructure Finance SARL	613	1,248	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	13,047	10,159
Liquid Telecommunications Zambia Limited	-	-	1,027	1,027
Liquid Telecommunications Rwanda Limited	-	-	1,421	901
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	1,166	527
Liquid Telecommunications South Africa (Pty) Limited	-	-	9,765	22,115
Raha Limited	-	-	997	624
Liquid Telecommunications Operations Limited	-	-	11,045	4,824
ZOL Zimbabwe (Private) Limited	-	-	1,986	213
Liquid Telecommunications Kenya Limited	-	-	1,336	1,398
Africa Digital Networks S.A.S	-	-	401	401
Liquid Telecommunications Uganda Limited	-	-	1,263	594
Transaction Payment Solutions International Limited	-	-	109	8
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	-	4
Transactions Payment Solutions Kenya Limited	-	-	-	4
Transactions Payment Solutions Zambia Limited	-	-	-	4
Liquid Telecommunications Sahara Holdings Limited	-	-	160	-
Liquid Telecommunications International FZE	-	-	71	66
Zanlink Limited	-	-	-	54
Liquid Telecommunications Botswana (Pty) Limited	-	-	78	216
Liquid Delta (Jersey) Limited	28	-	28	-
Liquid Intelligent Technologies Limited (Nigeria)	180	-	4	-
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	77	177
	29,423	**15,045**	**50,263**	**48,314**

The receivable balances from affiliated entities and other related parties are unsecured, interest free and with no fixed date of repayment.

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	8,275	5,446	2,620	2,789

The key management personnels 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	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
At 28 February 2022, the group committed to the following capital commitments:				
Authorised and contracted	33,001	27,344	-	-

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. Assets Held for Sale

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

A profit of USD 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.

	Group 28/02/22 USD'000	Group 28/02/21 USD'000
Assets classified as held for sale		
Intangible assets	-	21
Property, plant and equipment	-	106,917
Right-of-Use assets	-	9,785
Inventories	-	154
Trade and other receivables	-	2,865
Foreign exchange	-	7,096
	-	126,838
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	7,231
Lease liabilities	-	11,267
Foreign exchange	-	1,594
	-	20,092
Net assets of disposal group	-	106,746

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.

36.3 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	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Debt (i)	940,466	922,764	533,050	506,308
Cash and cash equivalents (net of restricted cash)	(154,553)	(163,898)	(1,327)	(25,307)
Net debt	**785,913**	**758,866**	**531,723**	**481,001**
Equity (ii)	473,191	335,036	580,058	583,950
Net debt to equity ratio	1.7:1	2.3:1	0.9:1	0.8:1

36.3 Gearing ratio (continued)

(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	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Financial assets				
Amortised cost	518,577	333,763	416,071	379,077
Investments at amortised cost	*35*	*49*	*-*	*-*
Long-term receivables	*155,742*	*13*	*235,882*	*212,214*
Trade and other receivables (excluding Prepayments and VAT receivable)	*199,157*	*161,063*	*178,750*	*134,056*
Cash and cash equivalents	*154,553*	*163,898*	*1,327*	*25,307*
Restricted cash and cash equivalents	*9,090*	*8,740*	*112*	*7,500*
Fair Value Through Other Comprehensive Income (FVTOCI)				
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	*15,314*	*23,814*	*15,310*	*23,810*
Fair Value Through Profit and Loss (FVTPL)				
Net derivative assets	*2,119*	*-*	*-*	*-*
Total financial assets	**536,010**	**357,577**	**431,381**	**402,887**
Financial liabilities				
Amortised cost	1,075,984	1,074,051	562,309	535,026
Long term borrowings	*809,516*	*823,246*	*-*	*-*
Short term portion of long term borrowings	*33,093*	*2,859*	*198*	*-*
Long term lease liabilities	*66,420*	*59,948*	*-*	*-*
Short term portion of long term lease liabilities	*31,009*	*36,711*	*-*	*-*
Long term intercompany borrowings	*428*	*-*	*532,852*	*506,308*
Trade and other payables (excluding Staff payables and Transaction taxes due in various jurisdictions)	*135,518*	*151,287*	*29,259*	*28,718*
Total financial liabilities	**1,075,984**	**1,074,051**	**562,309**	**535,026**

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	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	15,487	17,287	-	-
Currency of United States (USD)	112,694	182,975	431,381	402,887
Currency of Zimbabwe (ZWL$)	97,602	17,203	-	-
Currency of South Africa (ZAR)	239,288	105,967	-	-
Currency of Botswana (BWP)	1,834	1,392	-	-
Currency of Kenya (KES)	51,781	20,647	-	-
Currency of Zambia (ZMK)	8,078	227	-	-
Currency of Rwanda (RWF)	4,586	5,340	-	-
Currency of Nigeria (NGN)	103	108	-	-
Currency of Uganda (UGX)	2,570	3,851	-	-
Currency of Tanzania (TZS)	1,987	2,580	-	-
	536,010	**357,577**	**431,381**	**402,887**

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Liabilities				
Currency of the United Kingdom (GBP)	9,093	13,589	40	144
Currency of United States (USD)	641,227	695,902	562,269	524,426
Currency of Zimbabwe (ZWL$)	28,681	24,473	-	-
Currency of South Africa (ZAR)	338,924	302,664	-	10,456
Currency of Botswana (BWP)	542	538	-	-
Currency of Kenya (KES)	20,674	26,947	-	-
Currency of Zambia (ZMK)	26,754	31	-	-
Currency of Rwanda (RWF)	3,856	3,073	-	-
Currency of Nigeria (NGN)	8	9	-	-
Currency of Uganda (UGX)	1,786	2,293	-	-
Currency of Tanzania (TZS)	4,439	4,532	-	-
	1,075,984	**1,074,051**	**562,309**	**535,026**

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	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	639	(370)	-	14
ZWL$ Currency impact	6,892	727	-	-
ZAR Currency impact	(9,964)	19,670	-	1,046
KES Currency impact	3,111	630	-	-
RWF Currency impact	73	(227)	-	-
ZMK Currency impact	(1,868)	(20)	-	-
	(1,117)	**20,411**	**-**	**1,060**

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 2022 for the group and the company respectively would increase by USD 1.2 million (2021: decrease of USD 0.6 million) and decrease by USD 1.9 million (2021: decrease of USD 1.8 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 2022 (2021: 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.

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 - 2022					
Financial liabilities	5.66%	304,500	892,301	23,390	1,220,191
Group - 2021					
Financial liabilities	6.31%	192,072	85,903	866,767	1,144,742
Company - 2022					
Financial liabilities	5.50%	29,457	532,852	-	562,309
Company - 2021					
Financial liabilities	5.50%	28,718	506,308	-	535,026

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 Derivative assets

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

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

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 (3-month USD LIBOR).

	Within 1 year USD'000	1 to 2 years USD'000	2 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Group - 2022					
Net settled: Embedded derivatives	-	-	3,998	-	3,998
Group - 2021					
Net settled: Embedded derivatives	-	-	1,879	-	1,879

	28/02/2022 USD'000 Derivatives		28/02/2021 USD'000 Derivatives	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Opening balance	1,879	(1,879)	-	-
Initial recognition	-	-	1,879	(1,879)
Fair value change	2,119	-	-	-
Closing balance	3,998	(1,879)	1,879	(1,879)
Net settled : Embedded derivatives (note 38)	2,119		-	

37. Dividend

Year ended 28 February 2022:

• Zanlink Ltd, 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.

Year ended 28 February 2021:

Of the USD 40.6 million dividend paid, USD 40.3 million relates to a scrip dividend that, on 8 June 2020, Liquid Telecommunications Holdings Limited declared as a dividend in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

	Group		Company	
	28/02/22	**28/02/21**	**28/02/22**	**28/02/21**
Dividends paid per share (Cents per share)	-	32.31	-	32.31

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 2022				
Investments at FVTOCI (note 15)	-	-	15,314	15,314
Derivative assets (note 36.14)	-	2,119	-	2,119
Total	**-**	**2,119**	**15,314**	**17,433**
28 February 2021				
Investments at FVTOCI (note 15)	-	-	23,814	23,814
Derivative assets (note 36.14)	-	1,879	-	1,879
Total	**-**	**1,879**	**23,814**	**25,693**

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.		
Derivative assets	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. Profit / (loss) per share

	Group	
	28/02/22	28/02/21
Profit / (loss) per share (Cents per share)	46.15	(11.88)

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

	Group	
	28/02/22	28/02/21
	USD'000	USD'000
Profit / (loss) attributable to owners of the company	57,618	(14,755)

	Group	
	28/02/22	28/02/21
Weighted average number of ordinary shares for the purpose of basic earnings per share	124,857,914	124,173,555

See note 22 for number of shares.

40. Contingent liabilities

Raha Limited - Fine

On 28 August 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS 11.9 billion (approximately USD 5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on 21 August 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited (the "company") (a subsidiary in Tanzania), which the company disagrees with. The findings and fines result from a hearing held on 25 August 2020. The company made an appeal, on 23 October 2020, against the outcome of the hearing. On 24 September 2021, at the request of the Regulatory Authority, the company withdrew the appeal with the Tribunal. The company has since received a revised order amounting to USD 0.2 million from the Regulatory Authority.

Based on the above, there is no contingent liability.

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.

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 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 LTJ, the parent company of LTH, for a nominal value.

During the year ended 28 February 2021:

• Liquid Telecommunications Holdings Limited declared a dividend in shares. See note 37 - *Dividend* for more details.

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

• Of the USD 13.0 million addition to investments (see note 15 - *Investments at Fair Value Through Other Comprehensive Income (FVTOCI)*), only USD 4.3 million has been paid during the year. The remaining balance is payable at year end.

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

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 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	(12,418)	(1,312)	809,516
Lease liabilities (note 29)	96,659	59,346	(58,576)	97,429

41. Non-cash transactions (continued)

41.2 Reconciliation of liabilities arising from financing activities (continued)

28 February 2021: Group	**01/03/2020**	**Non-cash**	**Cash**	**28/02/2021**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Short term portion of long term borrowings (note 23b)	12,211	70	(9,422)	2,859
Long term borrowings (note 23a)	732,515	17,043	73,688	823,246
Lease liabilities (note 29)	95,414	38,597	(37,352)	96,659

The non-cash portion consists of the following:

	28 February 2022	**28 February 2021**
Finance costs:	Finance arrangement fees, interest accrued and interest on leases under IFRS 16.	Finance arrangement fees, interest accrued and Senior Secured notes premium written off due to the refinancing of the USD 730 million 8.5% Senior Secured Notes, and interest on leases under IFRS 16.
Short term portion of long term borrowings and long term borrowings:	Finance arrangement fees and interest accrued.	Finance arrangement fees and interest accrued written off due to the refinancing of the USD 730 million 8.5% Senior Secured Notes, and foreign exchange on translation of foreign borrowings.
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 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

28 February 2021: Company	**01/03/2020**	**Non-cash**	**Cash**	**28/02/2021**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Short-term portion of long-term borrowings (note 23b)	125	-	(125)	-
Long term intercompany borrowing (note 24)	444,761	-	61,547	506,308

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 2022, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic, and the Russia-Ukraine conflict on the operations, business plan and cashflow for the financial year 2023, including the instability of financial markets, volatility of currency markets, particularly the South African Rand and the economic situation in Zimbabwe, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

42. Going concern (continued)

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) and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 7.0 million is outstanding at 28 February 2022. Securing the new funding has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

Cash position

As at 28 February 2022, the group has an unrestricted cash position of USD 154.6 million (28 February 2021: USD 163.9 million). Of this amount, USD 80.3 million (28 February 2021: USD 44.0 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 124.0:1 (28 February 2021: 83.9:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital

Operational performance

For the year ended 28 February 2022, the group reported an operating profit of USD 163.8 million (28 February 2021: 117.1 million) and a net cash inflow from operating activities of USD 212.5 million (28 February 2021: USD 245.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

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 2022 is appropriate.

43. Events after the reporting date

- Spectrum Auction

On 17 March 2022, Liquid Telecommunications South Africa (Pty) Limited (a subsidiary of LTJ) acquired 4MHz in the 3500MHz spectrum for ZAR 111 million in a spectrum auction that was conducted by the Independent Communications Authority of South Africa. This acquisition will increase the subsdiary's 5G spectrum holding to 60MHz. The bid amount was paid on 9 May 2022.

- USD 7.5 million guarantee

USD 7.5 million of the total guarantees (as disclosed in note 21) were released on 4 March 2022 and the cash is now readily available.

44. Refinancing of USD 730 million 8.5% Senior Secured Notes

The events below took place in the year ended 28 February 2021:

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

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

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

44. Refinancing of USD 730 million 8.5% Senior Secured Notes (continued)

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

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes, which had been capitalised at the time of the original transaction and not yet amortised, have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. See note 43 for a breakdown of the fees debited or credited in the consolidated statement of profit or loss.

	Group		Company	
	28/02/22	28/02/21	28/02/22	28/02/21
	USD'000	USD'000	USD'000	USD'000
Accrued interest	-	14,002	-	-
Tender premium	-	12,574	-	-
Reversal of interest accrued	-	(8,273)	-	-
Write off of premium unamortised	-	(2,637)	-	-
Write off of finance arrangement fees unamortised	-	4,806	-	-
Fees for early repayment of Revolving Credit Facility	-	990	-	990
Total net refinancing costs	-	21,462	-	990

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

45. 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.