Q2 24 Results

19 October 2023

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Presenters and Agenda

Hardy Pemhiwa
Chief Executive Officer

1. Strategic Update

Eric Thompson
Chief Financial Officer

2. Financial Review

Hardy Pemhiwa

1. Strategic Update

LIQUID
INTELLIGENT TECHNOLOGIES

The Pan-African Fibre Broadband and Digital Solutions Champion

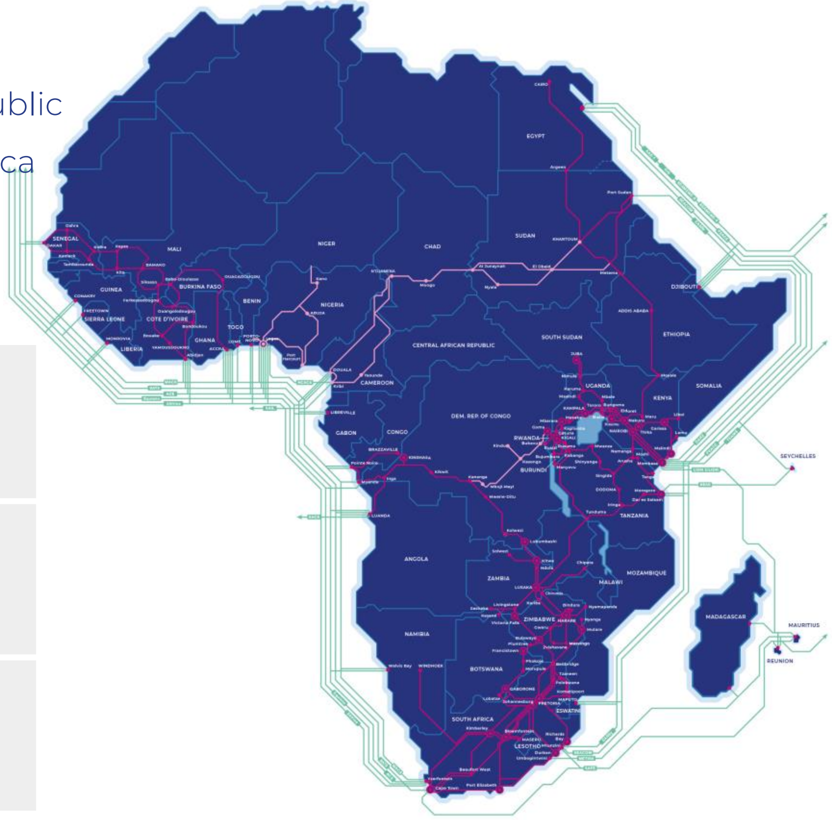
Key investment highlights

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
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

Snapshot of the Group

Overview

- High-speed, reliable connectivity and digital services to consumers, mobile carriers and blue-chip enterprise customers, local, pan-African and international
- A technology solutions group that provides customised digital solutions to public and private sector enterprises and SMEs in more than 25 countries across Africa
- Extensive metropolitan and last-mile access networks



Financial metrics for H1 2023-24	Revenue **USD 327m (+13.7%)**	Adjusted EBITDA[1] **USD 122m (+25.9%)**	Net Leverage[2] **3.36x (+0.05x)**
Key macro and industry metrics	GDP[3] **~USD 600b**	Urbanisation growth **~48% (up 208m)**	SSA internet users **~480m (from 270m)**
KPIs Q2 2023-24[4]	Total fibre network **107,597km**	Average churn rate **0.45%**	Monthly rec. revenue **88.8%**

Source: Company information, IMF (June 2020), World Bank (2020), United Nations (2020), GSMA (2020-2024)

[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, gain on disposal of investments at Fair Value Through Other Comprehensive Income acquisition and other investment costs, fair value gain on derivative assets, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

[2] Gross debt including lease liabilities less unrestricted cash and cash equivalents divided by adjusted EBITDA for the last 12 months.

[3] Includes South Africa, Zimbabwe, Tanzania, Kenya, Zambia and the DRC

[4] See slide 17 for definitions

Diversified Product Portfolio that Serves a Blue-Chip Customer Base

	Liquid Network	Liquid C2	Liquid Dataport	Liquid Voice
Services / Principal Customers	• IP transit and 2G/3G/4G connectivity • FTTH and FTTB • Extensive high-capacity fibre NW • Customers - ISPs, MNOs, large corporates, Govt., Non-profit	• Cloud incl. comprehensive suite of Microsoft products • Cyber security sols: Cyber Defence, Secure Access, Secure Data • Customers - Large corporates, SMEs, Govt, Hospitality	• International leased lines • Subsea capacity • Satellite services • Customers - MNOs, large corporates, SMEs	• International wholesale voice services • Customers - National and international Telcos and MNOs
Key Clients / Partners	Microsoft, vodacom, airtel, FACEBOOK, Google, IS. Internet Solutions, orange, MTN	Microsoft Security, cisco, netskope, DRA, BancABC, ENSafrica.com, Sun International, MOPANI, éducor	Microsoft, INTELSAT, FACEBOOK, eutelsat, Google	airtel, Telefónica, AT&T, 中国移动 China Mobile, MTN
Contracts	• Contract terms: Typically, 1-5 years, roaming 15-20 years • Monthly recurring and one-off connection /hardware	• Contract terms: 0-1 year • Monthly recurring and one-off connection /hardware	• Contract terms: from 1-15yrs	• Contract terms: Multi-year
H1 24 Revenue / Currencies	USD 230m Pricing: SA & Zim LC, RoA ~50% USD, RoW largely USD 70%	USD 46m Pricing: LC but priced monthly 14%	USD 21m Pricing: Predominantly USD 7%	USD 30m Pricing: Predominantly USD 9%

Source: Company information

The Opportunity in The DRC

Market Sectors	Market Size	Our Strategic Objectives
Enterprise & SME		Target Mining and Financial sectors
Wholesale	USD 1.6bn	Focus on MNOs, NGOs and Public Sector
Retail		Targeted expansion in higher ARPU areas

Source: Telecom Services Market 2022, Global Data

DRC: Fibre Competitive Landscape

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vodacom

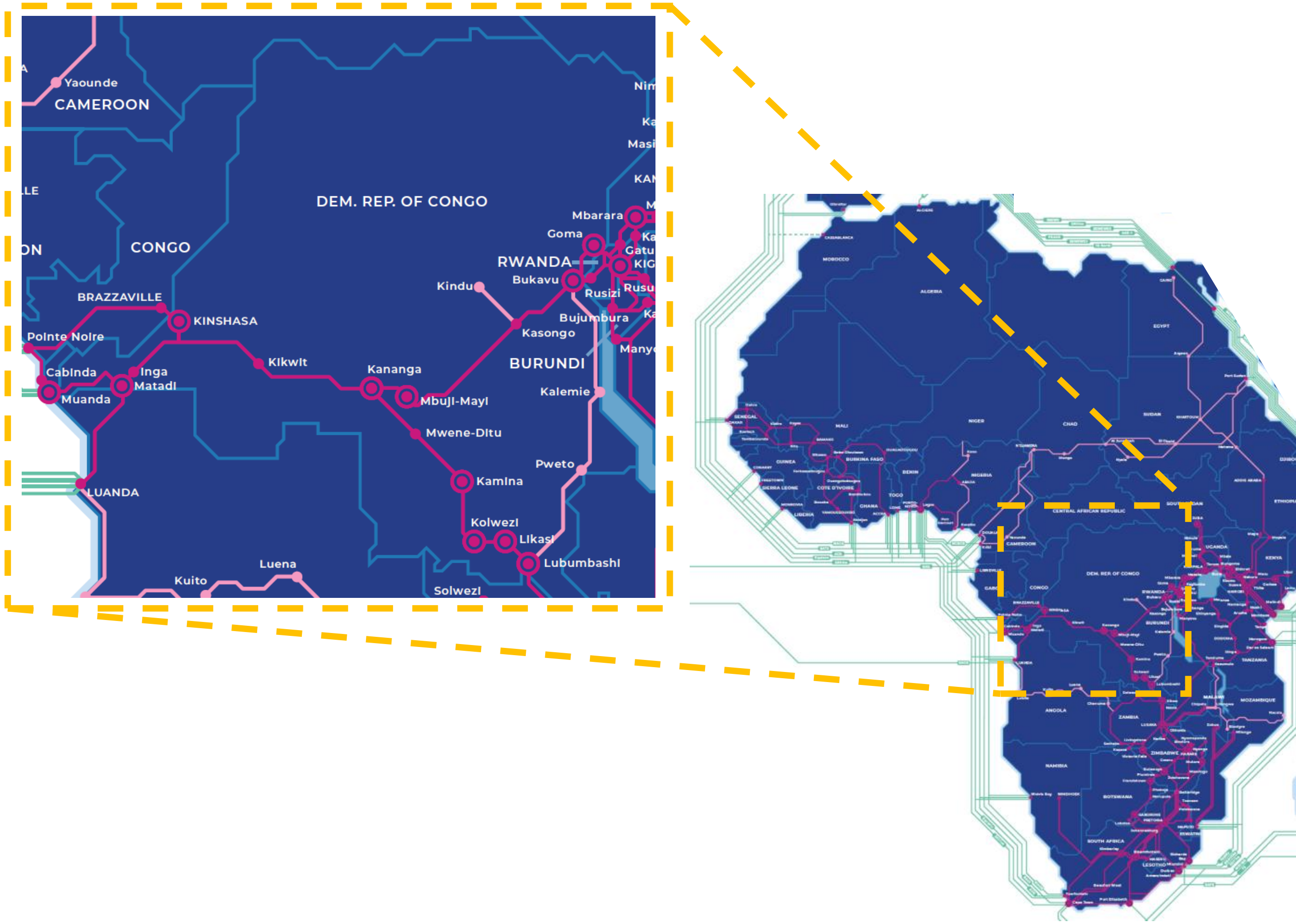
airtel

orange

Global Broadband Solution

MICRO COM

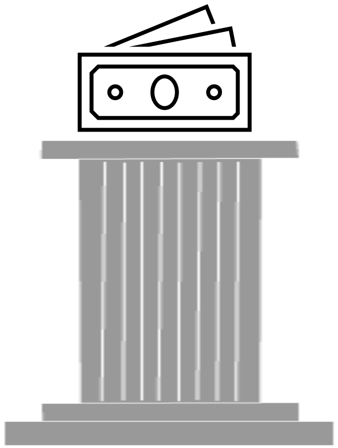
Group Vivendi Africa gva



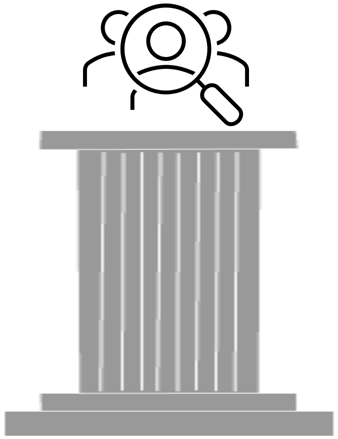
Source: Company information

DRC: Key Strategic Pillars

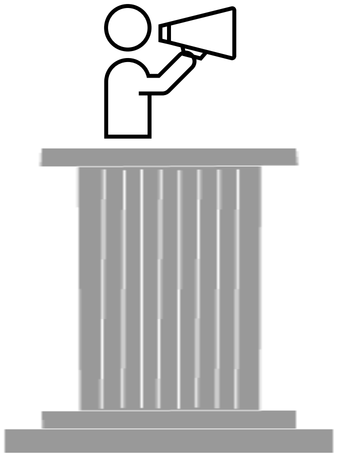
1. Monetise existing network
- Target key verticals
- Extend FTTH deployment
- Up- / cross-sell cloud products



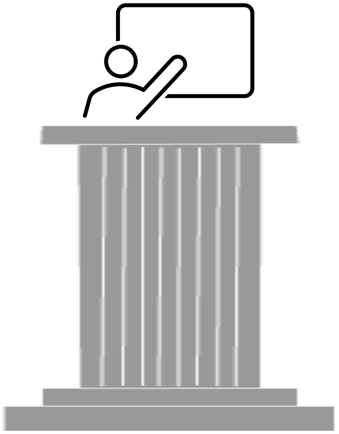
2. Improve Customer Experience
- Deploy faster. Connect faster
- Enhance digital distribution
- Review / upgrade customer journeys
- Promote a service culture



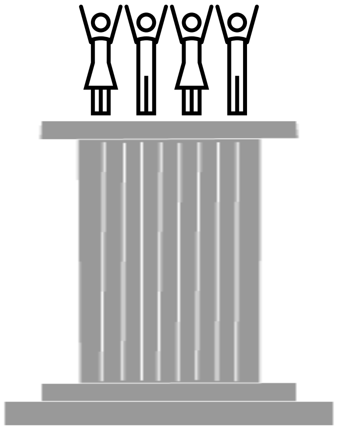
3. Turn up the marketing
- Increase brand awareness
- Improve marketing ROI via digital
- Amplify our quality, reliability and competitive pricing



4. Enhance Sales Organization
- Sales colleagues to become experts at selling Liquid products
- Establish Key Account Managers
- Appropriately align commission structures



5. Fit for purpose organisation
- Recruit the best people for all positions.
- Align staffing levels and costs to the organisation's capacity



Refinance Plan Progress Update

Process and project plan

- RFP issued to banks in September
- Prospective advisors currently presenting credentials
- Well prepared and ready to act at short notice

Intentions

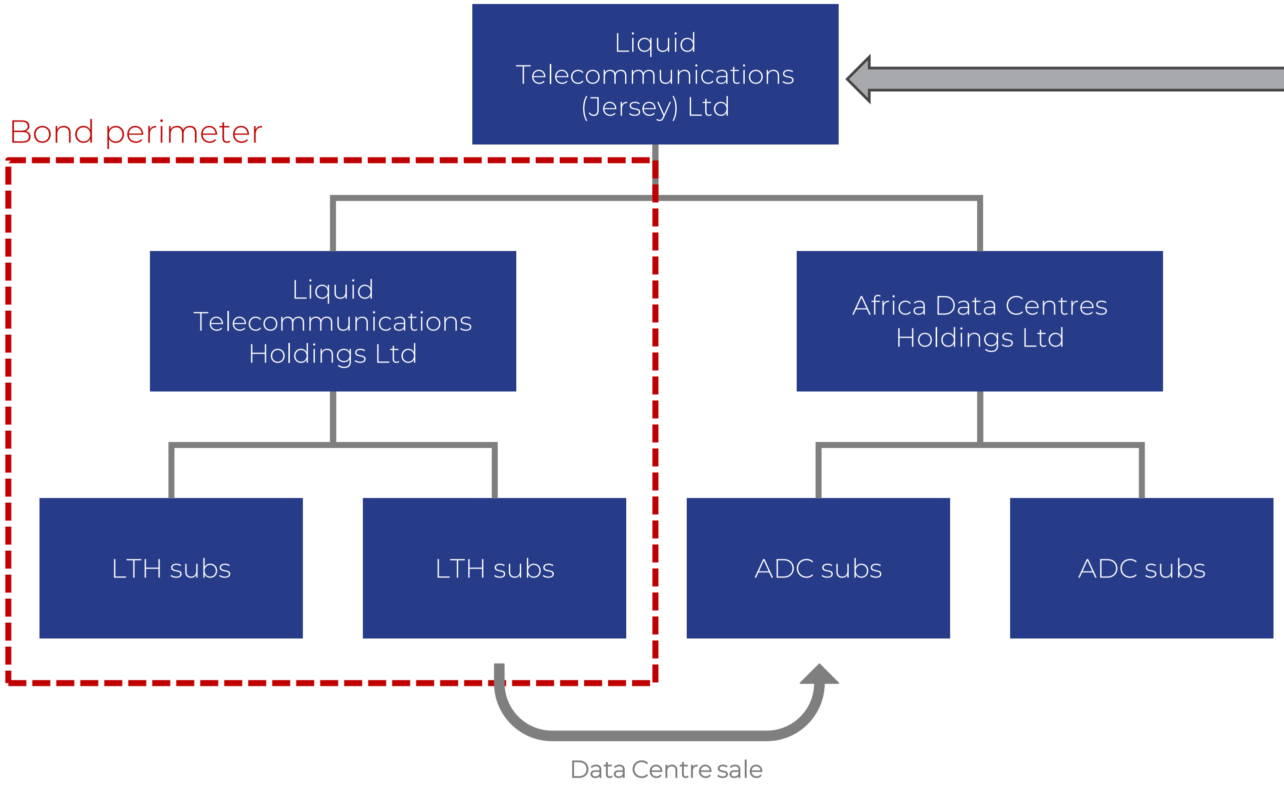
- Move away from a single maturity
- Optimise capital structure to align to our business and operating models
  - Reduction in gross leverage
  - Increase in ZAR borrowings

We will continue to provide regular progress updates

Source: Company information

Group Structure and Shareholdings

Current Group Structure



Minority Shareholders

British International Investment: >10%

Gateway Partners, IFC, rbh (royal bafokeng holdings): All c.5-10%

FEDA (Fund For Export Development In Africa): <5%

Combined c.40%

Source: Company information

Group Structure and Shareholdings Development

Group Structure Post Re-Organisation

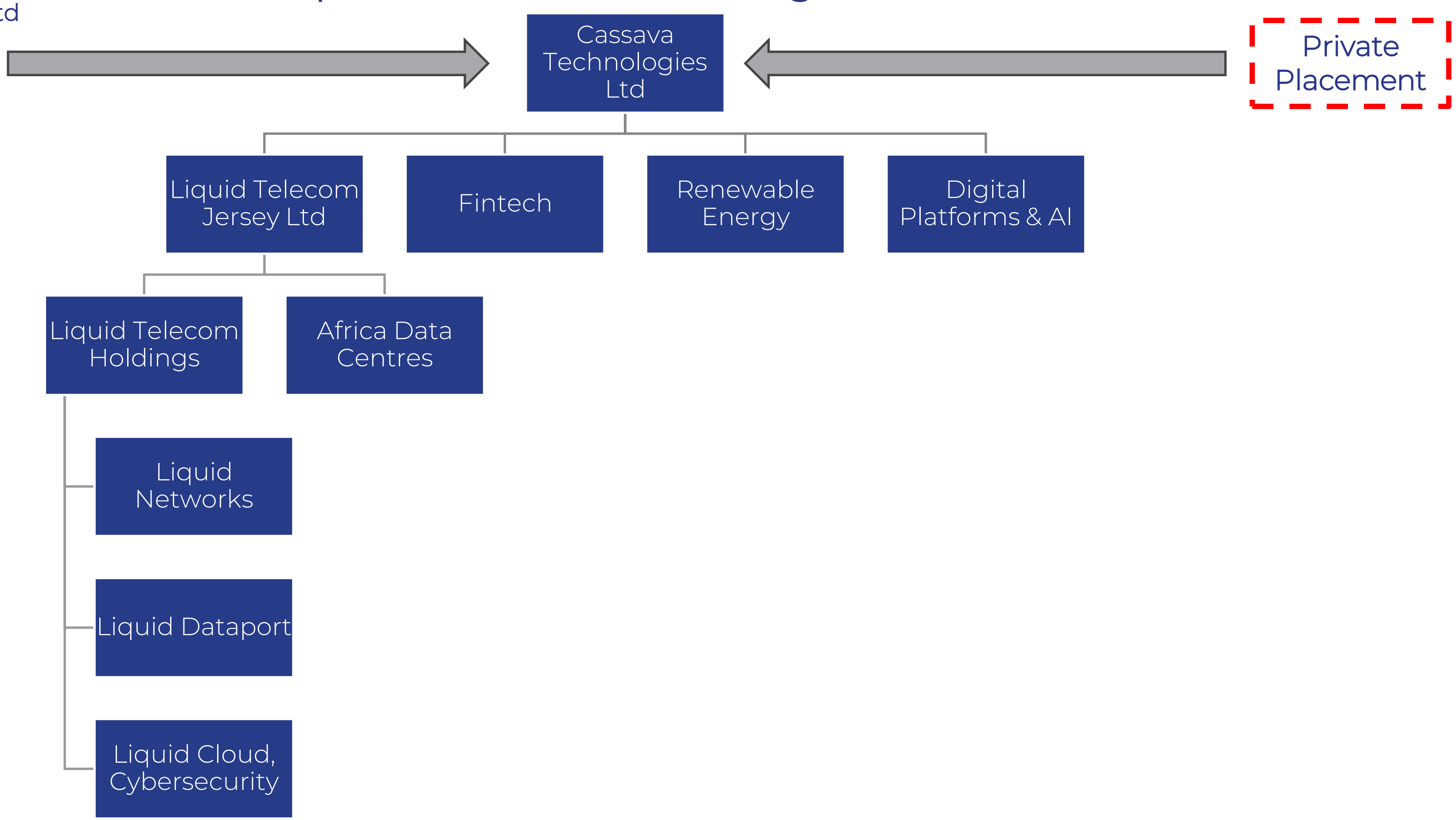
All LTJ shareholders "flip-up" to Cassava Technologies Ltd

British International Investment
>10%

Gateway | Partners
IFC
rbh royal bafokeng holdings
All c.5-10%

FEDA Fund For Export Development In Africa
<5%

Combined c.40%



Receivable due from Africa Data Centres

- In March 2021 LTH sold data centre assets to ADC for a consideration of USD 193m

Repayment

- First USD 30m installment of the cash consideration received in August 2022
- A further USD 30m is expected before 29th February 2024
- Long term receivable, which is fixed in ZAR and KES, largely due March 2031

Source: Company information

Eric Thompson

2. Financial Review

Q2/H1 24 Financial Highlights

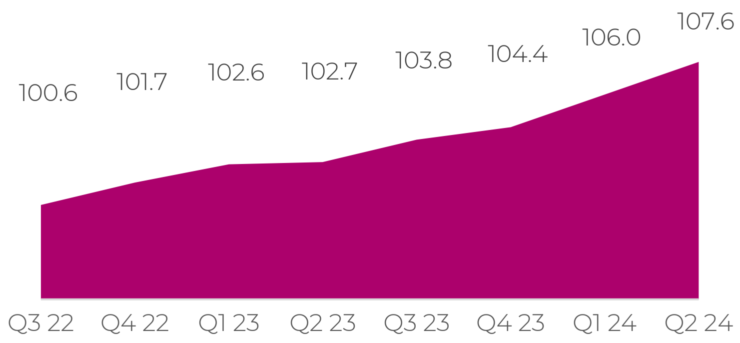
Good momentum; continued strong growth excluding the impact of FX movements

- Reported revenue grew 13.7% YoY in H1 and 5.5% YoY in Q2 driven by strong performance across in the Cloud, Cybersecurity and Network segments
  - In South Africa, excluding the exchange rate impact, total revenue grew 17.1% in the first half and 20.5% in the second quarter, reflecting improved momentum
- Adjusted EBITDA[1] increased 25.9% YoY in H1 to USD 121.7 million driven by broad based growth across the Group
- Cash generated from operations decreased 21.6% year-on-year in the first half to USD 86.2 million due to increased prepayments to mitigate FX and higher IRU receivables in the first quarter
- Net debt[2] amounted to USD 882.5 million, leading to a net debt to adjusted EBITDA[1,2,3] of 3.36x, broadly in line with the prior year

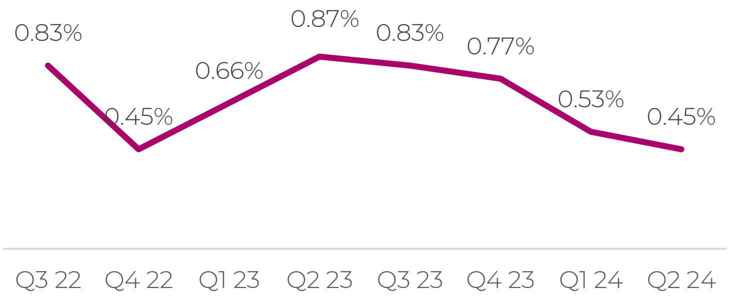
Source: Company information
[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented before recognising the following items: gain on bargain purchase, gain on disposal of investments at Fair Value Through Other Comprehensive Income acquisition and other investment costs, fair value gain on derivative assets, 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.

Key Performance Indicators

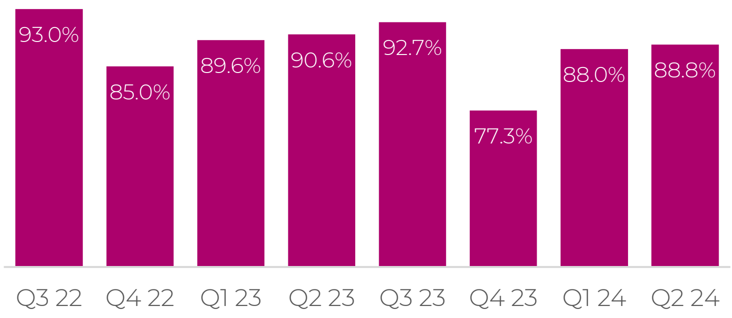
Total fibre network (kms 000)[1]



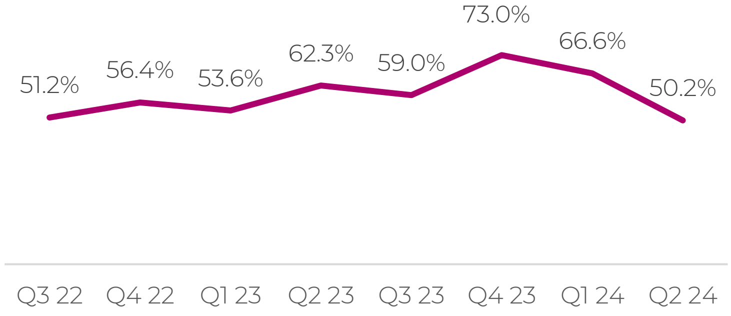
Average churn rate[2]



Monthly recurring revenue[3]



Cloud seats growth[4]



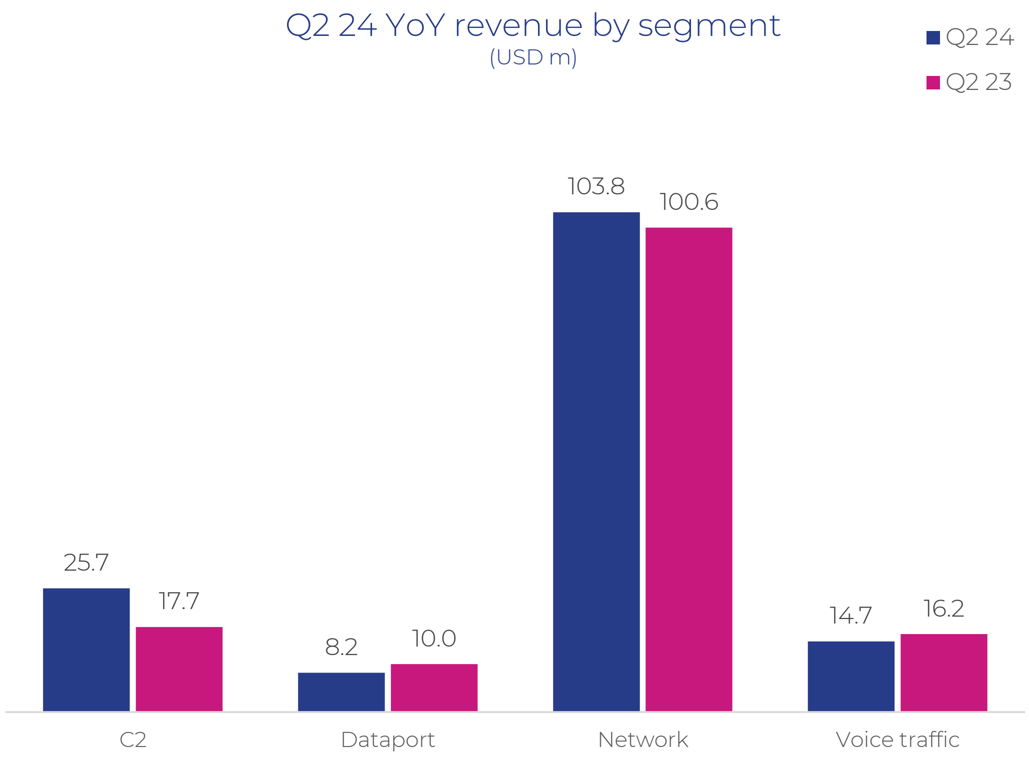
Source: Company information

[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 period following a price reduction or termination of service due to disconnections, downgrades, price reduction and non–renewals, divided by the total revenue for the period. [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).

Q2 24 YoY Revenue by Segment

Good growth in C2 and Network

- C2 continued to grow strongly, up 45.2% YoY
  - Driven by a 50.2% increase in Cloud seats and the benefit of rate increases across all geographies and strong performance in our indirect channel, Cloudmania, in Rest of World
- Dataport revenue declined 18.0% YoY due to a higher comparator in prior year driven by re-allocation of revenue from Networks segment
- Reported Network revenue increased 3.2% YoY
  - Ex-Zimbabwe and the FX impact in South Africa, revenue grew 10.6%, incl. a strong contribution from South Africa driven by increased sites and capacity upgrades.
  - Rest of Africa grew 3.1% YoY, driven by dark fibre and IRU deals
- Voice revenue declined 9.3% YoY having been impacted by the global trend away from traditional voice traffic



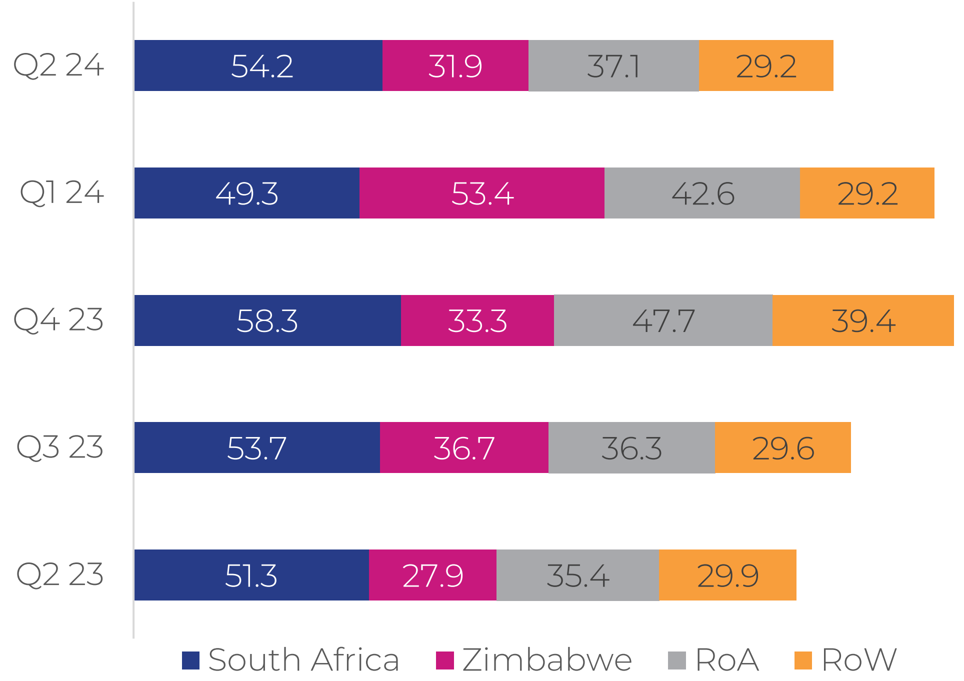
Source: Company information

Quarterly Revenue by Geography

Good growth through key regions despite FX headwinds

- In South Africa, reported revenue increased 5.8% YoY, excluding the USD 7.5m impact of FX, underlying revenue grew 20.5% YoY driven by increased sites and capacity upgrades on the Western & Eastern Cape Government contracts
- Zimbabwe increased 14.4% YoY; this was a lower level of growth than the prior quarter as the benefit from recent tariff increases lessened
- Rest of Africa revenue grew 4.9% YoY; however, it was impacted by adverse FX rates in Kenya and Zambia, excluding these headwinds revenue grew by 14.5% from broad based growth across segments and countries
- Rest of World revenue declined 2.4% due to the ongoing decline in Voice

Quarterly revenue progression by geography
(USD m)



Source: Company information

H1 Summary Income Statement

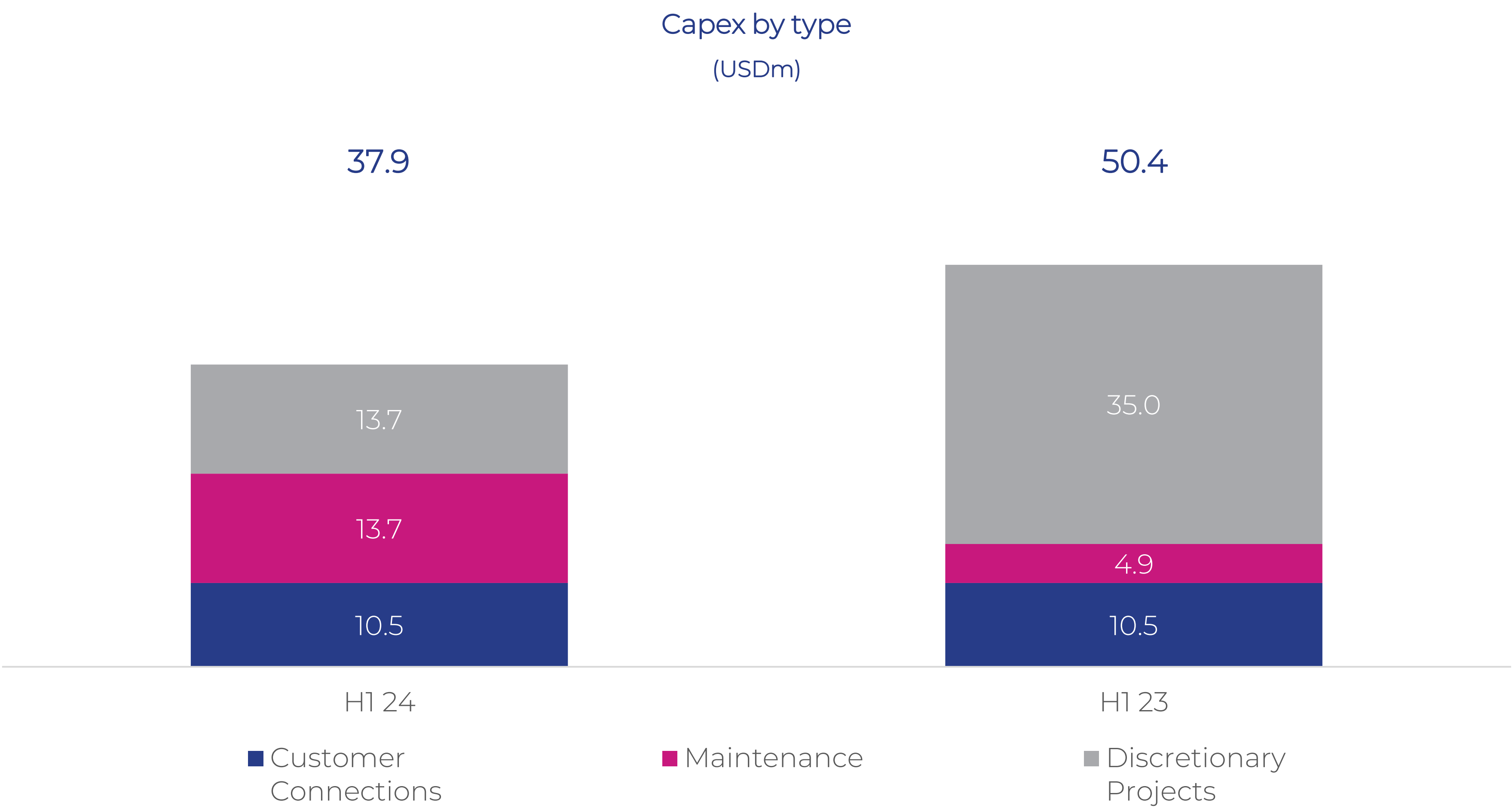
A strong first half

All figures USD m unless stated	H1 24	H1 23	YoY
Revenue	327.0	287.5	13.7%
Gross profit	237.9	206.8	15.0%
Gross profit margin (%)	*72.8%*	*71.9%*	*0.9pp*
Overheads and other income	(116.2)	(110.1)	(5.4)%
Adjusted EBITDA	121.7	96.7	25.9%
Adjusted EBITDA margin (%)	*37.2%*	*33.6%*	*3.6pp*

Source: Company information

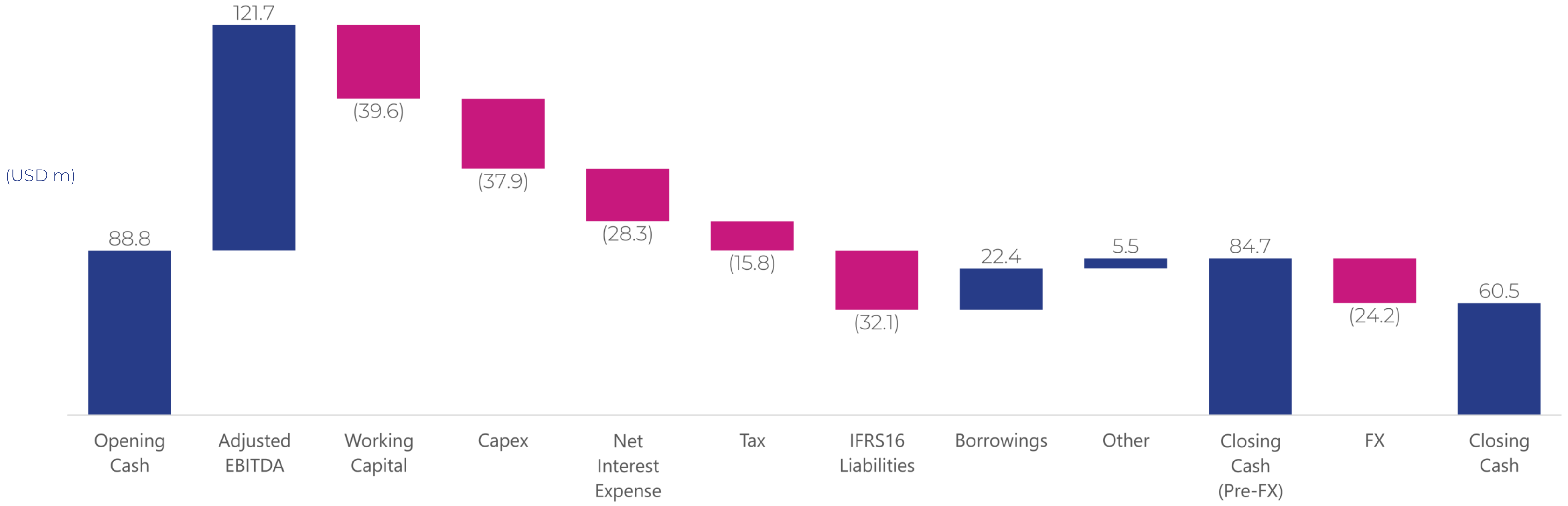
Capex H1 24

Reduction in discretionary capex



Source: Company information

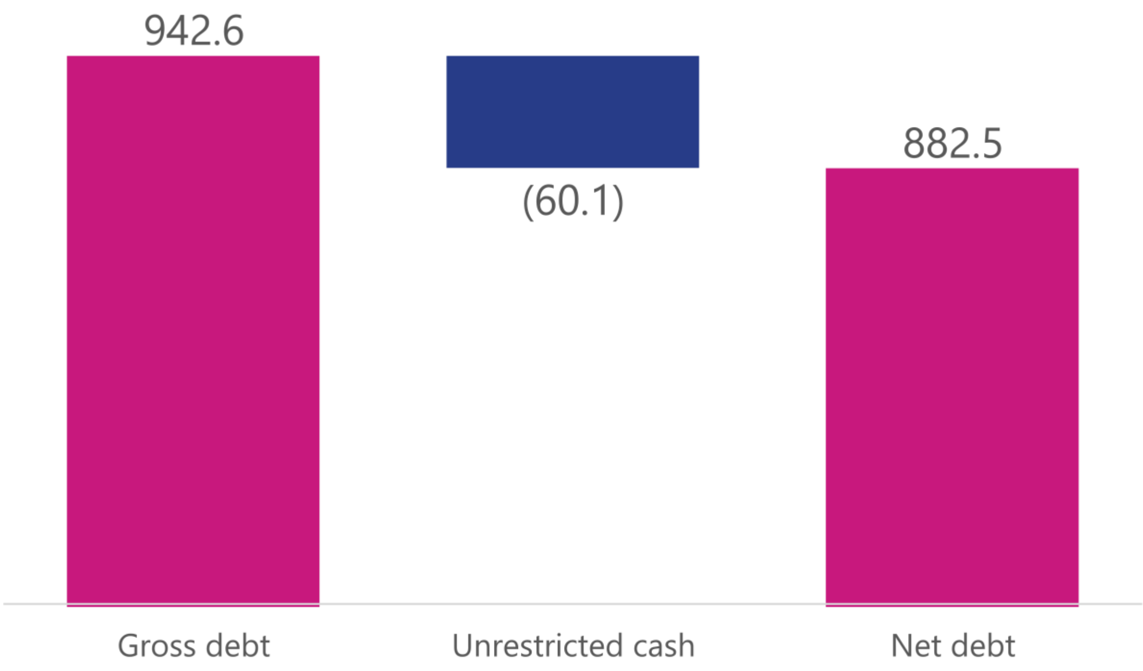
H1 Cash Flow



Source: Company information

Debt and Leverage

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

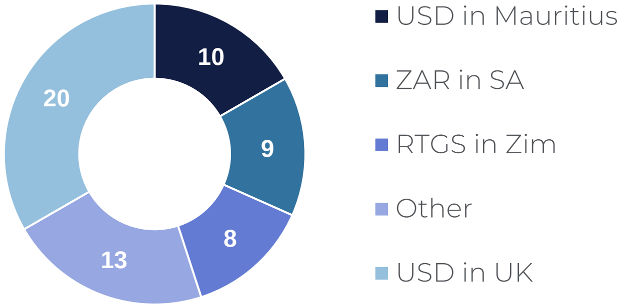


Reported leverage	3.36x
Covenant threshold	4.00x

Source: Company information

Cash and Capitalisation

Cash holdings as at Q2 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 RCF

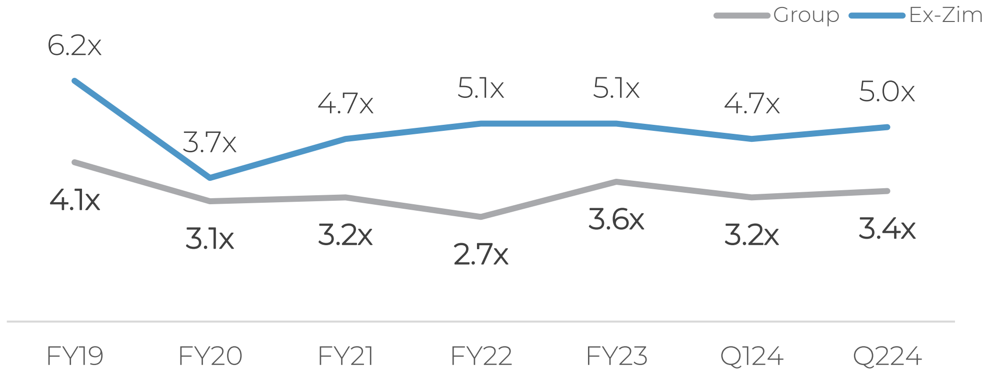
- Covenants are maintenance and on a net basis
  - Net Leverage not exceeding 4.0x until Feb-24, then stepping down to 3.0x by Aug-24
  - Interest Cover to be greater than 2.50x
  - Cumulative Debt Service Coverage Ratio not less 1.30x
- Tranche B amortising, instalments:
  - 8.75% @ Sep-22 & Mar-23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

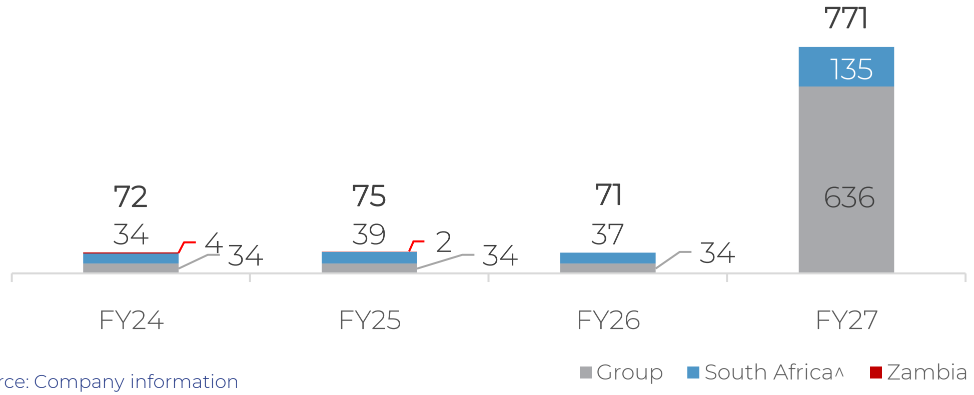
Source: Company information

Capital Structure

Net Leverage Profile



Debt Maturity and Servicing



Key Takeaways

- As at end Q2 24, USD 90m of liquidity:
  - Including USD 30m RCF (undrawn)
  - USD 60m of unrestricted cash, of which USD 8m in Zimbabwe
- USD 72m of interest and capital repayments in FY24
  - USD 52m paid to date
  - USD 20m in year-to-go, largely related to ZAR Term Loan (due Mar-25)
- Expect reduced net leverage in H2 from:
  - Repayment of USD 30m RCF
  - Higher EBITDA
  - South Africa and Zambian loan amortisations

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

FY24 H2 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 at the bottom end of the USD 80 million to USD 100 million range

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Q&A