LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(“the Group”, “Liquid” or “Liquid Intelligent Technologies”)

FINANCIAL RESULTS FOR THE YEAR AND FOURTH QUARTER ENDED 28 FEBRUARY 2023

A year of strategic execution, operational and financial progress

28 June 2023

Leading pan-African technology solutions group, Liquid Intelligent Technologies, a business of Cassava Technologies, today announces its financial results for the year and fourth quarter ended 28 February 2023

Strategic highlights:

- Liquid Network South Africa delivered more than 2,000 sites across the Eastern and Western Capes
- Liquid Network Rest of Africa completed the crucial East to West link
- Liquid C2 launched two Cyber Security Fusion Centres in Johannesburg and Nairobi
- Liquid Dataport launched a Software Defined Network to provide fast, reliable, scalable and on-demand connectivity across Africa
- Liquid Intelligent Technologies will publish its first, external, Sustainability Report (FY 2022-23) in July 2023

Financial highlights:

- Improvement in revenue growth to 16.7% in the fourth quarter, with growth of 6.0% in the year excluding the impact of adverse FX movements in our two largest markets
- Reported revenue of USD 178.7 million in the fourth quarter, down 6.3% year-on-year due to exchange rate headwinds and ongoing decline in Voice, partly offset by growth in Liquid Network Rest of Africa, Liquid C2 and Liquid Dataport
- 12.3% year-on-year growth in adjusted EBITDA[1] in the fourth quarter to USD 81.5 million, driven by higher operating margins in South Africa, including a lease adjustment gain of USD 8.4 million
- Operating profit includes a non-cash impairment charge of USD 36.1 million related to an increase in the Group’s assumed weighted average cost of capital resulting from the global inflationary environment
- Net debt[2] of USD 855.1 million, resulted in a net debt to adjusted EBITDA[1,2,3] ratio of 3.59x compared to the 4.00x covenant threshold and 3.68x at the end of the third quarter

Group Financials	For the twelve-month period ended:			For the three-month period ended:		
	28 Feb 2023	28 Feb 2022	YoY	28 Feb 2023	28 Feb 2022	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	622.5	711.7	(12.5)	178.7	190.7	(6.3)
Adjusted EBITDA	237.9	299.4	(20.5)	81.5	72.6	12.3
Cash generated from operations	240.7	258.5	(6.9)	85.0	92.8	(8.4)
Net debt	855.1	802.0	(6.6)	855.1	802.0	(6.6)
Net debt / Adjusted EBITDA (x)	3.59	2.68	n/a	3.59	2.68	n/a

[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, fair value (loss) / gain on derivatives, gain on disposal of investments at fair value through other comprehensive income, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

Chief Executive Officer, Hardy Pemhiwa, commented:
"I am pleased with the encouraging underlying performance of the business as we progressed through the year. This places us in a good position to deliver sustainable growth in the coming financial year and beyond.

Despite the challenging backdrop due to external factors, on a local currency basis we achieved solid growth in South Africa, our Zimbabwean business continued to grow organically, and we delivered strong growth in Rest of Africa. Our performance has benefited from the growth in value added digital services to our enterprise customers as we continue to leverage on our high quality fibre broadband network.

Key achievements in the year included: Liquid Network South Africa connected more than 2,000 sites across the Eastern and Western Capes and delivered a significant improvement in Net Promoter Scores (NPS) as customer service improvement initiatives start to bear fruit. In Liquid Network Rest of Africa, we completed our crucial East to West terrestrial link, from Mombasa, Kenya on the Indian Ocean, to Muanda in the DRC on the Atlantic, providing the fastest route for data traffic to cross from Asia to the Americas. In Liquid C2, we delivered strong growth, launched two Cyber Security Fusion Centres and were awarded Microsoft's Cloudflare Partner of the Year in addition to the Microsoft Certification Champion of the Year. In Liquid Dataport we launched our Software Defined Network, a truly customisable and scalable connectivity platform.

All of this was achieved due to the dedication and drive of colleagues across the Group. I want to take this opportunity to offer them my sincerest thanks."

Group Chairman, Strive Masiyiwa, added:
"It has been a year of continued strategic execution and it has been particularly pleasing to see the ongoing rollout of our Cyber Security Fusion Centres throughout the year. Liquid has now established two centres, one in each of Johannesburg and Nairobi with a further four launches planned in the coming year, making us the first company to operate a network of centres across the continent. This is a testament to our culture of innovation and our commitment to bring world-class digital solutions to local, regional and multi-national businesses in Africa.

Liquid was also awarded 'The Best MEA Wholesale Carrier' demonstrating once again that we are uniquely positioned at the heart of Africa's digital transformation. This position is further supported by the launch of our Software Defined Network through Liquid Dataport which will provide our customers with fast, reliable, scalable and on-demand connectivity.

Finally, I am delighted that we will be publishing Liquid's 2023 Sustainability Report this July. This will be Liquid's first publicly available sustainability report. The report will provide more detail on our ESG roadmap, the development of a formal sustainability strategy and our road to net-zero. Sustainability is embedded within Liquid's operations, and the report is an early step in meeting the growing requirements of a broad base of stakeholders with a sustainability strategy that will continue to deliver value for all our stakeholders."

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

For further information please contact:
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About Liquid Intelligent Technologies

Liquid Intelligent Technologies is a business of Cassava Technologies, a pan-African technology group with operations in over 25 countries in Africa. Liquid has firmly established itself as the leading provider of pan-African digital infrastructure with a 100,000+ km-long fibre broadband network and satellite connectivity that provides high-speed access to the Internet anywhere in Africa. Liquid is also leveraging its digital network to provide Cloud and Cyber Security solutions through strategic partnerships with leading global players. Liquid is a comprehensive technology solutions group that provides customised digital solutions to public and private sector enterprises and SMEs across the continent. https://www.liquid.tech/

OPERATIONAL AND FINANCIAL REVIEW

Liquid Intelligent Technologies is a technology and digital solutions provider across more than 25 countries primarily in Central, Eastern, West and Southern Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services.

Key performance indicators (KPIs)

The following table sets out the Group's key performance indicators:

Key performance indicators	Q1 2021-22	Q2 2021-22	Q3 2021-22	Q4 2021-22	FY 2021-22	Q1 2022-23	Q2 2022-23	Q3 2022-23	Q4 2022-23	FY 2022-23
Total fibre network (Kms) [1]	100,017	100,402	100,629	101,724	101,724	102,559	102,722	103,794	104,353	104,353
Average churn rate (%) [2]	0.79%	0.68%	0.83%	0.45%	0.69%	0.66%	0.87%	0.83%	0.77%	0.78%
Monthly recurring revenue (%) [3]	93.0%	88.8%	95.0%	85.0%	90.0%	89.6%	90.6%	92.7%	77.3%	87.1%
Cloud seats YoY growth (%) [4]	64.4%	62.5%	51.2%	56.4%	56.4%	53.6%	62.3%	59.0%	73.0%	73.0%
Total capacity on subsea assets (Gbps) [5]	621	621	621	621	621	821	834	1,034	1,034	1,034

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

The year-on-year increase in FY 2022-23 of 2,629 kilometres was largely as a result of the East to West route in the DRC. Much of our long haul network build is now complete, therefore our footprint expansion will slow as we increase focus on commercialising our existing network.

Customer satisfaction is an essential tenet of the Group. We are always focused on providing value to our customers via competitive and comprehensive high-quality solutions. As a result, churn remained below 1%, improving marginally quarter-on-quarter to 0.77% in the fourth quarter.

We maintained a high level of monthly recurring revenue (MRR), although the proportion was slightly down year-on-year for the full year at 87.1% (FY 2021-22: 90.0%), due to several non-recurring revenue deals concluded in the Rest of Africa region in the fourth quarter. We remain focused on driving MRR growth to deliver more consistent and predictable revenue streams.

Our year-on-year growth in Cloud seats accelerated to 73.0% in the fourth quarter, up from 59.0% in the prior quarter driven by contract wins and underlying market growth. This is a key part of our strategy of delivering digital solutions to existing and new customers over our digital infrastructure.

Subsea capacity remained at 1,034 Gbps in the fourth quarter. This is an increase of 413 Gbps year-on-year (FY 2021-22: 621 Gbps) as we continue to expand our global reach using subsea fibre cables to further enhance our network resiliency.

Segments

Network - These revenue streams are at the core of the company and this segment includes revenue from all our owned and leased fibre infrastructure, including the long-haul Cape to Cairo, East to West and South Africa NLD (National Long Distance) routes as well as Metro and FTTH networks.

C2 - This encompasses our cloud and cyber security offerings including managed services, as this segment grows it will include other complementary digital products.

Dataport - This segment includes revenue from agreements with subsea cable providers, satellite services, hosting of landing stations and providing the gateway to large, global network provision agreements.

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

Revenue

Revenue by Segment	For the twelve-month period ended:			For the three-month period ended:		
	28 Feb 2023	28 Feb 2022	YoY	28 Feb 2023	28 Feb 2022	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Network	438.9	520.6	(15.7)	125.6	142.4	(11.8)
C2	69.4	59.2	17.2	18.3	11.7	56.4
Dataport	43.7	33.9	28.9	15.2	12.1	25.6
Voice	70.5	98.0	(28.1)	19.6	24.5	(20.0)
Total Revenue	**622.5**	**711.7**	**(12.5)**	**178.7**	**190.7**	**(6.3)**

Total revenue in FY 2022-23 was USD 622.5 million (FY 2021-22: USD 711.7 million), a decline of 12.5% year-on-year, which is largely due to the adverse exchange rate impacts in Network and the ongoing volume decline in Voice, partly offset by strong performances in the C2 and Dataport segments. On a geographic basis, the DRC, Kenya, Zambia and Rwanda contributed to the strong growth in Rest of Africa, but this was more than offset by the deterioration of the exchange rates in South Africa and Zimbabwe.

The Zimbabwe business has been partly successful in mitigating the FX risk by obtaining and implementing five price increases granted by the country's telecommunications regulator. Three of the price increases were fully implemented during FY 2022-23 with the remainder being implemented early in FY 2023-24. In South Africa, the impact of the adverse exchange rate movement in FY 2022-23 amounted to a headwind of USD 27.4 million year-on-year (FY 2022-23 average rate of 16.63 compared to FY 2021-22 average rate of 14.82), excluding the adverse FX impact South African revenue would have increased 4.6% in the year and 7.3% in the final quarter.

Excluding the impact of FX movements in our two largest markets as well as the ongoing decline in the Voice segment, total revenue increased by 14.4% in the year due to strong growth in Rest of Africa, which benefited from continued good performances in the Network and C2 segments, particularly in the DRC, Kenya, Zambia and Rwanda. The Network segment benefited from large IRU deals with Mobile Network Operators (MNOs) in the DRC, Zambia and Kenya. Zambia and Rwanda's good performances were also driven by growth in the LTE and FTTH markets. Rest of World also performed well in C2 with good growth via indirect sales, and in Dataport due to a strong performance in satellite services, large capacity links with hyperscalers and a contract win with a US Technology company, all of which more than offset the ongoing decline in Voice.

Fourth quarter revenue was USD 178.7 million, a decline of 6.3% on the same period last year (Q4 2021-22: USD 190.7 million) as strong growth in Network in Rest of Africa and C2 in South Africa was offset by the currency headwinds in South Africa and Zimbabwe (the average ZAR rate in Q4 2022-23 was 17.39 compared to 15.53 in Q4 2021-22) and the ongoing decline in Voice. Excluding FX impacts in our two largest markets as well as the decline in the Voice segment, total revenue increased by 25.2% in the fourth quarter, driven by the points mentioned above.

Network

Network revenue in FY 2022-23, which includes all intra- and inter-country fibre activity, declined 15.7% year-on-year to USD 438.9 million, (FY 2021-22: USD 520.6 million), however, excluding Zimbabwe and the exchange rate impact in South Africa, it increased by 7.1%. In Rest of Africa, Network revenue increased 21.2% year-on-year driven by dark fibre and IRU deals in the DRC and Kenya as well as Zambia and Rwanda's continued contract wins in their respective retail markets.

Fourth quarter Network revenue was USD 125.6 million compared to USD 142.4 million in the same period last year, albeit the prior year period was impacted by a USD 4.9 million re-allocation from C2. The underlying decline of 8.6% was due to exchange rate deterioration in both Zimbabwe and South Africa and was partly mitigated by strong performances in Rest of Africa, in which the DRC, Kenya and Zambia secured dark fibre deals with large MNOs.

C2

C2, which largely comprises our cloud and cyber security offerings as well as other digital services, continued to grow steadily, up 17.2% year-on-year for the full year to USD 69.4 million (FY 2021-22: USD 59.2 million). Growth was driven by the 73.0% year-on-year increase in Cloud seats with good performances across most geographies, and included a large contract win with a Zambian Government Institution, a new strategic South African hospitality and entertainment customer and good growth in Rest of World via indirect channels. There continued to be a strong appetite for our cloud offerings as more businesses continue to move towards integrated cloud solutions across all applications and platforms.

Fourth quarter, C2 revenue was USD 18.3 million compared to USD 11.7 million in the same period last year, albeit the prior year included the USD 4.9 million re-allocation into Network referred to above. On a reported basis, revenue increased 56.4% year-on-year, however, excluding the re-allocation, growth was more in line with the recent run rate at 10.2%. This growth was driven by Azure platforms usage and NRR deals, the latter particularly in South Africa and included a hospitality and entertainment customer and a public sector transport institution. We were pleased to launch our first two Cyber Security Fusion (CSFCs) Centres in Johannesburg and Nairobi during the year, these are the first CSFCs in a planned network of six that will span the continent. In addition, we were delighted to be awarded Microsoft's Cloudflare Partner of the Year and receive its Certification Champion of the Year.

Dataport

Dataport revenue, covering all our sea-to-land connections, subsea capacity and satellite services, for FY 2022-23 increased 28.9% year-on-year to USD 43.7 million (FY 2021-22: USD 33.9 million). This was driven by growth in the Rest of World due to a strong performance in satellite services, large capacity links agreed with hyperscalers and a deal with a US Technology company.

Fourth quarter, Dataport revenue was USD 15.2 million compared to USD 12.1 million in the same period last year, a 25.6% increase year-on-year, driven by a multi-year IRU contract with a US Technology company noted above.

Voice

Voice revenue continued to follow the global trend away from traditional voice traffic resulting in revenue in FY 2022-23 declining 28.1% year-on-year to USD 70.5 million (FY 2021-22: USD 98.0 million). Though there is a decline in overall revenue and traditional minutes, we continue to focus on higher margin destinations to ensure a stable gross profit margin of 29.1% (FY 2021-22: 28.0%).

Fourth quarter Voice revenue was USD 19.6 million compared to USD 24.5 million for the same period last year, a consistent year-on-year decline in line with recent quarters.

Gross Profit

Gross Profit	For the twelve-month period ended:			For the three-month period ended:		
	28 Feb 2023	28 Feb 2022	YoY	28 Feb 2023	28 Feb 2022	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	622.5	711.7	(12.5)	178.7	190.7	(6.3)
Costs per quarterly financial statements	(173.1)	(182.0)	4.9	(47.1)	(48.2)	2.3
Gross Profit	**449.4**	**529.7**	**(15.2)**	**131.6**	**142.5**	**(7.6)**
Gross Profit Margin (%)	72.2%	74.4%	-2.2pp	73.6%	74.7%	-1.1pp

Absolute gross profit for the year was USD 449.4 million (FY 2021-22: USD 529.7 million) and gross profit margin was 72.2% compared to 74.4% in the prior year. Margins were impacted by the exchange rate headwinds resulting in lower contributions from Zimbabwe and a higher contribution from the lower margin C2 segment. Offsetting this were the revenue wins and higher margin deals from Dataport as discussed above, as well as an USD 8.2 million gain in the fourth quarter, resulting from a lease adjustment related to last mile circuit leases in South Africa.

Fourth quarter, gross profit was USD 131.6 million, compared to USD 142.5 million for the same period last year. This resulted in a marginally lower gross profit margin of 73.6% compared to 74.7% in the prior year with the impacts noted above partially offset by higher margin NRR deals.

Total Overheads and Other Income

Total Overheads and Other Income	For the twelve-month period ended:			For the three-month period ended:		
	28 Feb 2023	28 Feb 2022	YoY	28 Feb 2023	28 Feb 2022	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Other income	7.8	11.1	(29.7)	5.5	6.5	(15.4)
Selling, distribution and marketing costs	(9.5)	(9.9)	4.0	(2.1)	(3.3)	36.4
Expected credit loss provision	(9.9)	(10.5)	5.7	(3.8)	(9.2)	58.7
Administrative costs	(92.7)	(98.5)	5.9	(24.9)	(31.5)	21.0
Staff costs	(107.2)	(122.5)	12.5	(24.8)	(32.5)	23.7
Total Overheads and Other income	**(211.5)**	**(230.3)**	**8.2**	**(50.1)**	**(70.0)**	**28.4**
% to Total Revenue	34.0%	32.4%	-1.6pp	28.0%	36.7%	8.7pp

Total Overheads and Other Income for the year were USD 211.5 million (FY 2021-22: USD 230.3 million). The year-on-year reduction was due in large part to exchange range benefits which were partly offset as we continue to invest in our staff and these costs were further impacted by inflationary increases and a higher network headcount to maintain our leading network service level. Administrative costs were lower as exchange rate benefits were partly offset by elevated power costs resulting from 261 days being impacted by power outages in South Africa. These elevated costs amounted to USD 3.8 million in the year (FY 2021-22 USD 1.3 million), furthermore costs associated to flood damage earlier in the year amounted to USD 1.0 million. Our expected credit loss provision in FY 2022-23 improved 5.7% year-on-year because of the continued focus on cash collections including an increased effort on closing out aged debts.

Fourth quarter Total Overheads and Other Income amounted to USD 50.1 million compared to USD 70.0 million for the same period last year, the reduction year-on-year of 28.4% was driven by the points noted above. The fourth quarter also included USD 0.2 million related to the lease adjustment gain.

Adjusted EBITDA and Profit

Adjusted EBITDA	For the twelve-month period ended:			For the three-month period ended:		
	28 Feb 2023	28 Feb 2022	YoY	28 Feb 2023	28 Feb 2022	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Adjusted EBITDA	**237.9**	**299.4**	(20.5)	**81.5**	**72.6**	12.3
Depreciation, impairment and amortisation	(164.2)	(135.7)	(21.0)	(81.4)	(42.6)	(91.1)
Operating Profit	**73.7**	**163.7**	(55.0)	**0.1**	**30.0**	(99.7)
Restructuring costs	-	-	n/a	-	-	n/a
Acquisition and other investment costs	(1.7)	-	n/a	(0.5)	-	n/a
Fair value (loss) / gain on derivatives assets	(4.0)	2.1	(290.5)	(4.2)	(9.5)	n/a
Gain on disposal of investments at Fair Value Through Other Comprehensive Income	-	1.1	n/a	-	-	n/a
Interest income	17.2	18.3	(6.0)	4.8	9.7	(50.5)
Finance costs	(75.3)	(72.8)	(3.4)	(21.1)	(21.2)	0.5
Foreign exchange loss	(257.2)	(114.1)	(125.4)	(27.3)	(47.1)	(42.0)
Monetary adjustment - IAS 29	156.9	121.5	29.1	18.0	40.9	(56.0)
Share of profit of associate	-	-	n/a	-	-	n/a
(Loss) / profit before tax	**(90.4)**	**119.8**	**(175.5)**	**(30.2)**	**2.8**	**(1,178.6)**
Tax credit / (expense)	2.5	(61.7)	104.1	(1.3)	(26.9)	95.2
(Loss) / profit for the period	**(87.9)**	**58.1**	**(251.3)**	**(31.5)**	**(24.1)**	**30.7**

Adjusted EBITDA in FY 2022-23 was USD 237.9 million, a 20.5% decline compared to the prior year (FY 2021-22: USD 299.4 million) resulting from the lower gross profit partly offset by lower overheads. Encouragingly, in the fourth quarter, adjusted EBITDA was USD 81.5 million (Q4 2021-22: USD 72.6 million), a 12.3% increase year-on-year, albeit largely due to the lease adjustment gain in South Africa of USD 8.4 million. Excluding this the marginally higher adjusted EBITDA in the fourth quarter was driven by higher levels of NRR deals than in the same period last year and continued strong cost control.

Depreciation, impairment and amortisation costs in FY 2022-23 were higher year-on-year at USD 164.2 million (FY 2021-22: USD 135.7 million) albeit this included a non-cash impacting impairment charge of USD 36.1 million in the fourth quarter which reflected an increase in the Group's assumed weighted average cost of capital resulting from global inflationary trends. Excluding this, the full year decline was largely as a result of the deterioration in exchange rates in South Africa and Zimbabwe.

Finance costs on a full year basis and in the fourth quarter were broadly in line with the prior periods and reflected the interest on the Bond, the ZAR term loan, local debt in Zambia and leases.

The foreign exchange loss in the year of USD 257.2 million (FY 2021-22: USD 114.1 million) was mainly driven by the South African and Zimbabwe exchange rate movements. Zimbabwe had a sharp decline in exchange rates in this financial year compared to a more stable prior year. The ZWL$:USD closing exchange rate was 892.6:1 (FY 2021-22: ZWL$:USD 124.0:1). CPI in Zimbabwe for the period was 15,389.58 (FY 2021-22: 4,483.06) which resulted in a monetary adjustment of USD 156.9 million (FY 2021-22: USD 121.5 million) for the year and resulted in a net loss after tax for the year of USD 87.9 million (FY 2021-22: USD 58.1 million profit).

Cash generated from operations

Cash Flows	For the twelve-month period ended:			For the three-month period ended:		
	28 Feb 2023	28 Feb 2022	YoY	28 Feb 2023	28 Feb 2022	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Cash generated from operations	**240.7**	**258.5**	(6.9)	**85.0**	**92.8**	(8.4)
Tax paid	(24.3)	(46.0)	47.2	(2.9)	(20.1)	85.6
Net cash generated from operating activities	**216.4**	**212.5**	**1.8**	**82.1**	**72.7**	**12.9**
Net cash used in investing activities	(94.8)	(98.6)	3.9	(20.7)	(46.9)	55.9
Net cash used in financing activities	(119.8)	(103.2)	(16.1)	(27.8)	(34.9)	20.3
Net increase / (decrease) in cash and cash equivalents	**1.8**	**10.7**	**83.2**	**33.6**	**(9.0)**	**473.3**

Cash generated from operations decreased year-on-year to USD 240.7 million (FY 2021-22: USD 258.5 million) because of the decline in adjusted EBITDA described above which was partly mitigated by improved working capital as a result of the ongoing focus on cash and collections as well as cash received in advance from IRUs.

The decrease in tax paid in the year and fourth quarter was driven by both the decline in profit and a lower contribution from Zimbabwe.

Net cash used on investing activities for the year reduced by 3.9% year-on-year to USD 94.8 million (FY 2021-22: USD 98.6 million). The cash spent on investing activities in the year was largely on network infrastructure, maintenance and customer connections in DRC and South Africa together with the one-off payment for spectrum in South Africa. The material year-on-year reduction in the fourth quarter was largely as a result of the DRC route having been completed in the early part of the quarter which resulted in the delivery of large one-off revenues to the MNOs as discussed above, as well as the purchase of the fibre pair on the Equiano subsea cable in the prior year (USD 33.1 million) offset by a one-off disposal of an investment in which we held a minority stake.

Cash outflow used in financing activities for the full year was USD 119.8 million (FY 2021-22: USD 103.2 million), resulting from the Bond, ZAR Term loan interest and capital repayments and leases.

Capital investment and network developments

Capital expenditure in FY 2022-23 decreased 11.0% year-on-year to USD 104.8 million (FY 2021-22: USD 117.8 million). Most of the investment was focused on our build programmes in the DRC, further investment in NLD in South Africa, including on the Eastern and Western Capes and the spectrum payment in South Africa.

Gross and Net Debt

Gross and Net Debt	As at 28 Feb 2023 (USDm)
Gross Debt	**943.5**
Long term borrowings (incl interest accrued)	761.5
Short term portion of long-term borrowings (incl interest accrued)	34.7
Unamortised arrangement fees	12.3
Leases - LT	103.7
Leases - ST	31.3
Less: Unrestricted cash	**(88.4)**
Net Debt	**855.1**
Last twelve months Adjusted EBITDA	237.9
Last twelve months interest	75.3
Covenants:	
Gross Debt / LTM EBITDA (x)	3.97
Net Debt / LTM EBITDA (x)	3.59
Interest / LTM EBITDA (x)	3.16
Debt Service Cover Ratio (DSCR)	2.95

Unrestricted cash at the end of the year was USD 88.4 million (FY 2021-22: USD 154.6 million), of this, USD 28.3 million (FY 2021-22: USD 80.3 million) was held in Zimbabwe. We continue to ensure that we have sufficient liquidity with a strong focus on working capital management. The reduction in cash held in Zimbabwe was primarily due to the adverse exchange rate movement.

Gross debt was USD 943.5 million at the end of the year, lower compared to prior year end (FY 2021-22: USD 956.6 million) as our principal borrowings and leases in South Africa reduced through payments as well as exchange rate benefits. Considering the above cash position, net debt at the end of the year was USD 855.1 million, giving a net debt to adjusted EBITDA ratio of 3.59x, compared to the 4.00x threshold.

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

Strive Masiyiwa	Hardy Pemhiwa	Eric Thompson
Group Chairman	Group Chief Executive Officer	Group Chief Finance Officer

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID
INTELLIGENT TECHNOLOGIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 12 MONTHS AND 3 MONTHS ENDED

28 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 12 months and 3 months ended 28 February 2023

		12 months ended		3 months ended	
	Notes	28/02/2023	28/02/2022	28/02/2023	28/02/2022
		USD'000	USD'000	USD'000	USD'000
		(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	3	622,506	711,724	178,691	190,656
Interconnect related costs		(50,023)	(70,553)	(15,942)	(17,135)
Data and network related costs		(158,614)	(144,941)	(39,852)	(38,826)
Other income		7,762	11,118	5,488	6,463
Selling, distribution and marketing costs		(9,513)	(9,869)	(2,148)	(3,340)
Expected credit loss provision		(9,894)	(10,477)	(3,781)	(9,159)
Administrative expenses		(57,089)	(65,043)	(16,200)	(23,680)
Staff costs		(107,234)	(122,461)	(24,776)	(32,466)
Depreciation, impairment and amortisation		(164,204)	(135,724)	(81,411)	(42,637)
Operating profit		**73,697**	**163,774**	**69**	**29,876**
Restructuring costs	4	-	(20)	-	-
Acquisition and other investment costs		(1,737)	(40)	(490)	-
Fair value (loss) / gain on derivatives assets		(3,997)	2,119	(4,160)	(9,486)
Gain on disposal of investments at Fair Value Through Other Comprehensive Income	22	-	1,090	-	-
Interest income	5	17,233	18,320	4,775	9,699
Finance costs	6	(75,328)	(72,784)	(21,105)	(21,192)
Foreign exchange loss	2.2	(257,220)	(114,103)	(27,311)	(47,134)
Hyperinflation monetary gain	2.2	156,854	121,541	17,953	40,937
Share of profits of associate		25	20	12	6
(Loss) / profit before taxation		**(90,473)**	**119,917**	**(30,257)**	**2,706**
Tax credit / (expense)	7	2,465	(61,693)	(1,270)	(26,944)
(Loss) / profit for the period		**(88,008)**	**58,224**	**(31,527)**	**(24,238)**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation loss on accounting for foreign entities		(224,185)	(15,465)	(28,833)	(21,288)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	2.2.2	19,356	8,484	(2,129)	3,494
Total other comprehensive loss		(204,829)	(6,981)	(30,962)	(17,794)
(Loss) / profit and other comprehensive (loss) / income for the year		**(292,837)**	**51,243**	**(62,489)**	**(42,032)**
(Loss) / profit attributable to:					
Owners of the company		(87,565)	57,618	(31,393)	(23,319)
Non-controlling interest		(443)	606	(134)	(919)
		(88,008)	**58,224**	**(31,527)**	**(24,238)**
(Loss) / profit and other comprehensive (loss) / income attributable to:					
Owners of the company		(292,218)	50,722	(62,321)	(41,162)
Non-controlling interest		(619)	521	(168)	(870)
		(292,837)	**51,243**	**(62,489)**	**(42,032)**
(Loss) / profit per share					
Basic (Cents per share)	24	(70.13)	46.15	(25.14)	(18.67)

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2023

LIQUID INTELLIGENT TECHNOLOGIES

	Notes	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Non-current assets			
Goodwill	8	76,576	129,182
Intangible assets	9	64,214	77,605
Property, plant and equipment	10	526,043	706,237
Right-of-Use assets	11	221,319	168,687
Investment in associate		543	632
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	22	15,314	15,314
Deferred tax assets		48,388	31,471
Investments at amortised cost		45	35
Long-term receivables from related parties	18	133,236	155,742
Net derivative assets	22	-	2,119
Pre-commencement lease payments		8,464	33,000
Total non-current assets		**1,094,142**	**1,320,024**
Current assets			
Inventories		27,341	24,572
Trade and other receivables	13	246,927	237,944
Taxation		3,098	3,344
Cash and cash equivalents	12	88,393	154,553
Restricted cash and cash equivalents	12	425	9,090
Total current assets		**366,184**	**429,503**
Total assets		**1,460,326**	**1,749,527**
Equity and liabilities			
Capital and reserves			
Share capital		3,716	3,716
Share premium		276,714	276,714
Convertible preference shares		180,000	180,000
(Accumulated losses) / retained earnings		(64,098)	23,467
Foreign currency translation reserve		(217,565)	(12,912)
Total equity attributable to owners of the parent		**178,767**	**470,985**
Non-controlling interests		1,146	2,206
Total equity		**179,913**	**473,191**
Non-current liabilities			
Long-term borrowings	14	763,373	809,516
Long-term lease liabilities	15	103,661	66,420
Long-term payable to related parties	18	-	428
Long-term provisions		7,194	8,239
Deferred revenue	17	65,553	68,565
Deferred tax liabilities		15,986	47,763
Total non-current liabilities		**955,767**	**1,000,931**
Current liabilities			
Short-term portion of long-term borrowing	14	34,687	33,093
Short-term portion of long-term lease liabilities	15	31,342	31,009
Trade and other payables	16	190,304	148,206
Short-term provisions		23,679	33,408
Deferred revenue	17	33,806	24,433
Taxation		10,828	5,256
Total current liabilities		**324,646**	**275,405**
Total equity and liabilities		**1,460,326**	**1,749,527**

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

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2023

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2021 (Audited)		**3,716**	**276,714**	**180,000**	**(6,016)**	**(121,379)**	**2,001**	**335,036**
Profit on disposal of subsidiaries under common control	25	-	-	-	-	86,626	-	86,626
Disposal of subsidiary under common control		-	-	-	-	602	-	602
Dividend	21	-	-	-	-	-	(316)	(316)
Profit and total comprehensive income for the year		-	-	-	(6,896)	57,618	521	51,243
Profit for the period		-	-	-	-	57,618	606	58,224
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	8,484	-	-	8,484
Translation loss on accounting for foreign entities		-	-	-	(15,380)	-	(85)	(15,465)
At 28 February 2022 (Audited)		**3,716**	**276,714**	**180,000**	**(12,912)**	**23,467**	**2,206**	**473,191**
At 1 March 2022 (Audited)		**3,716**	**276,714**	**180,000**	**(12,912)**	**23,467**	**2,206**	**473,191**
Dividend	21	-	-	-	-	-	(441)	(441)
Loss and total comprehensive loss for the year		-	-	-	(204,653)	(87,565)	(619)	(292,837)
Loss for the period		-	-	-	-	(87,565)	(443)	(88,008)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	19,356	-	-	19,356
Translation loss on accounting for foreign entities		-	-	-	(224,009)	-	(176)	(224,185)
At 28 February 2023 (Audited)		**3,716**	**276,714**	**180,000**	**(217,565)**	**(64,098)**	**1,146**	**179,913**

	Notes	12 months ended 28/02/2023 USD'000 (Audited)	12 months ended 28/02/2022 USD'000 (Audited)	3 months ended 28/02/2023 USD'000 (Unaudited)	3 months ended 28/02/2022 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit before tax		(90,473)	119,917	(30,257)	2,706
Adjustments for:					
Depreciation, impairment and amortisation		164,204	135,724	81,412	42,637
Bad debts provision / (reversal)		5,961	(1,240)	2,558	7,159
Fair value loss / (gain) on derivatives assets		3,997	(2,119)	4,160	9,486
Gain on disposal of investments at FVTOCI	22	-	(1,090)	-	-
(Decrease) / increase in provisions		(6,048)	9,553	(6,400)	2,203
Foreign exchange loss		233,831	116,061	5,618	49,118
Hyperinflation monetary gain		(156,853)	(121,541)	(17,951)	(40,936)
Loss on disposal of fixed assets		(66)	609	(590)	409
Interest income	5	(17,233)	(18,320)	(4,775)	(9,699)
Finance costs	6	75,328	72,784	21,105	21,192
Share of profit from associate		(25)	(20)	(12)	(6)
		212,623	310,318	54,868	84,269
Working capital changes:					
(Increase) / decrease in inventories		(10,569)	(3,474)	(3,628)	6,173
Increase in trade and other receivables*		(141,462)	(39,492)	(41,027)	(25,600)
Increase / (decrease) in trade and other payables**		160,695	(9,389)	69,805	18,933
Increase in deferred revenue		19,461	529	4,978	9,058
Cash generated from operations		240,748	258,492	84,996	92,833
Income tax paid		(24,313)	(45,993)	(2,924)	(20,055)
Net cash generated from operating activities		216,435	212,499	82,072	72,778
Cash flows from investing activities:					
Interest income		1,542	18,320	(10,916)	9,700
Proceeds from sale of investments	22 (i)	-	9,590	-	-
Disposal of subsidiary company		-	(357)	-	(357)
Purchase of investments at amortised cost		(46)	-	(2)	-
Purchase of property, plant and equipment		(87,567)	(80,380)	(23,297)	(25,684)
Proceeds on disposal of property, plant and equipment		3,518	3,483	599	1,921
Purchase of intangible assets	9	(14,134)	(14,135)	(2,703)	(4,813)
Proceeds on disposal of intangible assets		558	2,918	430	2,704
Decrease / (increase) in other long-term receivables		-	9	-	(1)
Pre-commencement lease payments		(3,105)	(33,000)	(735)	(33,000)
Decrease / (increase) in long-term receivables from related parties		4,437	(5,063)	15,924	2,646
Net cash used in investing activities		(94,797)	(98,615)	(20,700)	(46,884)
Cash flows from financing activities:					
Dividend paid		(441)	(310)	-	(300)
Finance costs paid		(58,726)	(38,431)	(5,701)	(5,539)
Decrease in lease liabilities		(46,738)	(58,576)	(17,000)	(27,239)
Decrease in borrowings		(14,325)	(6,326)	(5,519)	(1,863)
Increase in long-term payable to related parties		407	441	407	29
Net cash used in financing activities		(119,823)	(103,202)	(27,813)	(34,912)
Net increase / (decrease) in cash and cash equivalents		1,815	10,682	33,559	(9,018)
Cash and cash equivalents at beginning of the period		163,643	172,638	62,269	176,252
Translation of cash with respect to foreign subsidiaries		(76,639)	(19,677)	(7,008)	(3,591)
Cash and cash equivalents at end of the period	12	**88,819**	**163,643**	**88,820**	**163,643**
Represented by:					
Cash and cash equivalents	12	88,393	154,553	88,393	154,553
Restricted cash and cash equivalents	12	425	9,090	425	9,090
		88,818	**163,643**	**88,818**	**163,643**

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

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

1. General information

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

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

Impact of global events

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

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the 12 months ended 28 February 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group and company for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2023, including the impact of the currency changes in Zimbabwe and South Africa, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and undrawn committed loan funding, and the provision of financial support to subsidiaries where necessary, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the instability of financial markets, volatility of currency markets particularly the South African Rand, the economic situation in Zimbabwe, inability of customers to pay and supply chain shortages on the operations, business plan and cashflow for the twelve months from the date of signing of the consolidated financial statements. Furthermore, in light of global interest rate rises, the directors note this has had a negative impact on the group's Weighted Average Cost of Capital used for certain impairment and evaluation exercises. In particular, this, together with a more challenging trading environment, has resulted in a USD 36.1 million impairment of goodwill in South Africa (refer to note 9 - *Goodwill)* . Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

<u>Funding facilities</u>

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 164.2 million is outstanding at 28 February 2023 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 4.9 million is outstanding at 28 February 2023. Taking this into account, alongside the other reviews conducted as set out in this section and the USD 60.0 million undrawn RCF, the directors consider the group has sufficient liquidity to meet its obligations as and when they fall due and forecast this position to continue. Refer to note 14 - *Short term portion of long term borrowings and long term borrowings* for more details.

<u>Cash position</u>

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

<u>Operational performance</u>

For the year ended 28 February 2023, the group reported an operating profit of USD 73.7 million (28 February 2022: 163.8 million) and a net cash inflow from operating activities of USD 216.4 million (28 February 2022: USD 212.5 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency changes in Zimbabwe and South Africa.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the condensed interim financial statements for the period ended 28 February 2023 is appropriate.

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - Financial Reporting in Hyperinflationary Economies should be applied. The group has continued the application of hyperinflation accounting during the year ended 28 February 2023, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

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

2. Accounting policies (continued)

2.2 Zimbabwean currency and hyperinflation accounting (continued)

2.2.1 Zimbabwean currency

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

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

2.2.2 Hyperinflation accounting

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

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

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

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

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

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

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

The directors continue to monitor the economic conditions in Zimbabwe.

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2023.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements and critical estimates applied by the group in the preparation of these condensed consolidated interim financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2023. In addition, the following significant accounting judgements and critical estimates have also been made:

Key judgements

Revenue Recognition

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

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or provision or disclosed as a contingent liability. Where this judgement relates to uncertain tax positions, the group draws on its experience in settling previous open tax issues, having taken into account the basis for the challenge, the evidence available and the technical arguments. Refer to note 26 - *Contingent liabilities* for further disclosure.

2. Accounting policies (continued)

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

Key estimates

Impairment of goodwill

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

Impairment of investment

The assessment of whether there is an impairment in the carrying value of an investment requires an estimation of the value in use of the cash generating unit to which the investment relates. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value of the recoverable amount.

Hyperinflation accounting

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

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

For more information on the Zimbabwean currency and hyperinflation accounting, see note 2.2.

3. Segment information

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

The group categorises its revenue streams as shown below:

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

For comparison, the previous revenue streams were:

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

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

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

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

- Restructuring costs
- Acquisition and other investment costs
- Fair value (loss) / gain on derivatives assets
- Gain on disposal of investments at Fair Value Through Other Comprehensive Income
- Net foreign exchange loss
- Hyperinflation monetary gain (see note 2.2.2)
- Share of profits of associate

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

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 28 February 2023 (Audited).

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

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 28 February 2022 (Audited).

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

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

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 28 February 2023 (Unaudited).

	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	43,651	31,333	50,251	22,687	-	(22,311)	125,611
C2	12,570	1,527	2,921	3,924	-	(2,655)	18,287
Dataport	2,486	560	1,734	14,201	-	(3,742)	15,239
Voice traffic	1,851	24	7	17,939	-	(267)	19,554
Inter-segmental revenue	(2,228)	(130)	(7,238)	(19,379)	-	28,975	-
Group External Revenue	**58,330**	**33,314**	**47,675**	**39,372**	**-**	**-**	**178,691**
Adjusted EBITDA	31,373	19,995	20,594	14,418	(3,826)	(1,074)	81,480
Depreciation, impairment and amortisation							(81,411)
Acquisition and other investment costs							(490)
Fair value loss on derivatives assets							(4,160)
Interest income							4,775
Finance costs							(21,105)
Foreign exchange loss							(27,311)
Hyperinflation monetary gain							17,953
Share of profits of associate							12
Profit before taxation							**(30,257)**
Tax expense							(1,270)
Profit for the period							**(31,527)**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 28 February 2022 (Unaudited).

	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	54,335	54,779	33,092	18,520	-	(18,380)	142,346
C2	4,427	4,282	1,876	3,321	-	(2,234)	11,672
Dataport	1,756	993	3,161	9,328	-	(3,141)	12,097
Voice traffic	2,312	18	4	22,553	-	(346)	24,541
Inter-segmental revenue	(1,797)	(260)	(5,169)	(16,875)	-	24,101	-
Group External Revenue	**61,033**	**59,812**	**32,964**	**36,847**	**-**	**-**	**190,656**
Adjusted EBITDA	27,028	25,563	13,235	13,019	(1,416)	(4,916)	72,513
Depreciation, impairment and amortisation							(42,637)
Fair value loss on derivatives assets							(9,486)
Interest income							9,699
Finance costs							(21,192)
Foreign exchange loss							(47,134)
Hyperinflation monetary gain							40,937
Share of profits of associate							6
Profit before taxation							**2,706**
Tax expense							(26,944)
Loss for the period							**(24,238)**

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

4. Restructuring costs

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Redundancy costs	-	20	-	-
	-	**20**	**-**	**-**

5. Interest income

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Interest received - bank / external	1,542	2,864	674	687
Interest received - inter-group (note 18)	15,691	15,456	4,101	9,012
	17,233	**18,320**	**4,775**	**9,699**

6. Finance costs

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Interest on loans	25,588	21,737	5,813	4,992
Finance cost on Senior Secured Notes	34,100	34,100	8,525	8,809
Finance arrangement fees amortised	3,674	4,269	917	1,282
Interest on lease liabilities	11,747	12,555	5,777	6,082
Interest paid - inter-group (note 18)	219	123	73	27
	75,328	**72,784**	**21,105**	**21,192**

7. Taxation

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Current taxation	23,386	34,395	3,324	7,950
Deferred taxation (credit) / charge	(34,062)	17,602	(4,022)	14,515
Withholding taxation	8,211	9,696	1,968	4,479
	(2,465)	**61,693**	**1,270**	**26,944**

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
(Loss) / profit before taxation	(90,473)	119,917	(30,257)	2,706
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(24,699)	26,332	(9,534)	(3,751)
Tax effect of non-deductible expenses	33,061	69,794	(3,374)	35,686
Tax effect of non-taxable income	-	(5,713)	102	(599)
Tax effect of foreign tax credit	(1,194)	(2,581)	(1,194)	1,336
Effect of tax losses not recognised as deferred tax assets	912	9,053	2,159	7,638
Tax effect of utilised unrecognised tax losses	(930)	(14,444)	5,144	(6,682)
Tax effect on IAS 29 adjustments	(17,826)	(30,444)	5,929	(11,142)
Withholding taxation	8,211	9,696	2,038	4,458
	(2,465)	**61,693**	**1,270**	**26,944**

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

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

8. Goodwill

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Cost		
Opening balance	129,182	129,364
Impairment (see below)	(36,081)	(245)
Foreign exchange loss	(16,525)	(1,596)
Adjustments - IAS 29	-	1,659
Closing balance	**76,576**	**129,182**

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

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (see below)	5,581	1,441
Zimbabwe Online (Private) Limited (see below)	-	4,140
Liquid Telecommunications Holdings South Africa (Pty) Limited	60,360	112,966
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	76,576	**129,182**

Goodwill is tested at least annually for impairment as required by IAS 36 - *Impairment of assets* . The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period. Each CGU is considered to be the operating company, as this is the lowest level of identifiable assets that generate cash inflows, independent from other assets or groups of assets.

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

• The cash flows used are based on Board approved budgets and only take into account cash flows arising from the current asset base and not from any future developments in technology, acquisitions or change in business model and this includes certain cash flows which are anticipated but not yet fully contracted.
• Assessment is performed on a value in use basis, using a 5-year discounted cash flow method.
• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 0.5% to 4.2%.
• Discount rates: The country specific Weighted Average Cost of Capital ("WACC") is used as the discount rate which ranges from 10.3% to 21.5% (post-tax). The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

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

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

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

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

<u>Sensitivity analysis</u>

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

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

<u>Other CGUs</u>

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

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

• Sensitivity analysis

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

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

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

LIQUID INTELLIGENT TECHNOLOGIES

9. Intangible assets

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Other Intangible Assets* USD'000	Total USD'000
Cost:							
At 1 March 2021 (Audited)	31,465	44,926	116,260	34,465	2,975	50,215	280,306
Disposal of subsidiary	(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)
Transfers	-	846	121	-	(846)	(121)	-
Reclassification	-	-	-	-	-	(372)	(372)
Transfers from Property, plant and equipment (note 10)	-	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
Transfer to Right-of-Use assets (note 11)	-	-	(114,951)	-	-	-	(114,951)
At 28 February 2022 (Audited)	33,130	42,761	-	34,302	8,758	52,009	170,960
Purchases during the year	7,747	5,285	-	-	1,102	-	14,134
Disposals during the year	(887)	(4,931)	-	-	(25)	-	(5,843)
Transfers	-	831	-	-	(831)	-	-
Write off	-	(142)	-	-	-	-	(142)
Foreign exchange differences	(10,217)	(8,374)	-	(7,952)	-	(4,887)	(31,430)
Adjustments - IAS 29	2,621	922	-	-	-	-	3,543
Transfer to pre-commencement lease payments	-	-	-	-	(5,900)	-	(5,900)
At 28 February 2023 (Audited)	32,394	36,352	-	26,350	3,104	47,122	145,322
Accumulated amortisation:							
At 1 March 2021 (Audited)	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 11)	-	-	(65,312)	-	-	-	(65,312)
Transfers to Property, plant and equipment (note 10)	-	-	(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 (Audited)	13,898	34,718	(13)	18,298	-	26,454	93,355
Amortisation	2,259	4,194	-	3,053	-	531	10,037
Disposals during the year	(442)	(4,844)	-	-	-	-	(5,286)
Write offs	-	(142)	-	-	-	-	(142)
Foreign exchange differences	(4,781)	(6,390)	13	(2,678)	-	(4,805)	(18,641)
Adjustments - IAS 29	1,190	595	-	-	-	-	1,785
At 28 February 2023 (Audited)	12,124	28,131	-	18,673	-	22,180	81,108
Carrying amount:							
At 28 February 2022 (Audited)	19,232	8,043	13	16,004	8,758	25,555	77,605
At 28 February 2023 (Audited)	20,270	8,221	-	7,677	3,104	24,942	64,214

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

LIQUID INTELLIGENT TECHNOLOGIES

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2023

10. Property, plant and equipment

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:								
At 1 March 2021 (Audited)	21,540	12,252	33,812	95,560	11,399	57,933	1,087,506	1,320,002
Disposal of subsidiaries	-	-	-	-	-	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 9)	-	-	-	-	-	(1,050)	-	(1,050)
Transfer (to)/from inventory	-	-	(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 (Audited)	21,764	12,084	33,077	108,802	13,151	45,602	1,179,054	1,413,534
Additions during the year	428	487	1,431	3,911	677	38,905	47,472	93,311
Disposals during the year	(944)	(275)	(2,703)	(1,265)	(29)	(2,722)	(29,952)	(37,890)
Impairment	-	-	-	-	-	(165)	(2,200)	(2,365)
Write offs	-	(74)	(117)	(1,132)	-	(11)	(209)	(1,543)
Transfers	-	142	235	2,464	182	(30,959)	27,936	-
Transfer to inventory	-	-	-	-	-	(7)	(15)	(22)
Foreign exchange differences	(6,663)	(3,801)	(4,222)	(19,692)	(6,816)	(14,136)	(462,654)	(517,984)
Adjustments - IAS 29	1,442	964	536	571	2,623	3,876	139,507	149,519
At 28 February 2023 (Audited)	16,027	9,527	28,237	93,659	9,788	40,383	898,939	1,096,560
Accumulated depreciation								
At 1 March 2021 (Audited)	7,342	9,675	28,646	88,170	8,575	(2,257)	500,225	640,376
Depreciation	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 9)	-	-	-	-	-	-	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 (Audited)	7,671	10,061	30,258	96,242	9,890	(2,257)	555,432	707,297
Depreciation	298	622	1,409	9,277	622	-	49,140	61,368
Disposals during the year	(944)	(278)	(2,689)	(1,141)	(24)	-	(29,361)	(34,437)
Write offs	-	(63)	(117)	(1,053)	-	-	(55)	(1,288)
Foreign exchange differences	(1,296)	(3,082)	(3,646)	(15,118)	(5,109)	-	(186,891)	(215,142)
Adjustments - IAS 29	-	508	263	78	1,318	-	50,552	52,719
At 28 February 2023 (Audited)	5,729	7,768	25,478	88,285	6,697	(2,257)	438,817	570,517
Carrying amount:								
At 28 February 2022 (Audited)	14,093	2,023	2,819	12,560	3,261	47,859	623,622	706,237
At 28 February 2023 (Audited)	10,298	1,759	2,759	5,374	3,091	42,640	460,122	526,043

LIQUID INTELLIGENT TECHNOLOGIES

11. Right-of-Use assets

	Land and buildings USD'000	Furniture and fittings USD'000	Network equipment USD'000	Motor vehicles USD'000	Fibre infrastructure USD'000	Fibre Optical - IRU USD'000	Total USD'000
Cost:							
At 1 March 2021 (Audited)	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)
Foreign exchange differences	(6,682)	-	2,638	37	81	(171)	(4,097)
Adjustments - IAS 29	24,450	-	-	-	-	-	24,450
Transfer from intangible assets (note 9)	-	-	-	-	-	114,951	114,951
At 28 February 2022 (Audited)	117,935	16	43,352	2,343	34,959	114,780	313,385
Additions during the year	24,935	-	10,254	240	62,905	3,998	102,332
Disposals during the year*	(2,504)	(16)	(51)	(149)	(3,958)	(466)	(7,144)
Transfer from pre-commencement lease payments**	-	-	-	-	-	33,541	33,541
Write offs	(2,581)	-	-	-	-	-	(2,581)
Foreign exchange differences	(57,240)	-	(1,231)	(353)	(6,659)	(3,568)	(69,051)
Adjustments - IAS 29	20,624	-	-	-	-	-	20,624
At 28 February 2023 (Audited)	101,169	-	52,324	2,081	87,247	148,285	391,106
Accumulated depreciation:							
At 1 March 2021 (Audited)	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 9)	-	-	-	-	-	65,312	65,312
At 28 February 2022 (Audited)	38,407	-	18,232	1,584	21,383	65,092	144,698
Depreciation	15,434	-	14,191	512	18,032	5,822	53,991
Disposals during the year*	(1,795)	-	(50)	(149)	(3,448)	(349)	(5,791)
Write offs	(2,581)	-	-	-	-	-	(2,581)
Foreign exchange differences	(12,896)	-	(374)	(272)	(4,392)	(3,100)	(21,034)
Adjustments - IAS 29	504	-	-	-	-	-	504
At 28 February 2023 (Audited)	37,073	-	31,999	1,675	31,575	67,465	169,787
At 28 February 2022 (Audited)	79,528	16	25,120	759	13,576	49,688	168,687
At 28 February 2023 (Audited)	64,096	-	20,325	406	55,672	80,820	221,319

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

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

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

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Cash and bank balances	88,393	154,121
Money market deposits	-	432
Cash and cash equivalents	**88,393**	**154,553**
Restricted cash and cash equivalents	**425**	**9,090**
Total cash and cash equivalents	**88,818**	**163,643**

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

Cash and cash equivalents include USD 28.3 million (28 February 2022: USD 80.3 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 892.6:1 (28 February 2022: ZWL$:USD of 124.0:1). See *note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.*

The group has restricted cash for the following purposes:

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Guarantees	1	7,501
Customer deposits held	424	1,589
	425	**9,090**

13. Trade and other receivables

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Trade receivables	128,959	129,411
Related parties (note 18)	35,436	29,423
Expected credit loss provision	(42,372)	(44,874)
Total trade and related parties receivables, net of expected credit loss provision	**122,023**	**113,960**
Short-term inter-company receivables (note 18)	21,813	46,307
Sundry debtors	61,735	41,834
Deposits paid	5,051	4,832
Prepayments	36,305	31,011
	246,927	**237,944**

Sundry debtors mainly include accrued income, VAT receivable and non-operating receivables.

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 based on the assumptions about risk and probability of default and expected loss rates. The group assesses the recoverability on both a collective and individual basis.

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

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

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

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

The trade receivables and related parties balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an expected credit loss provision, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

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

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Long-term borrowings:		
USD 620 million 5.5% Senior Secured Notes (i)	609,840	606,973
Net settled: Embedded derivatives (note 22)	1,878	-
USD 220 million equivalent South African Rand term loan (ii)	150,406	198,350
Stanbic Bank of Zambia Limited (iii)	1,249	4,193
	763,373	**809,516**
Short-term portion of long term borrowings (including interest accrued):		
USD 620 million 5.5% Senior Secured Notes (i)	17,050	17,050
USD 220 million equivalent South African Rand term loan (ii)	13,800	13,050
Stanbic Bank of Zambia Limited (iii)	3,636	2,795
USD 60 million revolving credit facility (iv)	201	198
	34,687	**33,093**

(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, 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.

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

(ii) On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a 5 year ZAR 3.3 billion term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan was initially split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively. The syndicators of this loan are: Standard Bank of South Africa Limited, Sanlam Investment Management Pty Ltd, Sanlam Life Insurance Ltd, State Bank of India (SBI), Stanlib Asset Management and Liberty Group. In June 2021, Liquid Telecommunications South Africa (Pty) Limited refinanced a portion of the term loan, amounting to ZAR 1.0 billion, with the International Finance Corporation with interest payable quarterly at JIBAR plus 5%. Following the refinancing, the term loan is now split between an amortising tranche and two separate bullet repayment tranches, representing one third and two thirds respectively of the term loan.

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

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

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

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

15. Lease liabilities

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Long-term portion of lease liabilities	103,661	66,420
Short-term portion of lease liabilities	31,342	31,009
	135,003	**97,429**

16. Trade and other payables

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Trade accounts payable	103,202	61,786
Payable balance to related parties (note 18)	15,779	7,661
Short-term inter-company payables (note 18)	-	9,586
Accruals	45,920	51,833
Staff payables	4,745	3,813
Transaction taxes due in various jurisdictions	4,456	8,875
Other short-term payables	16,202	4,652
	190,304	**148,206**

16. Trade and other payables (continued)

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

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

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

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

17. Deferred revenue

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Long-term portion of deferred revenue	65,553	68,565
Short-term portion of deferred revenue	33,806	24,433
	99,359	**92,998**

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

18. Related party transactions and balances

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

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

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

• Liquid Technologies Infrastructure Finance SARL;

• Liquid Intelligent Technologies Limited;

• Liquid Delta (Jersey) Limited;

• Telrad Networks Ltd; and

• Liquid Telecommunications (Jersey) Ltd.

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

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

	12 months ended		3 months ended	
	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)	28/02/2023 USD'000 (Unaudited)	28/02/2022 USD'000 (Unaudited)
Sales of goods and services				
Econet Global related group companies	81,367	127,006	21,814	31,034
Purchase of goods and services				
Econet Global related group companies	26,911	27,315	9,918	7,939
Management fees paid				
Econet Global related group companies	240	240	60	60
Management fees received				
Africa Data Centres related group companies	397	1,007	-	239
Econet Global related group companies	177	414	-	355
Liquid Intelligent Technologies Limited	122	-	30	-
Liquid Telecommunications (Jersey) Ltd	1,773	60	542	60
	2,469	1,481	572	654
Dividend				
Other shareholders (net of taxes)	441	316	812	332
Interest income				
Econet Global related group companies	419	216	138	56
Liquid Intelligent Technologies Limited	162	26	53	26
Africa Data Centres related group companies	15,110	15,214	3,910	8,930
	15,691	15,456	4,101	9,012
Finance costs				
Liquid Technologies Infrastructure Finance SARL	219	123	73	27
Administration fees paid				
DTOS Limited	321	292	178	144

18. Related party transactions and balances (continued)

The group has the following balances at the year end:

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
Short-term receivables from related parties		
Africa Data Centres related group companies	17,119	45,569
Liquid Technologies Infrastructure Finance SARL	3,348	-
Liquid Intelligent Technologies Limited	7	7
Econet Global related group companies	1,339	731
	21,813	**46,307**
Short-term payables from related parties		
Liquid Technologies Infrastructure Finance SARL	-	6,704
Liquid Telecommunications (Jersey) Ltd	-	2,882
	-	**9,586**
Receivables balances from related parties		
Econet Global Limited (Mauritius)	4,999	4,999
Liquid Technologies Infrastructure Finance SARL	-	613
Econet Global Related Group Companies	27,422	19,063
Liquid Delta (Jersey) Limited	28	28
Telrad Networks Ltd	2,697	-
Liquid Intelligent Technologies Limited	290	180
Africa Data Centres related group companies	-	4,540
	35,436	**29,423**
Payable balance to related parties		
Econet Global related group companies	1,045	4,429
Africa Data Centres related group companies	10,313	1,702
Liquid Technologies Infrastructure Finance SARL	4,421	1,530
	15,779	**7,661**
Long-term receivables from related parties		
Africa Data Centres related group companies	129,771	153,737
Liquid Intelligent Technologies Limited	2,794	2,005
Econet Global related group companies	671	-
	133,236	**155,742**
Long-term payable to related parties		
Africa Data Centres related group companies	-	428

19. Capital commitments

	28/02/2023 USD'000 (Audited)	28/02/2022 USD'000 (Audited)
At 28 February 2023, the group was committed to making the following capital commitments:		
Authorised and contracted	34,684	33,001

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

20. Events after reporting date

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

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

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

21. Dividend

Year ended 28 February 2023:

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

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

Year ended 28 February 2022:

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

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

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

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

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
28 February 2023				
Investments at FVTOCI (i)	-	-	15,314	15,314
Total (Audited)	**-**	**-**	**15,314**	**15,314**

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
28 February 2022				
Investments at FVTOCI (i)	-	-	15,314	15,314
Net settled: Embedded derivatives (ii)	-	2,119	-	2,119
Total (Audited)	**-**	**2,119**	**15,314**	**17,433**

(i) Investments at Fair Value Through Other Comprehensive Income (FVTOCI)

	28/02/2023	28/02/2022
	USD'000	USD'000
	(Audited)	(Audited)
Opening balance	15,314	23,814
Disposal	-	(8,500)
Closing balance	**15,314**	**15,314**

During the year ended 28 February 2022, 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.

(ii) Net settled: Embedded derivatives

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

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

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

The key assumptions used to estimate the fair value are:

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

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 28 February 2023					
Net settled: Embedded derivatives	-	-	-	-	-
Group - 28 February 2022					
Net settled: Embedded derivatives	-	-	2,119	-	2,119

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

23. Non-cash transactions

In the current financial period, the non-cash portion of finance costs consists of USD 3.7 million (28 February 2022: USD 4.3 million) of amortised arrangement fees relating to the USD 620 million 5.5% Senior Secured Notes and USD 220 million equivalent South African Rand term loan. Accrued interest of USD 17.1 million (28 February 2022: USD 17.2 million) has been excluded from financing activities as at 28 February 2023.

24. (Loss) / profit per share

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Basic (loss) / profit per share (Cents per share)	(70.13)	46.15	(25.14)	(18.67)

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

(Loss) / profit attributable to owners of the company	(87,565)	57,618	(31,393)	(23,319)

	28/02/2023	28/02/2022
	USD'000 (Audited)	USD'000 (Audited)
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share for the period ended	124,857,914	124,857,914

At 28 February 2023, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (28 February 2022: 124,857,914 ordinary shares).

25. Profit on disposal of subsidiaries under common control

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

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

26. Contingent liabilities

Uncertain Tax Positions

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

27. Reconciliation

27.1 Reconciliation of Operating profit to Adjusted EBITDA

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

	12 months ended		3 months ended	
	28/02/2023	28/02/2022	28/02/2023	28/02/2022
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	73,697	163,774	69	29,876
Add back:				
Depreciation, impairment and amortisation	164,204	135,724	81,411	42,637
Adjusted EBITDA (note 3)	**237,901**	**299,498**	**81,480**	**72,513**

27. Reconciliation (continued)

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

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

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

	Consolidated statement of profit or loss USD'000 (Audited)	Reclassification of network costs USD'000 (Audited)	Revised statement of profit or loss USD'000 (Audited)
12 months ended 28 February 2023:			
Revenue	622,506	-	622,506
Interconnect related costs	(50,023)	-	(50,023)
Data and network related costs	(158,614)	35,578	(123,036)
Gross Profit	413,869	35,578	449,447
Other income	7,762	-	7,762
Selling, distribution and marketing costs	(9,513)	-	(9,513)
Expected credit loss provision	(9,894)	-	(9,894)
Administrative expenses	(57,089)	(35,578)	(92,667)
Staff costs	(107,234)	-	(107,234)
Adjusted EBITDA	**237,901**	**-**	**237,901**
12 months ended 28 February 2022:			
Revenue	711,724	-	711,724
Interconnect related costs	(70,553)	-	(70,553)
Data and network related costs	(144,941)	33,481	(111,460)
Gross Profit	496,230	33,481	529,711
Other income	11,118	-	11,118
Selling, distribution and marketing costs	(9,869)	-	(9,869)
Expected credit loss provision	(10,477)	-	(10,477)
Administrative expenses	(65,043)	(33,481)	(98,524)
Staff costs	(122,461)	-	(122,461)
Adjusted EBITDA	**299,498**	**-**	**299,498**
3 months ended 28 February 2023:			
Revenue	178,691	-	178,691
Interconnect related costs	(15,942)	-	(15,942)
Data and network related costs	(39,852)	8,679	(31,173)
Gross Profit	122,897	8,679	131,576
Other income	5,488	-	5,488
Selling, distribution and marketing costs	(2,148)	-	(2,148)
Expected credit loss provision	(3,781)	-	(3,781)
Administrative expenses	(16,200)	(8,679)	(24,879)
Staff costs	(24,776)	-	(24,776)
Adjusted EBITDA	**81,480**	**-**	**81,480**
3 months ended 28 February 2022:			
Revenue	190,656	-	190,656
Interconnect related costs	(17,135)	-	(17,135)
Data and network related costs	(38,826)	7,807	(31,019)
Gross Profit	134,695	7,807	142,502
Other income	6,463	-	6,463
Selling, distribution and marketing costs	(3,340)	-	(3,340)
Expected credit loss provision	(9,159)	-	(9,159)
Administrative expenses	(23,680)	(7,807)	(31,487)
Staff costs	(32,466)	-	(32,466)
Adjusted EBITDA	**72,513**	**-**	**72,513**

28 Immediate, intermediate 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.