Q1 24 Results

27 July 2023

Disclaimer

The information in this presentation (the "Presentation") is the property of Liquid Telecommunications Holdings Limited. Save as specifically agreed in writing by Liquid Telecommunications Holdings Limited and certain of its subsidiaries (the “Company” and the “Group”), the Presentation must not be copied, reproduced, distributed or passed, in whole or in part, to any other person.

This information is given in good faith based upon the latest information available to Liquid Telecommunications Holdings Limited, no representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, no responsibility or liability is or will be accepted by any member of the Group or by any of their respective direct or indirect shareholders, officers, servants or agents, representatives, advisers, financing parties or affiliates as to or in relation to the fairness or completeness of the Presentation or the information forming the basis of this Presentation or for any reliance placed on the Presentation by any person whatsoever. In particular, but without prejudice to the generality of the foregoing, no representation or warranty is given as to the achievement or reasonableness of any future projections, targets, estimates or forecasts contained in the Presentation. The contents of which must not be taken as establishing any contractual or other commitment binding upon Liquid Telecommunications Holdings Limited or any of its subsidiary or associated companies.

To the extent this Presentation contains forward looking information, these forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth and strategies.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements set out in this Presentation. In addition, even if the results of operations, financial condition and liquidity of the Group, and the development of the industry in which the Group operates, are consistent with the forward-looking statements set out in this Presentation, those results or developments may not be indicative of results or developments in subsequent periods. Liquid Telecommunications Holdings Limited is under no obligation to revise, update, modify or amend the information in this document or to otherwise notify a third-party recipient if any information, opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate regardless of whether those statements are affected as a result of new information, future events or otherwise.

Presenters and Agenda

Hardy Pemhiwa
Chief Executive Officer

1. Key Priorities

Eric Thompson
Chief Financial Officer

2. Financial Review

Hardy Pemhiwa

1. Key Priorities

LIQUID
INTELLIGENT TECHNOLOGIES

The Pan-African Fibre Broadband and Digital Solutions Champion

Key investment highlights

1. Digital Enabler for Businesses Underpinned by Strong Macroeconomic and Sector Trends
2. Most Expansive Independent Pan-African Fibre Network with Digital Solutions Offerings
3. Diversified Product Portfolio that Serves a Blue-Chip Customer Base

   Google Microsoft FACEBOOK vodacom MTN orange airtel
4. Low Risk Business Model with High Operating Leverage, Well Positioned for Digital Growth
5. Established Track Record of Sustained and Profitable Growth
6. Prudent Capital Structure with a Strong Shareholder Base and Well-Established Board

Strategic and Financial Progress, More Work To Do

Strong momentum

- Underlying revenue growth
- Churn and MRR
- Hyperscale clients and partnerships

Progress being made

- Implementation of operating model
- Discretionary capex reduction
- Operating leverage
- Investor engagement

Work to do

- FX/inflation mitigation
- Operating free cash flow, receivables
- Leverage and refinancing
- Reporting: simplification, timing and KPIs

Source: Company information

2026 (2025) Refinance Plan

- Top of mind
- Intention to move away from a single maturity
- Targeting improved correlation between lending and earnings currencies
- Fibre is a long-term asset, intention to refinance during 2025 but at a reduced leverage
    1. Drive improvement in business fundamentals
    2. Monetise assets
    3. Shareholder support
- We will continue to provide regular progress updates

Source: Company information

Significant Minority Shareholder Base

British International Investment

>10%

Gateway | Partners

IFC

rbh
royal bafokeng holdings

All c.5-10%

AFREXIMBANK

<5%

Combined c.40%

Source: Company information

Eric Thompson

2. Financial Review

Q1 FY 24 Financial Highlights

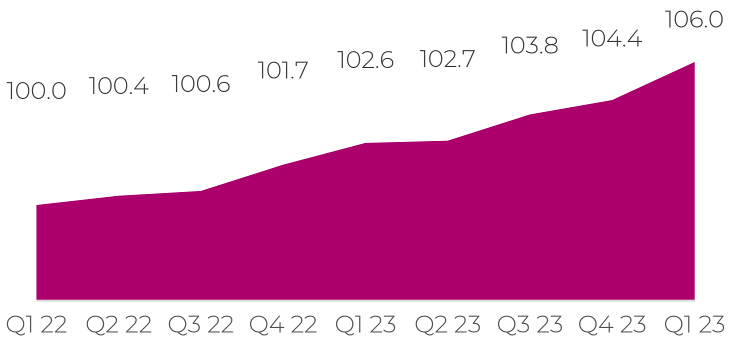
A strong start to the year

- Reported revenue grew 22.0% YoY to USD 174.5 million driven by strong performances in Network, C2 and Dataport, notably in Rest of Africa and Zimbabwe
  - Excluding the impact of the adverse FX movement in South Africa total revenue grew 29.6% YoY
- Adjusted EBITDA[1] increased 53.3% YoY in the first quarter to USD 71.0 million driven by growth across all regions
- Cash generated from operations increased 4.3% YoY to USD 40.8 million as the higher adjusted EBITDA was partially offset by working capital, largely due to significant IRU billings
- Net debt[2] of USD 849.7m million, this reduction combined with the higher adjusted EBITDA resulted in net debt to adjusted EBITDA[1,2,3] of 3.24x, compared to the 3.59x at the end of FY23

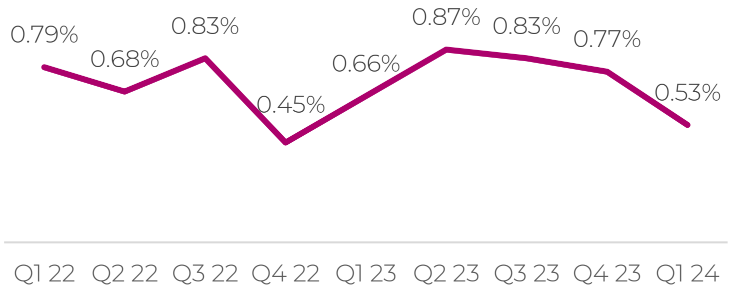
Source: Company information
[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented before recognising the following items: gain on bargain purchase, net foreign exchange (loss)/gain, hyperinflation monetary gain and share 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.

Q1 24 Key Performance Indicators

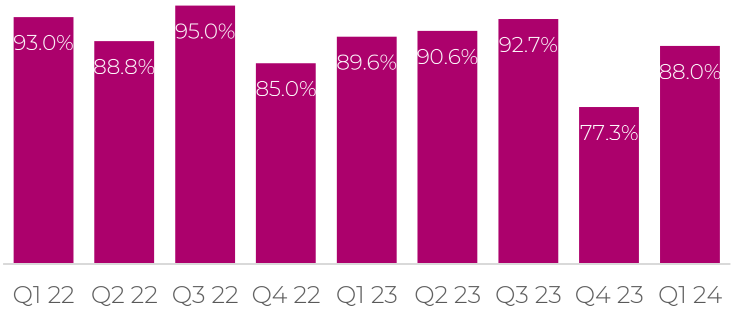
Total fibre network (kms 000)[1]



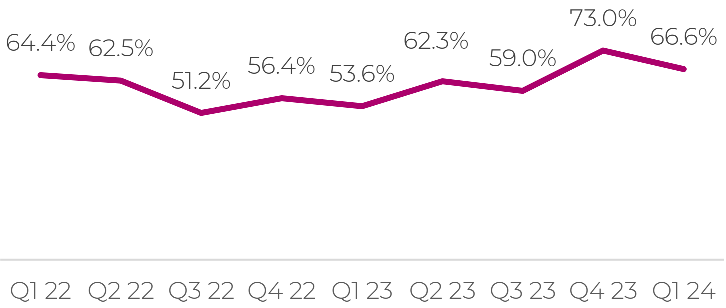
Average churn rate[2]



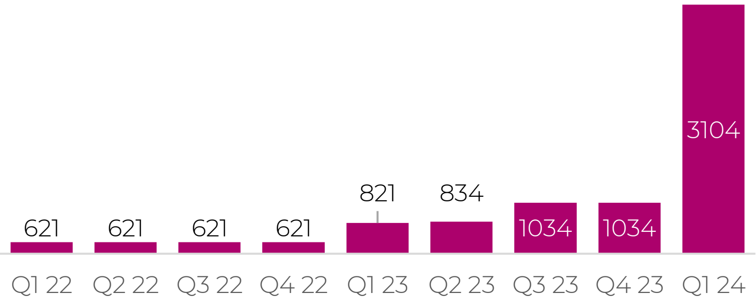
Monthly recurring revenue[3]



Cloud seats growth[4]



Subsea capacity (Gbps)[5]



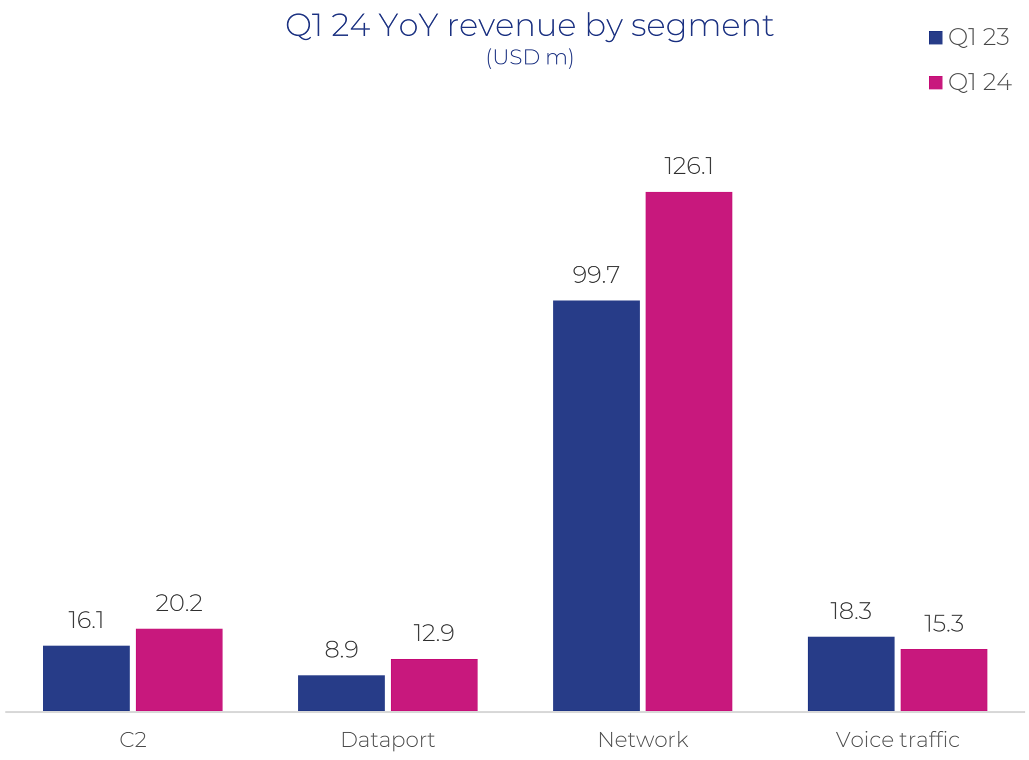
Source: Company information

[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 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).

Q1 24 YoY Revenue by Segment

Good growth in C2, Dataport and Network

- C2 continued to grow strongly, up 25.5% YoY. Growth was driven by the 66.6% increase in Cloud seats with good performances across all geographies, notably in South Africa and Rest of World
- Dataport revenue grew 44.9% YoY driven by growth in Rest of Africa from a deal with a US Technology company
- Network revenue increased by 26.5% YoY driven by growth in Zimbabwe and Rest of Africa, the latter from by dark fibre and IRU deals in the DRC and Kenya. This was partly offset by the FX driven decline in South Africa
- Voice revenue declined 16.4% YoY having been impacted by the global trend away from traditional voice traffic

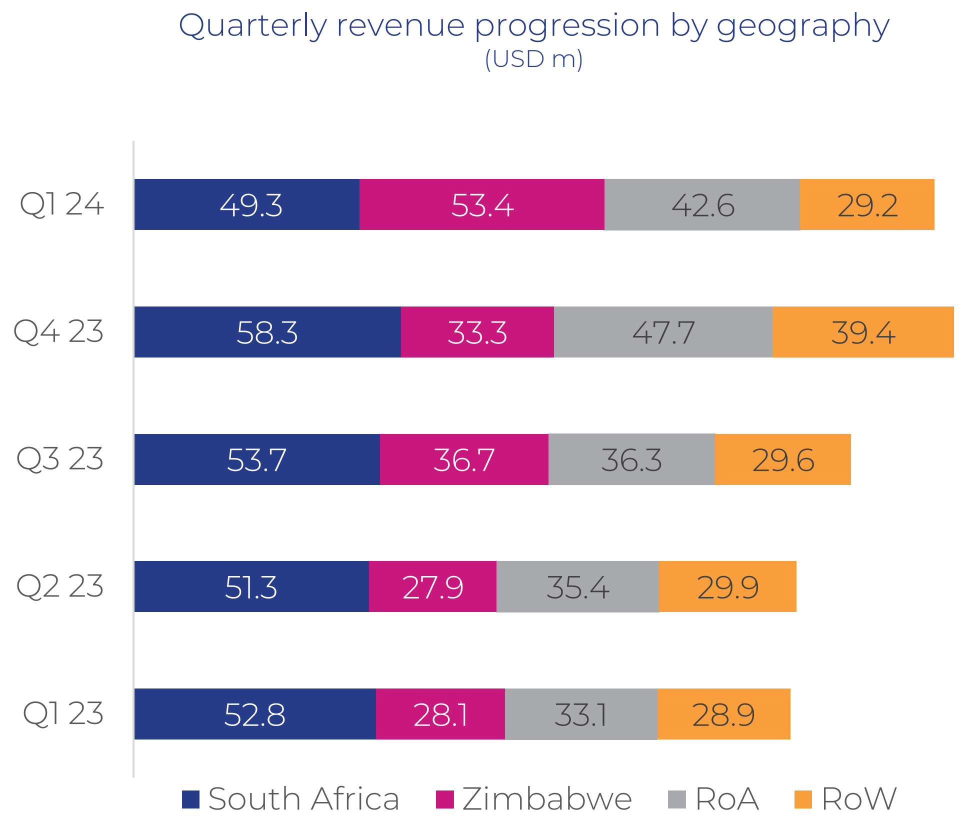


Source: Company information

Quarterly Revenue by Geography

Sequential growth through the year excluding Zimbabwe

- In South Africa, excluding the USD 10.8m impact of FX, underlying revenue grew 13.7% YoY driven by increased sites and capacity upgrades on the Western & Eastern Cape Government contracts and continued growth in a recent contract win in the hospitality sector
- Zimbabwe increased 89.9% as the business benefited from two tariff increases to mitigate inflationary and FX risk
- Rest of Africa revenue grew 28.6% YoY driven by broad based growth across segments and countries
- Rest of World revenue increased 1.1% as Network growth was partly offset by the ongoing decline in Voice



Source: Company information

Summary Income Statement

A strong start to the year

All figures USD m unless stated	Q1 24	Q1 23	YoY
Revenue	174.5	143.0	22.0%
Gross profit	127.9	101.3	26.3%
Gross profit margin (%)	*73.3%*	*70.8%*	*2.5pp*
Overheads and other income	(56.9)	(55.0)	(3.4)%
Adjusted EBITDA	71.0	46.3	53.3%
Adjusted EBITDA margin (%)	*40.7%*	*32.4%*	*8.3pp*

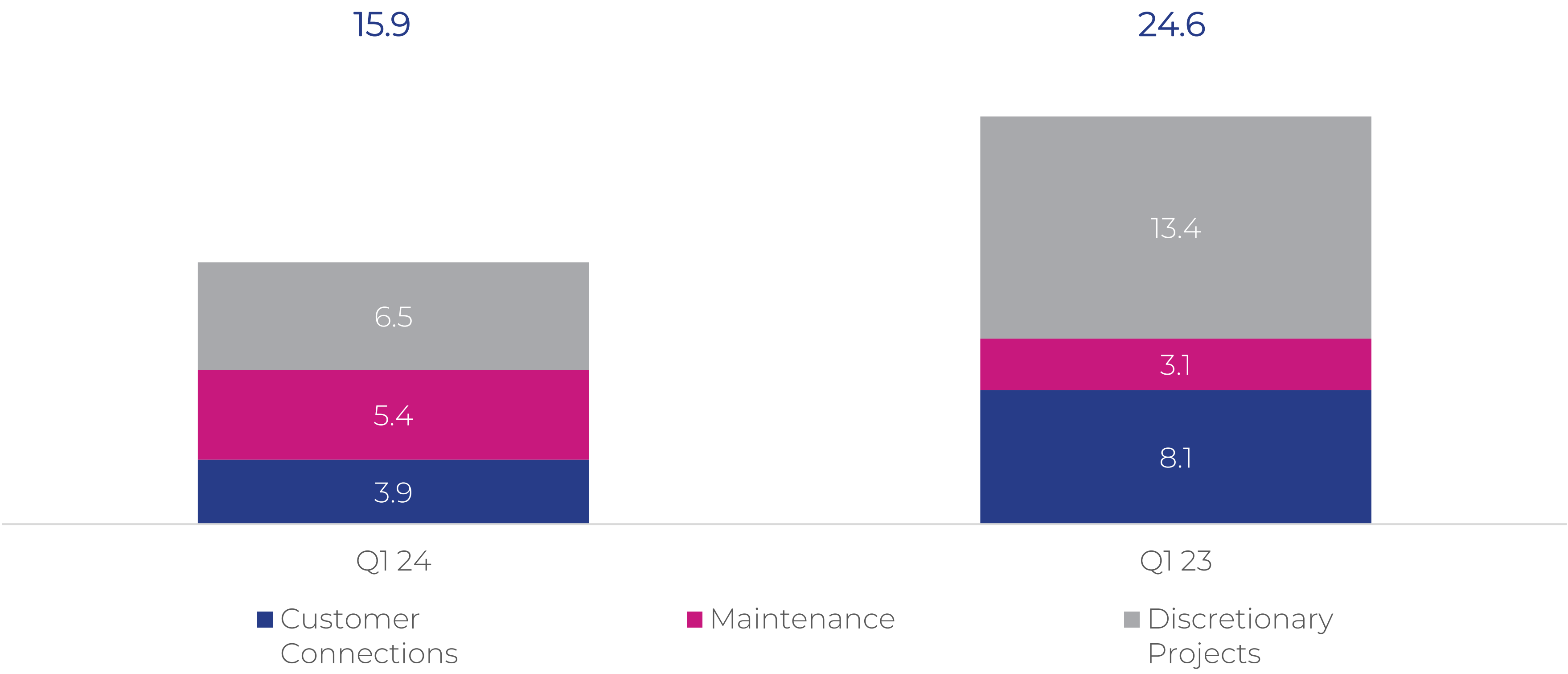
Source: Company information

Capex Q1 24

Reduction in discretionary capex

Capex by type

(USDm)



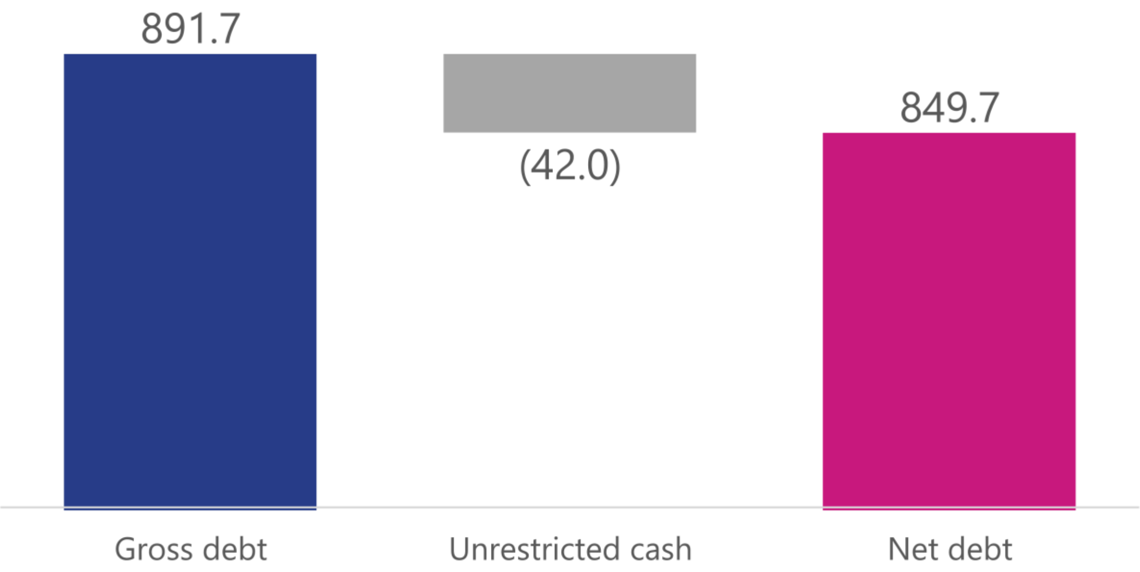
Source: Company information

Cash Flow Q1 24

Source: Company information

Debt and Leverage

Gross and net debt as at May-23
(USD m)

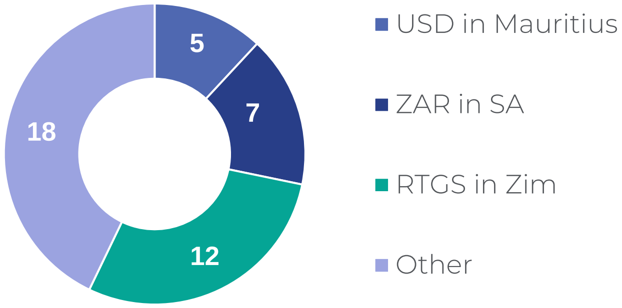


Reported leverage	3.24x
Covenant threshold	4.00x

Source: Company information

Cash and Capital structure

Cash holdings as at Q1 24 (USD m)



USD 620m Senior Secured Notes

- Covenants is incurrence and on a gross basis
- Debt incurrence ratio of 4.25x throughout life

USD 220m equivalent Term Loan (and Undrawn RCF)

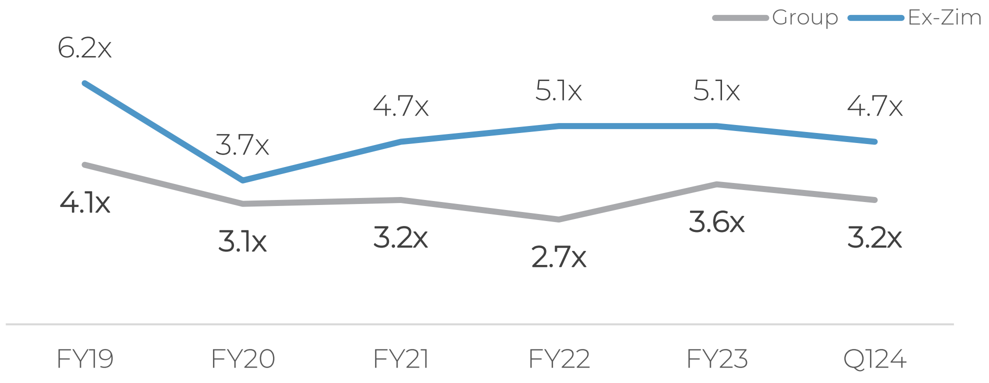
- Covenants are maintenance and on a net basis
  - Net Leverage not exceeding 4.0x until Feb-24, then stepping down to 3.0x by Aug-24
  - Interest Cover to be greater than 2.50x
  - Cumulative Debt Service Coverage Ratio not less 1.30x
- Tranche B amortising, instalments:
  - 8.75% @ Sep-22 & Mar-23
  - 11.25% @ Sep-23 & Mar-24
  - 15.00% @ Sep-24, Mar-25, Sep-25 & Mar-26

All covenants tested quarterly on a 12 months trailing basis on consolidated financials at the LTH Group level

Source: Company information

Prudent Capital Structure

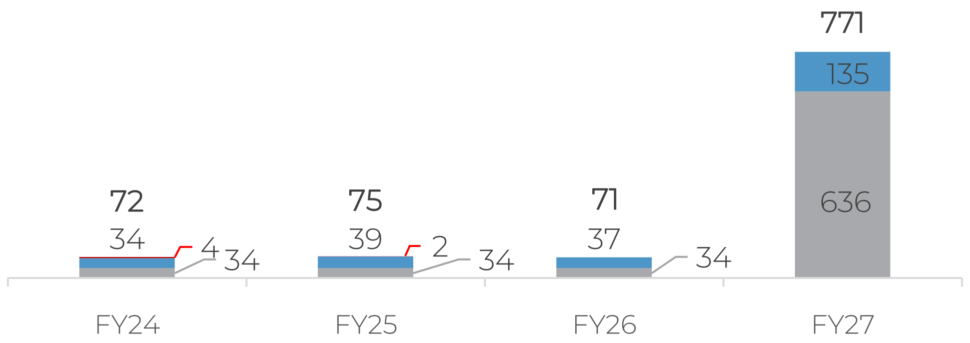
Net Leverage Profile



Capitalisation Table (USD m)

	As at 31st May 2023	As at 28th Feb 2023
USD 620m 5.5% Senior Secured Notes due Sep. 2026	620.0	620.0
USD ~147m 11.29% equivalent ZAR Term Loan due Mar. 2026: (Tranche A)	108.3	116.4
USD ~73m 11.79% equivalent ZAR Term Loan due Mar 2026: (Tranche B)	46.4	49.8
USD 23.3m 23.50% equivalent Zambian Kwacha Term Loan due 2025	4.3	4.9
Other Indebtedness (incl. lease liabilities and unamortised fees)	112.7	152.4
Total Indebtedness	891.7	943.5
Cash and Cash Equivalents	42.0	88.4
Net Leverage	849.7	855.1
LTM Adjusted EBITDA	262.6	237.9
Net Leverage Ratio	3.24x	3.59x

Debt Servicing Profile (USD m)



Key Takeaways

- As at end Q1 24, USD 102m of liquidity:
  - Including undrawn USD 60m RCF
  - USD 42m of unrestricted cash, of which USD 12m in Zimbabwe
- Stable net leverage ratio
  - Q1 FY24 uptick due to increase in South African, Zimbabwean and Rest of Africa EBITDA .
- Term Loan amortisations in near term

Source: Company information

^ Assumed ZAR:USD rates: FY24 18.54:1, FY25 17.07:1, FY26 17.03:1, FY27 17.03

FY24 Outlook considerations

Revenue & Adjusted EBITDA

- Expect growth in local currency
- Internal focus on USD revenue
- Further exchange rate volatility across Africa likely

Cash

- Free cash flow positive on operational basis before FX movements
- Capex in the USD 80 million to USD 100 million range

Q&A