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

**FINANCIAL RESULTS FOR THE YEAR AND FOURTH QUARTER ENDED 29 FEBRUARY 2024**

# Continued strong underlying revenue growth, finalising legal documentation on first tranche of USD 90m of new equity, advanced discussions on ZAR term loan refinance

27 June 2024

Leading pan-African technology solutions group, Liquid Intelligent Technologies, a business of Cassava Technologies, announces financial results for the year and fourth quarter ended 29 February 2024

**Strategic highlights:**

- Following receipt of investor board approvals, we are finalising legal documentation on the first tranche of USD 90 million of new equity into Cassava Technologies. This includes an investment from the US International Development Finance Corporation (DFC)
- The Group is in advanced negotiations with selected existing lenders, including the International Finance Corporation (IFC), to refinance the existing South Africa Rand term loan
- Cost optimisation programme underway, expected to deliver USD 25 million in net annualised savings, with a USD 10 million saving in FY 2024-25
- Agreements concluded with the IFC and Rand Merchant Bank to provide almost USD 50 million in funding to facilitate increased universal and affordable broadband access in South Africa’s Eastern Cape Province
- Liquid C2 has partnered with Google Cloud to bring Google’s Cloud and Cyber Security solutions to African businesses and governments across Africa
- Liquid Network partnered with Microsoft’s Airband Initiative to bring connectivity to 20 million underserved people in Africa by 2025

**Financial highlights:**

- Reported revenue grew 10.3% year-on-year in the year and 7.7% year-on-year in the fourth quarter driven by strong, broad-based, underlying growth across the Group
    - In South Africa, excluding FX, total full year revenue grew 25.8% year-on-year and 39.1% year-on-year in Q4, including USD 26.3 million as a “sale of infrastructure” benefit related to the Eastern Cape Government project
- Adjusted EBITDA[1] increased 8.2% year-on-year in FY 2023-24 to USD 257.3 million driven by broad-based growth across the Group, and declined 1.5% in Q4 due to a USD 8.4 million lease adjustment benefit in the prior year
- Cash generated from operations of USD 155.6 million for the year. This represents a 35.4% decline year-on-year due to increased prepayments to mitigate exchange rate deterioration
- Net debt[2] amounted to USD 893.3 million, leading to a net debt to adjusted EBITDA[1,2,3] of 3.47x, compared to the 3.50 times covenant threshold

| Group Financials | For the twelve-month period ended: | | | For the three-month period ended: | | |
|---|---|---|---|---|---|---|
| | 29 Feb 2024 | 28 Feb 2023 | YoY | 29 Feb 2024 | 28 Feb 2023 | YoY |
| | (USDm) | (USDm) | (%) | (USDm) | (USDm) | (%) |
| Revenue | 686.7 | 622.5 | 10.3 | 192.5 | 178.7 | 7.7 |
| Adjusted EBITDA | 257.3 | 237.9 | 8.2 | 80.3 | 81.5 | (1.5) |
| Cash generated from operations | 155.6 | 240.7 | (35.4) | 17.9 | 85.0 | (78.9) |
| Net debt | 893.3 | 855.1 | 4.5 | 893.3 | 855.1 | 4.5 |
| Net debt / adjusted EBITDA (x) | 3.47 | 3.59 | n/a | 3.47 | 3.59 | n/a |

[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, acquisition and other investment costs, fair value gain on derivative assets, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profits of associate.
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

**Group Chief Executive Officer, Hardy Pemhiwa, commented:**
"Our underlying revenue performance has been pleasing, with sustainable improvements in our operating margins in key markets, despite exchange rate headwinds. Our cloud and cybersecurity business has continued to grow, buoyed by the multi-cloud approach we have taken and our strategic partnerships with Google and Microsoft.

Liquid South Africa had a standout year with reported revenue growth of 11.6% and 25.8% on a constant currency basis. Although reported EBITDA margin was broadly flat, this was mainly as a result of the benefit from a prior year lease adjustment and the low margin ECG related sale of infrastructure in the current year. Excluding these items, South Africa's EBITDA margin grew materially, highlighting the improved underlying operating leverage we are experiencing in this key market. In addition, our Zimbabwean business continued to grow organically. We delivered strong local currency growth in Rest of Africa, all whilst increasing the underlying share of monthly recurring revenue to total revenue.

Key achievements in the year included: Agreements with the International Finance Corporation (IFC) and Rand Merchant Bank (RMB) to facilitate increased universal and affordable broadband access in the Eastern Cape Province of South Africa, the announcement of the partnership between Liquid C2 and Google Cloud to bring Google's AI, Cloud and Cyber Security technologies to Africa and Liquid Network's partnership with Microsoft's Airband Initiative to bring connectivity to 20 million underserved people in Africa by 2025.

In addition, I am delighted to confirm that we have concluded our Group legal reorganisation process which will strengthen our balance sheet and enable us to continue driving the provision of digital solutions to customers across Africa. I am pleased to also confirm that we are now in legal documentation on the first tranche of our equity private placement process. We now have final approvals from three key investors, including the US International Development Finance Corporation, for USD 90 million dollars in fresh equity capital.

As a further sign of the support we enjoy from our finance providers, we are also in advanced discussions with existing lenders, including the IFC, on the refinancing of our ZAR term loan in South Africa.

Finally, I wish to acknowledge the support of our customers and strategic partners and the sterling efforts of my colleagues across the Group who continue to play a crucial role in providing the essential technology solutions that our customers need."

**Group Chairman, Strive Masiyiwa, added:**
"This is a good set of underlying results and reflects the progress we are making as we commercialise our existing infrastructure with complementary digital solutions. Our performance in South Africa, our largest business, was very pleasing and we are delivering strong local currency revenue growth and have made good

progress on the Eastern Cape Government project. In addition, the underlying revenue growth in Rest of Africa points to improved monetisation of our fully built network and the increased diversification of our earnings.

We are witnessing an acceleration in the adoption of cloud and cybersecurity technologies by small, medium, large and public sector enterprises across the continent which plays to our strength as a B2B digital solutions provider and builds on the relationships we have built with Africa's largest enterprises over the last 20 years.

The funding we have received from IFC and RMB to support universal and affordable broadband access in the Eastern Cape and our partnership with Microsoft's Airband Initiative, will accelerate delivery of our vision of a digitally connected future that leaves no African behind. South Africa's Eastern Cape is one of the least connected regions in the country and we are committed to advancing South Africa's broadband connectivity and uplifting the communities in which we operate. The Airband Initiative, which will initially focus on the Democratic Republic of Congo, Tanzania, and Zambia involves the design, implementation and delivery of unique internet connectivity solutions for local communities. Access to high-speed connectivity is a key driver of economic activity across Africa. Liquid is uniquely positioned to bring high-speed connectivity to communities in urban, peri-urban and rural areas.

Finally, I am delighted that we have now concluded our Group legal restructuring process which paves the way for the closing of our capital raising process creating additional capacity to deliver on our vision."

**Results call**
There will be an audio webcast and call followed by Q&A for investors and analysts at 14:00 BST, 15:00 CET and 09:00 EDT today.

To register for the webcast and to access the presentation, please use the following link:
*https://events.q4inc.com/attendee/520783483?dm_t=0,0,0,0,0*

To participate in the live audio Q&A session, please use the following access details:
*United Kingdom / International: +44 20 3936 2999*
*United States: +1 646 664 1960*
*Participant Access code: 464670*

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Information on Liquid Intelligent Technologies is available at: www.liquid.tech
Follow us on LinkedIn: 'Liquid Intelligent Technologies'
Follow us on X (formerly Twitter): @LiquidInTech

**Next scheduled announcement**
Please note we will provide a Q1 FY 2024-25 Trading Update within today's full year results presentation and publish the quarterly financial statements in July 2024.
The Group is scheduled to publish its Q2 FY 2024-25 results in October 2024.

## OPERATIONAL AND FINANCIAL REVIEW

Liquid Intelligent Technologies is a technology, digital solutions and broadband data connectivity provider to enterprise and retail customers across more than 25 countries primarily in Central, Eastern and Southern Africa.

### Key performance indicators (KPIs)

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

| Key performance indicators | Q1 2022-23 | Q2 2022-23 | Q3 2022-23 | Q4 2022-23 | FY 2022-23 | Q1 2023-24 | Q2 2023-24 | Q3 2023-24 | Q4 2023-24 | FY 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total fibre network (Kms) [1] | 102,559 | 102,722 | 103,794 | 104,353 | 104,353 | 106,037 | 107,597 | 107,750 | 107,844 | 107,844 |
| Average churn rate (%) [2] | 0.66% | 0.87% | 0.83% | 0.77% | 0.78% | 0.53% | 0.45% | 0.41% | 0.43% | 0.46% |
| Monthly recurring revenue (%) [3] | 89.6% | 90.6% | 92.7% | 77.3% | 87.1% | 88.0% | 88.8% | 89.9% | 71.4% | 84.0% |
| Cloud seats YoY growth (%) [4] | 53.6% | 62.3% | 59.0% | 73.0% | 73.0% | 66.6% | 50.2% | 41.2% | 17.2% | 17.2% |
| Total capacity on subsea assets (Gbps) [5] | 821 | 834 | 1,034 | 1,034 | 1,034 | 3,104 | 3,125 | 3,125 | 3,519 | 3,519 |

[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 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).

Our pan-continental network build is largely complete and therefore the additional fibre build remained low. We added 94 kilometres in the fourth quarter as we focus on monetising our existing footprint with more targeted network densification.

Delivering on our customer satisfaction promise remains integral to our long-term success. We remain laser focused on providing value to our customers via competitive and comprehensive high-quality solutions. As a result our churn remained below 1% at 0.46% for FY 2023-24, a significant improvement on the prior year (FY 2022-23: 0.78%). Churn in the fourth quarter remained broadly stable at 0.43% versus the previous quarter.

We maintained a high level of monthly recurring revenue (MRR) during the FY 2023-24 year at 84.0%, a decrease on the prior year (FY 2022-23: 87.1%) driven by the ECG infrastructure sales. We remain determined to retain a high level of MRR to deliver more consistent and predictable revenue streams.

Our year-on-year growth in Cloud seats was 17.2%, driven by the strong performance of Cloudmania in Rest of World as well as 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 increased slightly to 3,519 Gbps in the fourth quarter as we activated some additional capacity to 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: | | |
|---|---|---|---|---|---|---|
| | 29 Feb 2024 | 28 Feb 2023 | YoY | 29 Feb 2024 | 28 Feb 2023 | YoY |
| | (USDm) | (USDm) | (%) | (USDm) | (USDm) | (%) |
| Network | 479.9 | 438.9 | 9.3 | 130.1 | 125.6 | 3.6 |
| C2 | 94.9 | 69.4 | 36.7 | 24.9 | 18.3 | 36.1 |
| Dataport | 52.4 | 43.7 | 19.9 | 23.3 | 15.2 | 53.3 |
| Voice | 59.5 | 70.5 | (15.6) | 14.2 | 19.6 | (27.6) |
| **Total Revenue** | **686.7** | **622.5** | **10.3** | **192.5** | **178.7** | **7.7** |

Total revenue in FY 2023-24 was USD 686.7 million (FY 2022-23: USD 622.5 million), an increase of 10.3% year-on-year, which was driven by the strong performances in C2, Dataport and Network offset by the ongoing volume decline in Voice as well as adverse exchange rate movements. Note, the FY 2023-24 revenue included USD 26.3 million for the sale of infrastructure related to the ECG project (Q3 FY 2023-24: USD 7.1 million, Q4 FY 2023-24: 19.2 million). On a reported geographic basis, South Africa and Zimbabwe were the main contributors to the growth.

In FY 2023-24, exchange rate headwinds were felt in various countries, notably in South Africa, where the impact amounted to a headwind of USD 30.5 million year-on-year (FY 2023-24 average rate of 18.66 compared to FY 2022-23 average rate of 16.63). Excluding this adverse FX impact, South African revenue would have increased by 25.8% in the year, including a 12.2ppts benefit from the ECG infrastructure sales. Other notable adverse exchange rate impacts in FY 2023-24 were experienced in Kenya (USD 9.8 million) and Zambia (USD 8.0 million). Excluding these three adverse exchange rate movements, total revenue growth for the year would have been 18.1% and 13.8% excluding the benefit of the ECG infrastructure sale.

Our Zimbabwean business partly mitigated the ongoing currency depreciation by implementing various tariff increases during the year. These increases have helped to offset the currency depreciation and increasing inflation prior to the introduction of the new currency. On 5th April 2024, following a significant deterioration in the Zimbabwean Dollar at the start of 2024, a new currency was introduced by the Reserve Bank of Zimbabwe, known as the Zimbabwe Gold (ZiG). The new currency is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets, and it is expected to improve economic stability and growth in the medium term.

Revenue in the fourth quarter was USD 192.5 million (Q4 FY 2022-23: USD 178.7 million), an increase of 7.7% year-on-year, which was driven by the strong performances in Dataport, C2 and Network partly offset by the ongoing volume decline in Voice and the adverse exchange rate movements. Note, the Q4 FY 2023-24 revenue included USD 19.2 million for the sale of infrastructure related to the ECG project. On a geographic basis, South Africa and Zimbabwe continued to be the main contributors to the growth.

The exchange range impact in South Africa amounted to a headwind of USD 6.9 million in the fourth quarter, excluding this impact, revenue increased year-on-year in the period by 11.6%, and by 0.8% excluding the benefit of the ECG infrastructure sale. Other notable adverse exchange rate impacts in the fourth quarter were experienced in Kenya (USD 3.0 million) and Zambia (USD 2.9 million). Excluding these three adverse exchange rate movements, total revenue growth year-on-year in the fourth quarter would have been 14.9%, and by 4.2% excluding the benefit of the ECG infrastructure sale.

**Network**

Network revenue in FY 2023-24, which includes all intra- and inter-country fibre activity, increased by 9.3% year-on-year to USD 479.9 million (FY 2022-23: USD 438.9 million), including the sale of the fibre assets relating to the Eastern Cape Government project of USD 26.3 million.

Reported South African Network revenue included the asset sale referred to above, however excluding this and the FX headwind of USD 30.5 million, underlying revenue grew strongly, up 14.2% year-on-year, driven by further increased sites and capacity upgrades on the Eastern and Western Cape Government contracts and continued sales of IRUs on the NLD routes to MNOs.

In Rest of Africa, on a reported basis, Network revenue declined 12.3% due to adverse exchange rate movements, predominantly in Kenya and Zambia. Excluding these impacts revenue grew marginally, up 0.1% year-on-year, with strong growth in MRR being largely offset by high NRR revenue in the prior year from dark fibre and IRU deals in the DRC, Zambia and Kenya.

Zimbabwe benefited from the price increases described above, whilst continuing to grow their organic customer base during the year.

Fourth quarter Network revenue was USD 130.1 million compared to USD 125.6 million in the same period last year. The increase of 3.6% was driven by strong local currency growth in South Africa together with a sale of fibre assets to the Eastern Cape Government project and the benefit from tariff increases in Zimbabwe. This was partly offset by exchange rate deterioration and the strong comparator for the prior year, as referred to above.

**C2**

Revenue for C2 in FY 2023-24, which largely comprises our cloud and cyber security offerings as well as other digital services, continued to grow strongly, up 36.7% year-on-year to USD 94.9 million (FY 2022-23: USD 69.4 million). Growth was driven by the 17.2% year-on-year increase in Cloud seats with particularly strong growth in South Africa, Rest of Africa and Rest of World via indirect channels for our application and Azure platforms.

We experienced good underlying market growth and the benefit from the pass through of USD linked rate increases. There continues 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 24.9 million compared to USD 18.3 million in the same period last year, a 36.1% increase year-on-year, driven again by good, broad-based, growth.

**Dataport**

Dataport revenue, covering all our sea-to-land connections, subsea capacity and satellite services, increased 19.9% year-on-year for FY 2023-24 to USD 52.4 million (FY 2022-23: USD 43.7 million). The year-on-year increase was largely driven by large NRR contract wins in Rest of Africa and Rest of World. It was pleasing that despite instances of damage to subsea cables delivering traffic into and out of Africa, our business was largely unaffected, demonstrating the high level of resilience across our network.

Fourth quarter Dataport revenue was USD 23.3 million compared to USD 15.2 million in the same period last year, a 53.3% increase year-on-year, driven by the large NRR deals referred to above.

### Voice

Voice revenue continued to be impacted by global traffic trends away from traditional voice activity, resulting in revenue in FY 2023-24 declining 15.6% year-on-year to USD 59.5 million (FY 2022-23: USD 70.5 million). Though there is a decline in overall revenue and traditional minutes, we continue to focus on higher margin destinations to limit gross profit erosion.

Fourth quarter Voice revenue was USD 14.2 million compared to USD 19.6 million for the same period last year.

### Gross Profit

| Gross Profit | For the twelve-month period ended: | | | For the three-month period ended: | | |
|---|---|---|---|---|---|---|
| | 29 Feb 2024 | 28 Feb 2023 | YoY | 29 Feb 2024 | 28 Feb 2023 | YoY |
| | (USDm) | (USDm) | (%) | (USDm) | (USDm) | (%) |
| Revenue | 686.7 | 622.5 | 10.3 | 192.5 | 178.7 | 7.7 |
| Costs per quarterly financial statements | (209.3) | (173.1) | (20.9) | (70.9) | (47.1) | (50.5) |
| **Gross Profit** | **477.4** | **449.4** | **6.2** | **121.6** | **131.6** | **(7.6)** |
| Gross Profit Margin (%) | 69.5% | 72.2% | -2.7pp | 63.2% | 73.6% | -10.5pp |

Absolute gross profit for the year was USD 477.4 million (FY 2022-23: USD 449.4 million) and gross profit margin was 69.5% compared to 72.2% in the prior year, with the reduction resulting from lower levels of higher margin NRR, the impact of low margin ECG infrastructure sales and an increased mix from the growing C2 segment, partly offset by a higher contribution from Zimbabwe.

Fourth quarter gross profit was USD 121.6 million (Q4 FY 2022-23: USD 131.6 million) and the gross profit margin was lower year-on-year at 63.2% (Q4 FY 2022-23: 73.6%), with the decline due to the impacts referred to above, particularly the infrastructure sale related to ECG.

### Total Overheads and Other Income

| Total Overheads and Other Income | For the twelve-month period ended: | | | For the three-month period ended: | | |
|---|---|---|---|---|---|---|
| | 29 Feb 2024 | 28 Feb 2023 | YoY | 29 Feb 2024 | 28 Feb 2023 | YoY |
| | (USDm) | (USDm) | (%) | (USDm) | (USDm) | (%) |
| Other income | 12.4 | 7.8 | 59.0 | 8.4 | 5.5 | 52.7 |
| Selling, distribution and marketing costs | (10.8) | (9.5) | (13.7) | (2.4) | (2.1) | (14.3) |
| Expected credit loss provision | (7.7) | (9.9) | 22.2 | (4.1) | (3.8) | (7.9) |
| Administrative costs | (103.4) | (92.7) | (11.5) | (33.3) | (24.9) | (33.7) |
| Staff costs | (110.6) | (107.2) | (3.2) | (9.9) | (24.8) | 60.1 |
| **Total Overheads and Other Income** | **(220.1)** | **(211.5)** | **(4.0)** | **(41.3)** | **(50.1)** | **17.6** |
| % to Total Revenue | 32.1% | 34.0% | 1.9pp | 21.5% | 28.0% | 6.5pp |

Total Overheads and Other Income for the year were USD 220.1 million (FY 2022-23: USD 211.5 million), higher year-on-year largely due to inflationary pressures on staff costs, particularly in Zimbabwe, which more than offset the exchange rate benefit in South Africa. Our expected credit loss provision in FY 2023-24 improved

22.2% year-on-year because of the continued focus on cash collections including an increased effort on closing out aged debts particularly in South Africa, Zimbabwe and Zambia.

Fourth quarter Total Overheads and Other Income amounted to USD 41.3 million compared to USD 50.1 million for the same period last year. The reduction was driven by a continued focus on staff costs and exchange rate benefits partly offset by inflationary driven, higher administrative costs, largely in Zimbabwe.

As we pivot the business from an OPCO to a Business Unit / Product led operating model, we have undertaken a review of our organisational structure. This has resulted in the implementation of a cost optimisation programme that will deliver approximately USD 25 million of annualised overhead savings relative to FY 2023-24. We anticipate a benefit of approximately USD 10 million in the coming 2024-25 financial year. We ALSO anticipate a small net cash benefit in FY 2024-25.

### Adjusted EBITDA and Profit

| Adjusted EBITDA | For the twelve-month period ended: | | | For the three-month period ended: | | |
|---|---|---|---|---|---|---|
| | 29 Feb 2024 | 28 Feb 2023 | YoY | 29 Feb 2024 | 28 Feb 2023 | YoY |
| | (USDm) | (USDm) | (%) | (USDm) | (USDm) | (%) |
| **Adjusted EBITDA** | **257.3** | **237.9** | **8.2** | **80.3** | **81.5** | **(1.5)** |
| Depreciation, impairment and amortisation | (115.1) | (164.2) | 29.9 | (25.1) | (81.4) | 69.2 |
| Dividend received | - | - | n/a | - | - | n/a |
| **Operating Profit** | **142.2** | **73.7** | **92.9** | **55.2** | **0.1** | 55,100.0 |
| Dividend received | - | - | n/a | - | - | n/a |
| Acquisition and other investment costs | (0.1) | (1.7) | 94.1 | - | (0.5) | 100.0 |
| Fair value loss on derivatives assets | - | (4.0) | (100.0) | - | (4.2) | 100.0 |
| Gain on bargain purchase | 0.3 | - | 100.0 | - | - | n/a |
| Interest income | 24.6 | 17.2 | 43.0 | 8.8 | 4.8 | 83.3 |
| Finance costs | (79.9) | (75.3) | (6.1) | (25.8) | (21.1) | (22.3) |
| Foreign exchange loss | (440.9) | (257.2) | (71.4) | (164.0) | (27.3) | (500.7) |
| Monetary adjustment - IAS 29 | 386.6 | 156.9 | 146.4 | 106.2 | 18.0 | 490.0 |
| Share of profit of associate | - | - | n/a | - | - | n/a |
| **Profit / (loss) before tax** | **32.9** | **(90.4)** | **136.4** | **(19.6)** | **(30.2)** | **35.1** |
| Tax (expense) / credit | (27.6) | 2.5 | (1,204.0) | 12.2 | (1.3) | 1,038.5 |
| **Profit for the period** | **5.3** | **(87.9)** | **105.9** | **(7.4)** | **(31.5)** | **76.4** |

Adjusted EBITDA in FY 2023-24 was USD 257.3 million, 8.2% higher compared to the prior year (FY 2022-23: USD 237.9 million) resulting from the higher revenue driven gross profit partly offset by increased overheads, as detailed above.

Depreciation, impairment and amortisation costs in FY 2023-24 were lower year-on-year at USD 115.1 million (FY 2022-23: USD 164.2 million). The prior year 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. The underlying reduction was largely driven by exchange rate movements.

Finance costs of USD 79.9 million in FY 2023-24 were higher year-on-year (FY 2022-23: USD 75.3 million) and reflected the interest on the Bond and Revolving Credit Facility ("RCF"), the amortising ZAR term loan, local debt in Zambia, and leases.

The foreign exchange loss in the year of USD 440.9 million (FY 2022-23: USD 257.2 million) was mainly driven by the South African and Zimbabwe exchange rate movements. The ZWL$:USD closing exchange rate was 14,912.8:1 (FY 2022-23: ZWL$:USD 892.6:1). CPI in Zimbabwe for the period was 257,098.0 (FY 2022-23: 15,389.6) which resulted in a monetary adjustment of USD 386.6 million (FY 2022-23: USD 156.9 million) for the year and resulted in a net profit after tax for the year of USD 5.3 million (FY 2022-23: net loss after tax USD 87.9 million).

### Cash generated from operations

| Cash Flows | For the twelve-month period ended: | | | For the three-month period ended: | | |
|---|---|---|---|---|---|---|
| | 29 Feb 2024 (USDm) | 28 Feb 2023 (USDm) | YoY (%) | 29 Feb 2024 (USDm) | 28 Feb 2023 (USDm) | YoY (%) |
| **Cash generated from operations** | **155.6** | **240.7** | (35.4) | **17.9** | **85.0** | (78.9) |
| Tax paid | (31.0) | (24.3) | (27.6) | (2.9) | (2.9) | - |
| **Net cash generated from operating activities** | **124.6** | **216.4** | **(42.4)** | **15.0** | **82.1** | **(81.7)** |
| Net cash used in investing activities | (48.9) | (94.8) | 48.4 | (11.1) | (20.7) | 46.4 |
| Net cash used in financing activities | (79.6) | (119.8) | 33.6 | (1.8) | (27.8) | 93.5 |
| **Net (decrease) / increase in cash and cash equivalents** | **(3.9)** | **1.8** | **316.7** | **2.0** | **33.6** | **94.0** |

Cash generated from operations for the year decreased year-on-year to USD 155.6 million (FY 2022-23: USD 240.7 million) resulting from the large working capital outflow in the current year. This resulted from increased prepayments, largely in Zimbabwe to mitigate currency devaluation, and was partly offset by improved collections in all key markets.

The increase in tax paid in the year was driven by the higher contribution from Zimbabwe as described above.

Net cash used in investing activities for the year reduced by 48.4% year-on-year to USD 48.9 million (FY 2022-23: USD 94.8 million) driven by a continued reduction in capital expenditure and a large disposal of the Eastern Cape Government project assets amounting to USD 14.7 million. The cash spent on investing activities in the year was largely on network infrastructure, maintenance and customer connections in the DRC, Kenya and South Africa.

Cash used in financing activities is largely related to interest, lease and debt payments. In FY 2023-24 financing activities totalled USD 79.6 million (FY 2022-23: USD 119.8 million), lower due to the RCF net drawdown of USD 42.3 million. Excluding this, net cash used in financing activities was marginally higher than the prior year because of increased leases in South Africa, as we move to a partnership model rather than own build model, together with additional interest payments related to the RCF drawdown.

### Capital investment and network developments

Capital expenditure in FY 2023-24 decreased 32.9% year-on-year to USD 70.3 million (FY 2022-23: USD 104.8 million). As the build of our network is largely complete, a greater share of the investment compared to the prior year was focused on customer connections including in the DRC, Kenya and investment in NLD in South Africa, including on the Eastern and Western Capes.

## Gross and Net Debt

| Gross and Net Debt | As at 29 Feb 2024 (USDm) |
|---|---|
| **Total Gross Debt** | **950.0** |
| Long term borrowings (excl. derivative) | 740.4 |
| Short term portion of long-term borrowings | 63.7 |
| Unamortised arrangement fees | 8.7 |
| Leases - LT | 116.8 |
| Leases - ST | 20.4 |
| **Less: Unrestricted cash** | **(56.7)** |
| **Net Debt** | **893.3** |
| Last twelve months EBITDA | 257.3 |
| Last twelve months interest | 79.9 |
| **Covenants:** | |
| Gross Debt / LTM EBITDA (x) | 3.69 |
| Net Debt / LTM EBITDA (x) | 3.47 |
| Interest / LTM EBITDA (x) | 3.22 |
| Debt Service Cover Ratio (DSCR) | 2.66 |

Unrestricted cash at the end of the year was USD 56.7 million (FY 2022-23: USD 88.4 million), of this, USD 11.2 million was held in Zimbabwe (FY 2022-23: USD 28.3 million). 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 950.0 million at the end of the year, higher than the FY 2022-23 year end (USD 943.5 million) due to the RCF drawdown, which was partly offset by a reduction in the principal borrowings and leases in South Africa as well as exchange rate benefit.

Considering the above cash position, net debt at the end of the year was USD 893.3 million, giving a net debt to adjusted EBITDA ratio of 3.47x, compared to the 3.50x covenant threshold and 3.59x position at the end of FY 2022-23, when the covenant threshold was 4.00x.

| Strive Masiyiwa | Hardy Pemhiwa | Lorraine Harper |
|---|---|---|
| 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**

**29 February 2024**

**LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**For the 12 months and 3 months ended 29 February 2024**

| | Notes | 12 months ended 29/02/2024 USD'000 (Audited) | 12 months ended 28/02/2023 USD'000 (Audited) | 3 months ended 29/02/2024 USD'000 (Unaudited) | 3 months ended 28/02/2023 USD'000 (Unaudited) |
|---|---|---|---|---|---|
| Revenue | 3 | 686,718 | 622,506 | 192,474 | 178,691 |
| Interconnect related costs | | (43,905) | (50,023) | (9,964) | (15,942) |
| Data and network related costs | | (201,845) | (158,614) | (71,114) | (39,852) |
| Net other income | 4 | 12,234 | 7,762 | 8,391 | 5,488 |
| Selling, distribution and marketing costs | | (10,764) | (9,513) | (2,439) | (2,148) |
| Expected credit loss provision | | (7,665) | (9,894) | (4,119) | (3,781) |
| Administrative expenses | | (66,898) | (57,089) | (23,081) | (16,200) |
| Staff costs | | (110,645) | (107,234) | (9,874) | (24,776) |
| Depreciation, impairment and amortisation | | (115,052) | (164,204) | (25,066) | (81,411) |
| **Operating profit** | | **142,178** | **73,697** | **55,208** | **69** |
| Dividend received | | 44 | - | - | - |
| Acquisition and other investment costs | | (106) | (1,737) | - | (490) |
| Fair value loss on derivatives assets | | - | (3,997) | - | (4,160) |
| Gain on bargain purchase | 27 | 272 | - | - | - |
| Interest income | 5 | 24,610 | 17,233 | 8,792 | 4,775 |
| Finance costs | 6 | (79,894) | (75,328) | (25,841) | (21,105) |
| Foreign exchange loss | 2.2 | (440,858) | (257,220) | (163,988) | (27,311) |
| Hyperinflation monetary gain | 2.2 | 386,603 | 156,854 | 106,244 | 17,953 |
| Share of profits of associate | | 21 | 25 | 9 | 12 |
| **Profit / (loss) before taxation** | | **32,870** | **(90,473)** | **(19,576)** | **(30,257)** |
| Tax (expense) / credit | 7 | (27,592) | 2,465 | 12,239 | (1,270) |
| **Profit / (loss) for the period** | | **5,278** | **(88,008)** | **(7,337)** | **(31,527)** |
| | | | | | |
| **Other comprehensive expense** | | | | | |
| | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | |
| Translation loss on accounting for foreign entities | | (8,688) | (224,185) | (7,357) | (28,833) |
| Impact of foreign exchange on opening balance adjustment under hyperinflation accounting | 2.2.2 | (53,200) | 19,356 | (8,956) | (2,129) |
| | | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | |
| Fair value gain / (loss) on investments in equity instruments designated as FVTOCI | 22 | 867 | - | (676) | - |
| | | | | | |
| **Total other comprehensive expense** | | (61,021) | (204,829) | (16,989) | (30,962) |
| | | | | | |
| **Total comprehensive expense** | | **(55,743)** | **(292,837)** | **(24,326)** | **(62,489)** |
| | | | | | |
| **Loss attributable to:** | | | | | |
| Owners of the company | | 5,631 | (87,565) | (7,384) | (31,393) |
| Non-controlling interest | | (353) | (443) | 47 | (134) |
| | | **5,278** | **(88,008)** | **(7,337)** | **(31,527)** |
| | | | | | |
| **Total comprehensive expense attributable to:** | | | | | |
| Owners of the company | | (55,179) | (292,218) | (24,325) | (62,321) |
| Non-controlling interest | | (564) | (619) | (1) | (168) |
| | | **(55,743)** | **(292,837)** | **(24,326)** | **(62,489)** |
| | | | | | |
| **Earnings / (loss) per share** | | | | | |
| Basic (Cents per share) | 24 | 4.51 | (70.13) | (5.92) | (25.14) |

**LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**As at 29 February 2024**

LIQUID INTELLIGENT TECHNOLOGIES

| | Notes | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 8 | 73,990 | 76,576 |
| Intangible assets | 9 | 60,131 | 64,214 |
| Property, plant and equipment | 10 | 483,704 | 526,043 |
| Right-of-Use assets | 11 | 216,956 | 221,319 |
| Investment in associate | | 540 | 543 |
| Investments at Fair Value Through Other Comprehensive Income (FVTOCI) | 22 | 15,362 | 15,314 |
| Deferred tax assets | | 41,869 | 48,388 |
| Investments at amortised cost | | 41 | 45 |
| Long-term receivables | 20 | 143,074 | 133,236 |
| Pre-commencement lease payments | | 9,565 | 8,464 |
| **Total non-current assets** | | **1,045,232** | **1,094,142** |
| **Current assets** | | | |
| Inventories | | 50,399 | 27,341 |
| Trade and other receivables | 13 | 258,944 | 246,927 |
| Taxation | | 5,277 | 3,098 |
| Assets held for sale | | - | - |
| Cash and cash equivalents | 12 | 56,654 | 88,393 |
| Restricted cash and cash equivalents | 12 | 422 | 425 |
| **Total current assets** | | **371,696** | **366,184** |
| **Total assets** | | **1,416,928** | **1,460,326** |
| **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 |
| Investment revaluation reserve | | 16 | - |
| Accumulated losses | | (57,616) | (64,098) |
| Foreign currency translation reserve | | (279,242) | (217,565) |
| **Total equity attributable to owners of the parent** | | **123,588** | **178,767** |
| Non-controlling interests | | 86 | 1,146 |
| **Total equity** | | **123,674** | **179,913** |
| **Non-current liabilities** | | | |
| Long term borrowings | 14 | 742,252 | 763,373 |
| Long term lease liabilities | 15 | 116,804 | 103,661 |
| Long term provisions | | 6,372 | 7,194 |
| Deferred revenue | 17 | 56,967 | 65,553 |
| Deferred tax liabilities | | 4,615 | 15,986 |
| **Total non-current liabilities** | | **927,010** | **955,767** |
| **Current liabilities** | | | |
| Short term portion of long term borrowings | 14 | 80,987 | 34,687 |
| Short term portion of long term lease liabilities | 15 | 20,441 | 31,342 |
| Trade and other payables | 16 | 199,889 | 190,304 |
| Short term provisions | | 13,912 | 23,679 |
| Deferred revenue | 17 | 40,443 | 33,806 |
| Taxation | | 10,572 | 10,828 |
| **Total current liabilities** | | **366,244** | **324,646** |
| **Total equity and liabilities** | | **1,416,928** | **1,460,326** |

Approved by the Board of Directors and authorised for issue on 28 June 2024

Eric Venpin
Director

Mike Mootien
Director

| | Notes | Share capital | Share premium | Convertible preference shares | Investment revaluation reserve | Foreign currency translation reserve | Accumulated losses | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| **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 expense 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** |
| **At 01 March 2023 (Audited)** | | **3,716** | **276,714** | **180,000** | **-** | **(217,565)** | **(64,098)** | **1,146** | **179,913** |
| Dividend | 21 | - | - | - | - | - | - | (496) | (496) |
| Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI | | - | - | - | (851) | - | 851 | - | - |
| Loss and total comprehensive expense for the year | | - | - | - | 867 | (61,677) | 5,631 | (564) | (55,743) |
| Profit for the period | | - | - | - | - | - | 5,631 | (353) | 5,278 |
| Fair value gain on investments in equity instruments designated as FVTOCI | 22 | - | - | - | 867 | - | - | - | 867 |
| Impact of foreign exchange on opening balance adjustment under hyperinflation accounting | | - | - | - | - | (53,200) | - | - | (53,200) |
| Translation loss on accounting for foreign entities | | - | - | - | - | (8,477) | - | (211) | (8,688) |
| **At 29 February 2024 (Audited)** | | **3,716** | **276,714** | **180,000** | **16** | **(279,242)** | **(57,616)** | **86** | **123,674** |

| | Notes | 12 months ended 29/02/2024 USD'000 (Audited) | 12 months ended 28/02/2023 USD'000 (Audited) | 3 months ended 29/02/2024 USD'000 (Unaudited) | 3 months ended 28/02/2023 USD'000 (Unaudited) |
|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | |
| Profit / (loss) before tax | | 32,870 | (90,473) | (19,576) | (30,257) |
| Adjustments for: | | | | | |
| Depreciation, impairment and amortisation | | 115,052 | 164,204 | 25,065 | 81,412 |
| Dividend received | | (44) | - | - | - |
| Expected credit loss provision | | 3,617 | 5,961 | 3,074 | 2,558 |
| Fair value loss on derivatives assets | | - | 3,997 | - | 4,160 |
| Decrease in provisions | | (9,276) | (6,048) | (19,485) | (6,400) |
| Foreign exchange loss | | 423,960 | 233,831 | 149,381 | 5,618 |
| Hyperinflation monetary (gain) / loss | | (386,603) | (156,854) | (106,243) | (17,952) |
| Profit on disposal of property, plant and equipment | | (253) | (66) | 181 | (590) |
| Profit on disposal of Right-of-Use assets | | (1,554) | - | (1,554) | - |
| Interest income | 5 | (24,610) | (17,233) | (8,792) | (4,775) |
| Finance costs | 6 | 79,894 | 75,328 | 25,841 | 21,105 |
| Gain on bargain purchase | 27 | (272) | - | - | - |
| Share of profit from associate | | (21) | (25) | (9) | (12) |
| | | 232,760 | 212,622 | 47,883 | 54,867 |
| **Working capital changes:** | | | | | |
| (Increase) / decrease in inventories | | (22,564) | (10,569) | 2,532 | (3,628) |
| Increase in trade and other receivables | | (39,916) | (141,462) | (5,459) | (41,027) |
| (Decrease) / increase in trade and other payables | | (19,599) | 160,695 | (21,363) | 69,805 |
| Increase / (decrease) in deferred revenue | | 4,873 | 19,461 | (5,730) | 4,978 |
| Cash generated from operations | | 155,554 | 240,747 | 17,863 | 84,995 |
| Income tax paid | | (30,987) | (24,313) | (2,880) | (2,924) |
| *Net cash generated from operating activities* | | 124,567 | 216,434 | 14,983 | 82,071 |
| **Cash flows from investing activities:** | | | | | |
| Interest income | | 5,028 | 1,542 | 3,420 | (10,916) |
| Dividend received | | 44 | - | - | - |
| Net cash inflow on acquisition of subsidiary | 27 | 148 | - | - | - |
| Purchase of investment at FVTOCI | 22 (i) | (953) | - | (36) | 44 |
| Disposal of investment at FVTOCI | 22 (i) | 1,772 | - | 1,412 | - |
| Purchase of investments at amortised cost | | - | (46) | - | (46) |
| Purchase of property, plant and equipment | | (61,290) | (87,567) | (21,530) | (23,297) |
| Proceeds on disposal of property, plant and equipment | | 23,703 | 3,518 | 5,648 | 599 |
| Purchase of intangible assets | 9 | (7,938) | (14,134) | (2,905) | (2,703) |
| Proceeds on disposal of intangible assets | | 84 | 558 | 84 | 430 |
| Pre-commencement lease payments | | (1,101) | (3,105) | (200) | (735) |
| (Increase) / decrease in long-term receivables from related parties | | (8,364) | 4,437 | 2,974 | 15,924 |
| *Net cash used in investing activities* | | (48,867) | (94,797) | (11,133) | (20,700) |
| **Cash flows from financing activities:** | | | | | |
| Dividend paid | | (360) | (441) | - | - |
| Finance costs paid | | (57,504) | (58,726) | (5,649) | (5,701) |
| Decrease in lease liabilities | | (50,354) | (46,738) | (6,006) | (17,000) |
| Increase / (decrease) in borrowings | | 28,603 | (14,325) | 9,850 | (5,519) |
| Increase in long-term payable to related parties | | - | 407 | - | 407 |
| *Net cash used in financing activities* | | (79,615) | (119,823) | (1,805) | (27,813) |
| **Net (decrease) / increase in cash and cash equivalents** | | (3,915) | 1,814 | 2,045 | 33,558 |
| Cash and cash equivalents at beginning of the period | | 88,818 | 163,643 | 58,009 | 62,269 |
| Translation of cash with respect to foreign subsidiaries | | (27,827) | (76,639) | (2,978) | (7,009) |
| **Cash and cash equivalents at end of the year** | 12 | **57,076** | **88,818** | **57,076** | **88,818** |
| **Represented by:** | | | | | |
| Cash and cash equivalents | 12 | 56,654 | 88,393 | 56,654 | 88,393 |
| Restricted cash and cash equivalents | 12 | 422 | 425 | 422 | 425 |
| | | **57,076** | **88,818** | **57,076** | **88,818** |

## 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, Egyptian Pound and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

## 2. Accounting policies

**Basis of preparation**

The condensed consolidated interim financial statements for the 12 months ended 29 February 2024 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, the cash flow projections (which include discretionary capital expenditure), the repayment of existing obligations, undrawn committed loan funding, the provision of financial support to subsidiaries where necessary and the status of equity investment and funding projects set out below. The directors consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the twelve months from the date of signing of the consolidated financial statements subject to the material uncertainty as set out below.

In making their assessment, the directors have considered a number of geographic, economic and operational risks. These include the potential impact of the instability of financial markets, volatility of currency markets, particularly the South African Rand, the economic situation in Zimbabwe (refer to note 28 - *Events after the reporting date* for more details on the new currency), the inability of customers to pay and supply chain shortages on the operations, the achievability of the business plan, the completion of in-flight equity investment and funding projects and the available cashflow for the twelve months from the date of signing of the consolidated financial statements. Based on the base case consolidated cashflow projections of the group and company, and after assessing these factors the directors have assessed that the group and company have sufficient liquidity and headroom on their covenants and have prepared the financial statements on the going concern basis. The directors however recognise there are key assumptions around trading and growth which are dependent on the success of certain strategic initiatives.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), a USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), of which USD 42.7 million was outstanding at 29 February 2024, a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 144.9 million was outstanding at 29 February 2024 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 3.5 million was outstanding at 29 February 2024. Refer to note 14 - *Short term portion of long term borrowings and long term borrowings* for more details.

Cash position

As at 29 February 2024, the group had an unrestricted cash position of USD 56.7 million (28 February 2023: USD 88.4 million). Of this amount, USD 11.2 million (28 February 2023: USD 28.3 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 14,912.8:1 (28 February 2023: 892.6:1). Cash held in Zimbabwe is mainly used to locally fund operating expenses and capital expenditure.

Operational performance

For the year ended 29 February 2024, the group reported an operating profit of USD 142.2 million (28 February 2023: 73.7 million) and a net cash inflow from operating activities of USD 124.6 million (28 February 2023: USD 216.4 million). This supports 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.

Re-financing

In parallel, the group is in discussions to re-finance the remaining USD 144.9 million of the USD 220 million equivalent South African Rand term loan (“ZAR term loan” - see note 14 for more details on this facility). Based on current discussions with selected existing lenders, the directors consider the group to be making good progress and is working towards concluding this refinancing in the coming months.

In addition, the group is exploring the opportunity to discount certain material receivable balances in a way that will either provide debt funding on advantageous terms or an absolute cash injection. These funds will be used to reduce gross debt.

Equity Capital Funding

The group is participating in a wider re-organisation designed to bring together the network, data centre, renewable energy, fintech and digital platforms businesses under a new group holding company, Cassava Technologies Limited. This re-organisation will enhance the group’s ability to offer a full suite of technology products to our customers.

**2.1 Going concern (continued)**

Equity Capital Funding (continued)

As part of the re-organisation, new equity investment that will result in cash inflows of USD 225.0 million in the twelve months from the date of signing of the consolidated financial statements, is being sourced from new and existing investors. All of the group's existing shareholders have signed the documents necessary to give effect to the group reorganisation and these are currently being held in escrow to be released upon signature of a private placement share subscription agreement by one or more of the new investors. The first tranche of equity investment expected under the private placement will result in a cash inflow of approximately USD 90.0 million. The directors understand that all of the first tranche investors have received full approvals as required by their own internal processes. The group and new investors are now in the process of finalising the legal documentation to facilitate the investment. Proceeds from the investment will be deployed in LTH and the other Group companies to fund business growth and provide operational liquidity.

Material uncertainty related to going concern

The group and company have prepared business and cashflow forecasts in accordance with their usual process and governance procedures. These base case forecasts include both revenue growth and cost saving initiatives, leading to strong year-on-year Adjusted EBITDA growth (as defined in note 3 - *Segment information*). Also factored into the base case forecast is the receipt of the first tranche of new equity investment. In addition, the forecasts include a working capital and capital expenditure profile that is designed to support the business in its commercial objectives for the coming year. Based on current progress observed, the directors expect that both the equity and re-financing processes will complete in the going concern period under review and as a result, these projections indicate a strong level of liquidity and meaningful covenant headroom.

However, despite the significant progress made on the equity investment process, it is not yet complete as at the date of signing of the consolidated financial statements. Whilst the directors expect this to happen in the going concern period nonetheless there remains an uncertainty over the quantum and timing of the investment until such time as the legal documentation is in place.

The directors have considered a downside scenario which factors in the possibility that the funding of the USD 90.0 million from the equity investment, expected within the next two months is not received in that timeframe. Under this downside scenario, should the group miss forecast Adjusted EBITDA targets by 1% then there would be a net leverage covenant breach in Q2 2025 financial year (August 2024) and mitigating actions would need to be taken to address the shortfall. These mitigating actions may include for example, the reduction of operating and capital expenditure and ensuring a greater focus on working capital management, particularly in the collection cycle for receivable balances. These mitigating actions are not currently contemplated in the forecasts nor are they fully in the control of the directors. Therefore, in the event that this downside scenario was to occur and trading was to also deteriorate after mitigating actions, the directors would then need to obtain consent for a waiver from certain lenders which is outside of their control as at the date of signing these financial statements.

The uncertainty around the receipt of the equity investment, including the modelled USD 90.0 million of funding before the next covenant test on the 31 August 2024, and the need to continue to meet its Adjusted EBITDA forecasts in order to allow the group and company to meet tight expected headroom to financial covenants creates a material uncertainty which may cast significant doubt on the group and company's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

**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 29 February 2024, 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.

**2.2.1 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 was then renamed the Zimbabwean Dollar (ZWL$).

During the year ended 29 February 2024, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 14,912.8:1 (28 February 2023: ZWL$:USD 892.6:1) to translate both the statement of profit or loss and the statement of financial position at 29 February 2024. Of the USD 440.9 million (28 February 2023: USD 257.2 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 407.4 million (28 February 2023: USD 249.0 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

After the reporting date, a new structured currency, known as the Zimbabwe Gold (ZiG) has been issued and is set to replace the current hyperinflationary currency. Refer to note 28 - *Events after the reporting period* for more details.

**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 2023.

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 2023 resulted in a foreign exchange loss of USD 53.2 million (28 February 2023: gain of USD 19.4 million) which has been recognised directly in other comprehensive income, in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates.*

**2.2 Zimbabwean currency and hyperinflation accounting (continued)**

**2.2.2 Hyperinflation accounting (continued)**

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 29 February 2024.

The retranslation 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.

Since February 2023 and in the current year, we have continued to use the exchange rate movement as a proxy of the GPI. The movement in the year was 1,570.65%, for which the group has applied the movement in GPI for determining the CPI and therefore the closing CPI for February 2024 was 257,098.03 (28 February 2023: 15,389.58)

The gains on the net monetary position of USD 386.6 million (28 February 2023: USD 156.9 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on the above mentioned CPI for February 2024 (28 February 2023: 15,389.58).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 14,912.8:1 (28 February 2023: ZWL$:USD 892.6:1) has been used.

The directors continue to monitor the economic conditions in Zimbabwe, including the events after the reporting date as disclosed in note 28.

**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 29 February 2024.

**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 29 February 2024. 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. The principal judgements are:
• 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 timing of recognition of revenue - whether at a point in time or over time.

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 25 for *Contingent liabilities* disclosure.

**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.

*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.

In the current year we have continued to use the exchange rate movement as a proxy of the GPI. The movement in the year was 1,570.65%, for which the group has applied the movement in GPI for determining the CPI and therefore the closing CPI for February 2024 was 257,098.03 (28 February 2023: 15,389.58). An increase of 10% in the CPI for February 2024 will result in an increase of USD 31.0 million in hyperinflation monetary gain recognised in the consolidated statement of profit or loss and a decrease by 10% will result in a reduction of USD 28.1 million in the same line item.

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

*Going concern*

Equity capital funding

The group is participating in a wider re-organisation designed to bring together the network, data centre, renewable energy, fintech and digital platforms businesses under a new group holding company, Cassava Technologies Limited. This re-organisation will enhance the group’s ability to offer a full suite of technology products to our customers.

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

**Key estimates (continued)**

*Going concern (continued)*

Equity capital funding (continued)

As part of the re-organisation, new equity investment that will result in cash inflows of USD 225.0 million in the twelve months from the date of signing of the consolidated financial statements, is being sourced from new and existing investors. All of the group's existing shareholders have signed the documents necessary to give effect to the group reorganisation and these are currently being held in escrow to be released upon signature of a private placement share subscription agreement by one or more of the new investors. The first tranche of equity investment expected under the private placement will result in a cash inflow of approximately USD 90.0 million. The directors understand that all of the first tranche investors have received full approvals as required by their own internal processes. The group and new investors are now in the process of finalising the legal documentation to facilitate the investment. Proceeds from the investment will be deployed in LTH and the other Group companies to fund business growth and provide operational liquidity.

Re-financing

In parallel, the group is in discussions to re-finance the remaining USD 144.9 million of the USD 220 million equivalent South African Rand term loan ("ZAR term loan" - see note 14 for more details on this facility). Based on current discussions with selected existing lenders, the directors consider the group to be making good progress and is working towards concluding this refinancing in the coming months.

In addition, the group is exploring the opportunity to discount certain material receivable balances in a way that will either provide debt funding on advantageous terms or an absolute cash injection. These funds will be used to reduce gross debt.

Material uncertainty related to going concern

The group and company have prepared business and cashflow forecasts in accordance with their usual process and governance procedures. These base case forecasts include both revenue growth and cost saving initiatives, leading to strong year-on-year Adjusted EBITDA growth. Also factored into the base case forecast is the receipt of the first tranche of new equity investment. In addition, the forecasts include a working capital and capital expenditure profile that is designed to support the business in its commercial objectives for the coming year. Based on current progress observed, the directors expect that both the equity and re-financing processes will complete in the going concern period under review and as a result, these projections indicate a strong level of liquidity and meaningful covenant headroom.

However, despite the significant progress made on the equity investment process, it is not yet complete as at the date of signing of the consolidated financial statements. Whilst the directors expect this to happen in the going concern period nonetheless there remains an uncertainty over the quantum and timing of the investment until such time as the legal

The directors have considered a downside scenario which factors in the possibility that the funding of the USD 90.0 million from the equity investment, expected within the next two months is not received in that timeframe. Under this downside scenario, should the group miss forecast Adjusted EBITDA targets by 1% then there would be a net leverage covenant breach in Q2 2025 financial year (August 2024) and mitigating actions would need to be taken to address the shortfall. These mitigating actions may include for example, the reduction of operating and capital expenditure and ensuring a greater focus on working capital management, particularly in the collection cycle for receivable balances. These mitigating actions are not currently contemplated in the forecasts nor are they fully in the control of the directors. Therefore, in the event that this downside scenario was to occur and trading was to also deteriorate after mitigating actions, the directors would then need to obtain consent for a waiver from certain lenders which is outside of their control as at the date of signing these financial statements.

The uncertainty around the receipt of the equity investment, including the modelled USD 90.0 million of funding before the next covenant test on the 31 August 2024, and the need to continue to meet its Adjusted EBITDA forecasts in order to allow the group and company to meet tight expected headroom to financial covenants creates a material uncertainty which may cast significant doubt on the group and company's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

**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.

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:

- Gain on bargain purchase
- Acquisition and other investment costs
- Fair value gain on derivatives assets
- 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 26.1 - *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 29 February 2024 (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 | 182,733 | 152,534 | 125,655 | 79,077 | - | (60,099) | 479,900 |
| C2 | 51,832 | 13,398 | 18,135 | 30,159 | - | (18,580) | 94,944 |
| Dataport | 8,287 | 2,633 | 15,708 | 36,924 | - | (11,142) | 52,410 |
| Voice traffic | 7,132 | 83 | 21 | 53,546 | - | (1,318) | 59,464 |
| Inter-segmental revenue | (8,581) | (1,047) | (5,491) | (76,020) | - | 91,139 | - |
| **Group External Revenue** | **241,403** | **167,601** | **154,028** | **123,686** | **-** | **-** | **686,718** |
| **Adjusted EBITDA** | 78,816 | 85,387 | 42,157 | 76,267 | (16,484) | (8,869) | 257,274 |
| Depreciation, impairment and amortisation | | | | | | | (115,052) |
| Acquisition and other investment costs | | | | | | | (106) |
| Gain on bargain purchase | | | | | | | 272 |
| Interest income | | | | | | | 24,610 |
| Finance costs | | | | | | | (79,894) |
| Foreign exchange loss | | | | | | | (440,858) |
| Hyperinflation monetary gain | | | | | | | 386,603 |
| Share of profits of associate | | | | | | | 21 |
| **Profit before taxation** | | | | | | | **32,870** |
| Tax expense | | | | | | | (27,592) |
| **Profit for the period** | | | | | | | **5,278** |

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 gain 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)** |

*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 29 February 2024 (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 | 58,091 | 38,430 | 29,805 | 19,853 | - | (16,047) | 130,132 |
| C2 | 13,918 | 2,809 | 5,162 | 7,364 | - | (4,363) | 24,890 |
| Dataport | 2,489 | 432 | 5,114 | 18,139 | - | (2,910) | 23,264 |
| Voice traffic | 1,735 | 32 | 3 | 12,687 | - | (269) | 14,188 |
| Inter-segmental revenue | (2,036) | (253) | (1,261) | (20,039) | - | 23,589 | - |
| **Group External Revenue** | **74,197** | **41,450** | **38,823** | **38,004** | **-** | **-** | **192,474** |
| **Adjusted EBITDA** | 19,983 | 24,120 | 13,134 | 27,285 | 2,339 | (6,587) | 80,274 |
| Depreciation, impairment and amortisation | | | | | | | (25,066) |
| Interest income | | | | | | | 8,792 |
| Finance costs | | | | | | | (25,841) |
| Foreign exchange loss | | | | | | | (163,988) |
| Hyperinflation monetary gain | | | | | | | 106,244 |
| Share of profits of associate | | | | | | | 9 |
| **Loss before taxation** | | | | | | | **(19,576)** |
| Tax credit | | | | | | | 12,239 |
| **Loss for the period** | | | | | | | **(7,337)** |

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 |
| **Loss before taxation** | | | | | | | **(30,257)** |
| Tax expense | | | | | | | (1,270) |
| **Loss for the period** | | | | | | | **(31,527)** |

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

## 4. Net other income

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Management fees income (note 18) | 3,686 | 2,469 | 873 | 565 |
| Profit on disposal of Right-of-Use assets | 1,554 | - | 1,554 | - |
| Sundry income (non-operating income that does not meet the recognition criteria of revenue under IFRS 15) | 6,741 | 5,227 | 6,145 | 4,333 |
| Gain/ (loss) on disposal of property, plant and equipment | 253 | 66 | (181) | 590 |
| | **12,234** | **7,762** | **8,391** | **5,488** |

## 5. Interest income

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Interest received - bank / external | 5,028 | 1,542 | 3,420 | 674 |
| Interest received - inter-group (note 18) | 19,582 | 15,691 | 5,372 | 4,101 |
| | **24,610** | **17,233** | **8,792** | **4,775** |

## 6. Finance costs

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Interest on bank overdraft and loans | 23,339 | 25,588 | 6,154 | 5,813 |
| Finance cost on Senior Secured Notes | 34,100 | 34,100 | 8,525 | 8,525 |
| Finance arrangement fees amortised | 3,614 | 3,674 | 902 | 917 |
| Interest on lease liabilities | 18,509 | 11,747 | 10,175 | 5,777 |
| Interest paid - inter-group (note 18) | 332 | 219 | 85 | 73 |
| | **79,894** | **75,328** | **25,841** | **21,105** |

## 7. Taxation

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Current taxation | 24,535 | 23,386 | 1,168 | 3,324 |
| Deferred taxation charge / (credit) | (5,611) | (34,062) | (15,478) | (4,022) |
| Withholding taxation | 8,668 | 8,211 | 2,071 | 1,968 |
| | **27,592** | **(2,465)** | **(12,239)** | **1,270** |

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Profit / (loss) before taxation | 32,870 | (90,473) | (19,576) | (30,257) |
| Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions | 23,820 | (24,699) | 34,437 | (9,534) |
| Tax effect of non-deductible expenses | 4,115 | 33,061 | (92,762) | (3,374) |
| Tax effect of non-taxable income | (35,021) | - | (35,021) | 102 |
| Tax effect of foreign tax credit | (504) | (1,194) | 542 | (1,194) |
| Effect of tax losses not recognised as deferred tax assets | 6,692 | 912 | (949) | 2,159 |
| Tax effect of utilised unrecognised tax losses | (2,187) | (930) | (528) | 5,144 |
| Tax effect on IAS 29 adjustments | 22,009 | (17,826) | 79,971 | 5,929 |
| Withholding taxation | 8,668 | 8,211 | 2,071 | 2,038 |
| | **27,592** | **(2,465)** | **(12,239)** | **1,270** |

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

| | | |
|---|---|---|
| Mauritius (tax credit of 80%, depending on type of income) | 15% | 15% |
| South Africa | 27% | 28% |
| Kenya | 30% | 30% |
| United Kingdom | 24.5% | 19% |
| Tanzania | 30% | 30% |
| Zambia | 35% | 35% |
| Zimbabwe | 25.75% | 25.75% |

## 8. Goodwill

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| **Cost** | | |
| Opening balance | 76,576 | 129,182 |
| Impairment (see below) | - | (36,081) |
| Foreign exchange loss | (2,586) | (16,525) |
| Closing balance | **73,990** | **76,576** |

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.

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 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 | 5,581 |
| Liquid Telecommunications Holdings South Africa (Pty) Limited | 57,774 | 60,360 |
| Liquid Telecommunications Zambia Limited | 2,201 | 2,201 |
| Raha Tanzania Holdings Limited | 5,584 | 5,584 |
| | **73,990** | **76,576** |

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.
• Assessments are performed on a value in use basis, using a 5-year discounted cash flow method extrapolated beyond the budget period using a terminal growth rate, as set out below.
• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 0.5% to 5.8% (FY23: 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 11.5% to 22.0% (post-tax) (FY23: 10.3% to 21.5%). The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

Specifically in relation to Liquid Telecommunications Holdings South Africa (Pty) Limited ("LTHSA"), in the current year ended 29 February 2024, there was no impairment in LTHSA (FY23: impairment of USD 36.1 million) and the following assumptions were applied:

• A terminal growth rate of 4.3% (FY23: 4.2%) was applied in line with inflation forecasts for South Africa over a comparable period.
• LTHSA's WACC of 16.3% (FY23: 15.5%) was used as the discount rate. On a pre-tax basis, this rate is 17.1% (FY23: 19.8%).

Sensitivity analysis

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 an impairment of USD 4.5 million (FY23: USD 9.6 million).
• An increase of 10% in the above WACC would result in an impairment of USD 32.6 million (FY23: 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 (FY23: no impairment), with significant headroom. A reduction of 10% in the EBITDA forecasts in each period would result in full impairment (FY23: full impairment) of the carrying value for the goodwill.

Other CGUs

• 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") (being the key assumption) 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 10% in the WACC would result in no impairment (FY23: no impairment), with headroom. A decrease of 10% would still result in no impairment (FY23: no impairment), with significant headroom.

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

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 Liquid Telecommunications Holdings Limited (LTH).

**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 01 March 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 |
| Acquisition of subsidiary | - | - | - | 82 | - | - | 82 |
| Purchases during the period | 640 | 4,992 | - | - | 2,306 | - | 7,938 |
| Disposals during the year | (640) | (1,186) | - | - | (84) | - | (1,910) |
| Transfers | - | 2,226 | - | - | (2,226) | - | - |
| Impairment | - | - | - | - | (58) | - | (58) |
| Foreign exchange differences | (4,481) | (2,743) | - | (1,719) | 4 | (2,035) | (10,974) |
| Adjustments - IAS 29 | 3,477 | 1,231 | - | - | - | - | 4,708 |
| **At 29 February 2024 (Audited)** | 31,390 | 40,872 | - | 24,713 | 3,046 | 45,087 | 145,108 |
| **Accumulated amortisation:** | | | | | | | |
| **At 01 March 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 |
| Amortisation | 1,951 | 4,518 | - | 2,794 | - | 461 | 9,724 |
| Disposals during the year | (640) | (1,186) | - | - | - | - | (1,826) |
| Foreign exchange differences | (2,328) | (2,144) | - | (776) | - | (1,547) | (6,795) |
| Adjustments - IAS 29 | 1,863 | 903 | - | - | - | - | 2,766 |
| **At 29 February 2024 (Audited)** | 12,970 | 30,222 | - | 20,691 | - | 21,094 | 84,977 |
| **Carrying amount:** | | | | | | | |
| At 28 February 2023 (Audited) | 20,270 | 8,221 | - | 7,677 | 3,104 | 24,942 | 64,214 |
| At 29 February 2024 (Audited) | 18,420 | 10,650 | - | 4,022 | 3,046 | 23,993 | 60,131 |

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

In Intangible assets, during the year ended 29 February 2024, USD 0.1 million assets were impaired as they were deemed to be unusable, they relate to the Rest of World segment. (28 February 2023: nil). No further impairment was required following the review of the carrying value of Intangible assets of the group and company by the directors.

**10. Property, plant and equipment**

| | Land and buildings | Furniture and fittings | Computer equipment | Network equipment | Motor vehicles | Work in progress | Fibre infrastructure | Total |
|---|---|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| **Cost:** | | | | | | | | |
| **At 1 March 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 |
| Acquisition of subsidiary | - | 4 | 97 | - | - | - | - | 101 |
| Additions during the period | 231 | 2,159 | 2,110 | 3,797 | 761 | 14,991 | 41,436 | 65,485 |
| Disposals during the period | (1,007) | (2,775) | (2,702) | (30,589) | (197) | (1,282) | (34,818) | (73,370) |
| Transfer from Right-of-Use assets | - | - | - | 515 | - | - | - | 515 |
| Reclassification | - | - | - | - | - | 2,257 | - | 2,257 |
| Impairment | - | - | - | - | - | - | (1,285) | (1,285) |
| Write offs | - | - | - | - | - | (5) | - | (5) |
| Transfers | - | 68 | 34 | 27,410 | - | (27,927) | 415 | - |
| Transfers to inventory | - | - | (5) | - | - | - | (6,688) | (6,693) |
| Transfer from inventory | - | - | 4 | - | - | 263 | - | 267 |
| Foreign exchange differences | (2,493) | (1,890) | (2,001) | (12,556) | (4,219) | (7,834) | (227,641) | (258,634) |
| Adjustments - IAS 29 | 1,913 | 1,674 | 930 | 1,571 | 3,780 | 6,274 | 192,738 | 208,880 |
| **At 29 February 2024 (Audited)** | 14,671 | 8,767 | 26,704 | 83,807 | 9,913 | 27,120 | 863,096 | 1,034,078 |
| **Accumulated depreciation** | | | | | | | | |
| **At 1 March 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 |
| Acquisition of subsidiaries | - | 3 | 54 | - | - | - | - | 57 |
| Depreciation | 279 | 666 | 1,243 | 7,649 | 559 | - | 46,458 | 56,854 |
| Disposals during the period | (845) | (2,773) | (2,673) | (30,093) | (166) | - | (13,371) | (49,921) |
| Transfers | - | - | - | 2,565 | - | - | (2,565) | - |
| Reclassification | - | - | - | 249 | - | 2,257 | - | 2,506 |
| Foreign exchange differences | (230) | (1,303) | (1,482) | (9,052) | (2,392) | - | (96,752) | (111,211) |
| Adjustments - IAS 29 | - | 897 | 309 | 1,165 | 2,068 | - | 77,133 | 81,572 |
| **At 29 February 2024 (Audited)** | 4,933 | 5,258 | 22,929 | 60,768 | 6,766 | - | 449,720 | 550,374 |
| **Carrying amount:** | | | | | | | | |
| At 28 February 2023 (Audited) | 10,298 | 1,759 | 2,759 | 5,374 | 3,091 | 42,640 | 460,122 | 526,043 |
| At 29 February 2024 (Audited) | 9,738 | 3,509 | 3,775 | 23,039 | 3,147 | 27,120 | 413,376 | 483,704 |

In Property, plant and equipment, during the year ended 29 February 2024, USD 1.3 million assets were impaired as they were deemed to be unusable, they relate to the Rest of Africa segment. (28 February 2023: USD 2.4 million). No further impairment was required following the review of the carrying value of Property, plant and equipment of the group and company by the directors.

## 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 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 |
| Additions during the period | 8,580 | - | 11,905 | - | 45,849 | 5,856 | 72,190 |
| Disposals during the period | (10,086) | - | (20,396) | - | (2,588) | (462) | (33,532) |
| Transfer from pre-commencement lease payments** | - | - | - | - | - | 200 | 200 |
| Transfer to Property, plant and equipment | - | - | - | - | - | (515) | (515) |
| Write offs | (1,039) | - | - | - | - | - | (1,039) |
| Transfers | - | - | - | - | 76 | (76) | - |
| Transfers to inventory | - | - | - | - | (449) | - | (449) |
| Foreign exchange differences | (43,780) | - | (2,505) | (134) | (3,502) | (1,785) | (51,706) |
| Adjustments - IAS 29 | 15,447 | - | - | - | - | - | 15,447 |
| **At 29 February 2024 (Audited)** | 70,291 | - | 41,328 | 1,947 | 126,633 | 151,503 | 391,702 |
| | | | | | | | |
| **Accumulated depreciation:** | | | | | | | |
| **At 1 March 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 |
| Depreciation | 9,153 | - | 11,523 | 193 | 18,046 | 8,058 | 46,973 |
| Disposals during the period | (5,615) | - | (20,370) | - | (2,274) | (13) | (28,272) |
| Reclassification | - | - | - | - | - | (249) | (249) |
| Write offs | (1,039) | - | - | - | - | - | (1,039) |
| Transfers | - | - | - | - | 57 | (57) | - |
| Foreign exchange differences | (7,562) | - | (1,453) | (100) | (1,824) | (1,432) | (12,371) |
| Adjustments - IAS 29 | (83) | - | - | - | - | - | (83) |
| **At 29 February 2024 (Audited)** | 31,927 | - | 21,699 | 1,768 | 45,580 | 73,772 | 174,746 |
| | | | | | | | |
| At 28 February 2023 (Audited) | 64,096 | - | 20,325 | 406 | 55,672 | 80,820 | 221,319 |
| | | | | | | | |
| At 29 February 2024 (Audited) | 38,364 | - | 19,629 | 179 | 81,053 | 77,731 | 216,956 |

No impairment was required following the review of the carrying value of Right-of-Use assets by the directors for the year ended 29 February 2024 (28 February 2023: Nil).

The group leases several assets including land and buildings, computer equipment, furniture and fittings, network equipment, motor vehicles and fibre infrastructure. The average lease term is 5 years (28 February 2023: 5 years). For some of the lease contracts, the group has the option to purchase the assets at the end of the lease terms.

* relates to lease modifications or cancellations.

** During the year ended 28 February 2024, USD 0.2 m was transferred from pre-commencement lease payments to Right-of-Use assets as the assets were brought into use (FY23: USD 33.5m).

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

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Cash and bank balances | 55,850 | 88,393 |
| Money market deposits | 804 | - |
| Cash and cash equivalents | **56,654** | **88,393** |
| Restricted cash and cash equivalents | **422** | **425** |
| Total cash and cash equivalents | **57,076** | **88,818** |

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 11.2 million (28 February 2023: USD 28.3 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 14,912.8:1 (28 February 2023: ZWL$:USD of 892.6:1). See note 2.2 - *Zimbabwean currency* for more detailed disclosure on ZWL$.

The group has restricted cash for the following purposes:

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Guarantees | 1 | 1 |
| Customer deposits held | 421 | 424 |
| | **422** | **425** |

## 13. Trade and other receivables

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Trade receivables from external parties | 130,824 | 128,959 |
| Trade receivables from related parties (note 18) | 35,652 | 36,576 |
| Expected credit loss provision | (39,051) | (42,372) |
| **Total trade and related parties receivables, net of expected credit loss provision** | **127,425** | **123,163** |
| Short term inter-company and other related party receivables (note 18) | 51,498 | 21,813 |
| Sundry debtors | 45,149 | 60,595 |
| Deposits paid | 3,781 | 5,051 |
| Prepayments | 31,091 | 36,305 |
| | **258,944** | **246,927** |

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.

| | | 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 29 February 2024** | | | | | | |
| Trade and related parties receivables - Gross | 41,951 | 20,990 | 11,133 | 11,776 | 80,626 | 166,476 |
| Lifetime ECL | (925) | (579) | (563) | (474) | (36,509) | (39,051) |
| **Trade and related parties receivables - Net** | **41,026** | **20,411** | **10,570** | **11,302** | **44,117** | **127,425** |
| Default rate | 2.2% | 2.8% | 5.1% | 4.0% | 45.3% | |
| **As at 28 February 2023** | | | | | | |
| Trade and related parties receivables - Gross | 51,277 | 28,936 | 14,994 | 12,588 | 57,740 | 165,535 |
| 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** | **23,333** | **123,163** |
| Default rate | 7.5% | 7.8% | 7.3% | 6.0% | 59.6% | |

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

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| **Long term borrowings:** | | |
| USD 620 million 5.5% Senior Secured Notes (i) | 612,736 | 609,840 |
| Net settled: Embedded derivatives (note 22) | 1,878 | 1,878 |
| USD 220 million equivalent South African Rand term loan (ii) | 127,315 | 150,406 |
| Stanbic Bank of Zambia Limited Term loan (iii) | - | 1,249 |
| Other long-term borrowings | 323 | - |
| | **742,252** | **763,373** |
| **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) | 17,554 | 13,800 |
| Stanbic Bank of Zambia Limited Term loan (iii) | 2,436 | 3,636 |
| Stanbic Bank of Zambia Limited revolving loan (iii) | 1,058 | - |
| USD 60 million revolving credit facility (iv) | 42,665 | 201 |
| Other Short-term portion of long term borrowings | 224 | - |
| | **80,987** | **34,687** |

(i) The USD 620 million 5.5% Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The Notes were issued by Liquid Telecommunications Financing Plc on 24 February 2021 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, Liquid Telecom DRC S.A. 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 occured 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) Stanbic Bank of Zambia Limited Term loan

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 29 February 2024, the outstanding balance on all term loans is USD 2.4 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.

Stanbic Bank of Zambia Limited revolving credit facility

During the year ended 29 February 2024, Liquid Telecommunications Zambia Limited acquired a revolving credit facility of USD 1.6 million. The effective interest rate is in the aggregate of the margin at 8% plus Bank of Zambia policy rate. The loan facility is unsecured.

(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, Liquid Telecom DRC S.A. and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured Notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of SOFR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes. The facility holds the same covenant obligations as the South African term loan referenced above. This facility was drawn down during the year and USD 42.7 million is outstanding at 29 February 2024.

## 15. Lease liabilities

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Long term portion of lease liabilities | 116,804 | 103,661 |
| Short term portion of lease liabilities | 20,441 | 31,342 |
| | **137,245** | **135,003** |

## 16. Trade and other payables

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Trade accounts payable to external parties | 119,724 | 103,202 |
| Trade payable balance to related parties (note 18) | 17,809 | 15,779 |
| Accruals | 49,492 | 45,920 |
| Staff payables | 4,679 | 4,745 |
| Transaction taxes due in various jurisdictions | 6,641 | 4,456 |
| Other short-term payables | 1,544 | 16,202 |
| | **199,889** | **190,304** |

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.

Amounts 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

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Long-term portion of deferred revenue | 56,967 | 65,553 |
| Short-term portion of deferred revenue | 40,443 | 33,806 |
| | **97,410** | **99,359** |

Deferred revenue mainly relates to revenue billed in advance which includes deferred revenue on any Indefeasible-Rights-of-Use (IRU), disclosed through Network and Dataport revenue streams disclosed in note 4.1, that will be amortised over a period of 10 to 15 years and other advance billings that will be amortised over a period of 1 to 3 years.

## 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 and Econet Wireless Zimbabwe 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, Africa Data Centres Lagos FZE (Nigeria) and East Africa Data Centre Limited (Kenya) and are referred to as ''Africa Data Centres related group companies'';

• Telrad Networks Limited (Israel), Marmanet Organization and Projects Management Limited (Israel), Geo Da Lands & Property Management & Information Limited (Israel), Oasis Communication Technologies Limited (Israel) and Magalcom Limited (Israel) and are referred to as ''Telrad related group companies'';

• Sasai Fintech Limited (Mauritius) and Sasai Fintech (PTY) Ltd (South Africa) and are referred to as ''Sasai related group companies'';

• VAYA Africa Mauritius Ltd (Mauritius) is referred to as ''Vaya related group companies'';

• Distributed Power Africa Proprietary Limited (South Africa), Distributed Power Africa (Private) Limited (Zimbabwe), Distributed Power Africa Limited (Mauritius) and Distributed Power Africa Services Proprietary Limited (South Africa) and are referred to as ''Econet Infraco related group companies'';

• Liquid Telecommunications (Jersey) Ltd, Liquid Technologies Infrastructure Finance SARL (Belgium), Liquid Intelligent Technologies Limited (Nigeria), Liquid Delta (Jersey) Limited and Liquid ECG Infraco (Pty) Ltd (South Africa) and are referred to as "Liquid (Jersey) other related group of companies"

• DTOS Limited (Mauritius)

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 entered into the following trading transactions with related parties:

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) | 29/02/2024 USD'000 (Unaudited) | 28/02/2023 USD'000 (Unaudited) |
| **Sales of goods and services** | | | | |
| Econet Global related group companies | 76,751 | 80,887 | 13,407 | 21,589 |
| Africa Data Centres related group companies | 324 | 173 | 82 | 35 |
| Liquid (Jersey) other related group of companies | 26,705 | 307 | 19,376 | 190 |
| | **103,780** | **81,367** | **32,865** | **21,814** |

**18. Related party transactions and balances (continued)**

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 | USD'000 | USD'000 | USD'000 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| **Purchase of goods and services** | | | | |
| Econet Global related group companies | 22,555 | 22,826 | 5,116 | 6,248 |
| Africa Data Centres related group companies | 3,794 | 541 | 2,145 | 138 |
| Liquid (Jersey) related group of companies | 20,847 | 3,544 | 20,794 | 3,532 |
| | **47,196** | **26,911** | **28,055** | **9,918** |
| **Management fees expense** | | | | |
| Econet Global related group companies | **510** | **240** | **150** | **60** |
| **Management fees income** | | | | |
| Africa Data Centres related group companies | 620 | 397 | 125 | - |
| Econet Global related group companies | 76 | 177 | - | - |
| Liquid (Jersey) other related group of companies | 2,990 | 1,895 | 748 | 565 |
| | **3,686** | **2,469** | **873** | **565** |
| **Dividend paid** | | | | |
| Other shareholders (net of taxes) | **496** | **441** | **136** | 812 |
| **Interest income** | | | | |
| Econet Global related group companies | 621 | 419 | 159 | 138 |
| Liquid (Jersey) other related group of companies | 1,028 | 162 | 836 | 53 |
| Africa Data Centres related group companies | 17,933 | 15,110 | 4,377 | 3,910 |
| | **19,582** | **15,691** | **5,372** | **4,101** |
| **Finance costs** | | | | |
| Liquid (Jersey) other related group of companies | **332** | **219** | **85** | **73** |
| **Administration fees paid** | | | | |
| DTOS Limited | **398** | **321** | **58** | **178** |

The group has the following balances at the period end:

| | 29/02/2024 | 28/02/2023 |
|---|---|---|
| | USD'000 | USD'000 |
| | (Audited) | (Audited) |
| **Short-term receivables from related parties** | | |
| Africa Data Centres related group companies | 21,547 | 17,119 |
| Liquid (Jersey) other related group of companies | 25,440 | 3,355 |
| Econet Global related group companies | 1,827 | 1,327 |
| Econet Infraco related group companies | 743 | 12 |
| Sasai Related Group Companies | 1,480 | - |
| Strive Masiyiwa* | 461 | - |
| | **51,498** | **21,813** |

*The facility amount is USD 0.9 million. The loan is unsecured, has no fixed repayment terms is repayable within one year. The balance outstanding as at 29 February 2024 has been repaid subsequent to year end.

| | 29/02/2024 | 28/02/2023 |
|---|---|---|
| **Receivables balances from affiliated entities and other related parties** | | |
| Econet Global Limited (Mauritius) | 4,999 | 4,999 |
| Econet Global Related Group Companies | 20,327 | 27,072 |
| Econet Infraco related group companies | 7 | 12 |
| Vaya Related Group Companies | 436 | 338 |
| Liquid (Jersey) other related group of companies | 3,032 | 318 |
| Telrad related group companies | - | 2,697 |
| Africa Data Centres related group companies | 4,235 | - |
| Strive Masiyiwa* | 2,616 | 1,140 |
| | **35,652** | **36,576** |

*This receivable balance is unsecured, has no fixed repayment terms and is repayable within one year.

| | 29/02/2024 | 28/02/2023 |
|---|---|---|
| **Payable balance to related parties** | | |
| Econet Global related group companies | 774 | 1,045 |
| Telrad Networks Ltd | 351 | - |
| Africa Data Centres related group companies | 7,839 | 10,313 |
| Sasai Related Group Companies | 954 | - |
| Liquid (Jersey) other related group of companies | 7,891 | 4,421 |
| | **17,809** | **15,779** |
| **Long-term receivables** | | |
| Africa Data Centres related group companies | 128,095 | 129,771 |
| Liquid (Jersey) other related group of companies | 11,838 | 2,794 |
| Econet Global related group companies | - | 671 |
| | **139,933** | **133,236** |

**19. Capital commitments**

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| At 28 February 2024, the group committed to the following capital commitments: | | |
| Authorised and contracted | | |
| Intangible assets | 1,507 | 1,542 |
| Property, plant and equipment | 24,925 | 31,459 |
| | **26,432** | **33,001** |

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

**20. Long-term receivables**

| | | |
|---|---|---|
| Long term intercompany receivables (note 18) | 139,933 | 133,236 |
| Other receivables | 3,141 | - |
| | **143,074** | **133,236** |

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

Other receivables

On 16 March 2022, Liquid Telecommunications South Africa (Pty) Ltd, a subsidiary of the group, concluded an interest rate swap agreement with Standard Bank of South Africa Limited in relation to the long-term loan raised from various financial institutions. It swapped the floating 3 Months JIBAR to a fixed JIBAR of 6.79% for the amortising and bullet portions of the loans for their full tenor. The loans are due for settlement on 25 February 2026. The interest rate swap resulted in savings of USD 2.1 million in the group's finance costs for the current financial year. Unrealised savings on interest costs due to the interest rate swap of USD 3.2 million was recognised in the current year.

**21. Dividend**

**Year ended 29 February 2024:**

Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared and paid a dividend of USD 1.2 million. USD 0.4 million is attributable to the non-controlling interests of the subsidiary.

Worldstream (Pty) Limited, a subsidiary of the group, declared a dividend of USD 0.4 million during the period. USD 0.1 million is attributable to the non-controlling interests of the subsidiary.

**Year ended 28 February 2023:**

Liquid Telecommunications Rwanda Limited, a subsidiary of the group, paid a dividend of USD 1.0 million during the period. USD 0.3 million is attributable to the non-controlling interests of the subsidiary.

Worldstream (Pty) Limited, a subsidiary of the group, paid a dividend of 0.4 million during the period. USD 0.1 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 USD'000 | Level 2 USD'000 | Level 3 USD'000 | Total USD'000 |
|---|---|---|---|---|
| **29 February 2024** | | | | |
| Investments at FVTOCI (i) | - | - | 15,362 | 15,362 |
| Total (Audited) | **-** | **-** | **15,362** | **15,362** |

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

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

| | 29/02/2024 USD'000 (Audited) | 28/02/2023 USD'000 (Audited) |
|---|---|---|
| Opening balance | 15,314 | 15,314 |
| Additions | 953 | - |
| Disposals | (1,772) | - |
| Fair value gain | 867 | - |
| Closing balance | **15,362** | **15,314** |

**22. Fair value measurements recognised in the consolidated statement of financial position (continued)**

(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 - 29 February 2024** | | | | | |
| Net settled: Embedded derivatives | - | - | - | - | - |
| **Group - 28 February 2023** | | | | | |
| Net settled: Embedded derivatives | - | - | - | - | - |

| | 29/02/2024 | 28/02/2023 |
|---|---|---|
| | USD'000 (Audited) | USD'000 (Audited) |
| Opening balance | - | 3,997 |
| Fair value loss recognised in statement of profit or loss | - | (3,997) |
| Closing balance | - | - |

**23. Non-cash transactions**

Transactions excluded from statements of cash flows

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

*During the year ended 29 February 2024:*

• Purchase of property, plant and equipment of the group included a non cash portion of USD 4.2 million.

*During the year ended 28 February 2023:*

• The long term intercompany receivable from Data & Control System (Private) Limited (as disclosed in note 18) has been capitalised as an equity loan. The equity loan is unsecured and is repayable at the discretion of each respective borrower.

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

**24. Earnings per share**

| | 12 months ended | | 3 months ended | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 (Audited) | USD'000 (Audited) | USD'000 (Unaudited) | USD'000 (Unaudited) |
| Earnings / (loss) per share (Cents per share) | 4.51 | (70.13) | (5.92) | (25.14) |

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

| | | | | |
|---|---|---|---|---|
| Earnings / (loss) attributable to owners of the company | 5,631 | (87,565) | (7,384) | (31,393) |

| | 12 months ended | |
|---|---|---|
| | 29/02/2024 | 28/02/2023 |
| | USD'000 (Audited) | USD'000 (Audited) |
| Weighted average number of ordinary shares for the | 124,857,914 | 124,857,914 |

At 29 February 2024, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (30 November 2022: 124,857,914 ordinary shares).

## 25. 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 to defend against the assessment, no tax provision is made, however, these positions are kept under review as the audit process progresses and, in some 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 Positions across a number of jurisdictions (principally the DRC and Zimbabwe), it does not believe that these Uncertain Tax Positions 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, these settlement rates have averaged in the region of 15% - 20%.

Based on the value of potential tax exposures where uncertainty exists, and also based on our historical settlements with tax authorities, there is a potential of additional tax exposures liabilities between $5.8m and $9.3m, the exact timing and value of which is unknown and cannot be measured with any reliability.

## 26. Reconciliation

### 26.1 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 | |
|---|---|---|---|---|
| | 29/02/2024 | 28/02/2023 | 29/02/2024 | 28/02/2023 |
| | USD'000 (Audited) | USD'000 (Audited) | USD'000 (Unaudited) | USD'000 (Unaudited) |
| Operating profit | 142,178 | 73,697 | 55,208 | 69 |
| Add back: | | | | |
| Depreciation, impairment and amortisation | 115,052 | 164,204 | 25,066 | 81,411 |
| Dividend received | 44 | - | - | - |
| Adjusted EBITDA (note 3) | **257,274** | **237,901** | **80,274** | **81,480** |

### 26.2 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 | Reclassification of network costs | Revised statement of profit or loss |
|---|---|---|---|
| | USD'000 (Audited) | USD'000 (Audited) | USD'000 (Audited) |
| **12 months ended 29 February 2024:** | | | |
| Revenue | 686,718 | - | 686,718 |
| Interconnect related costs | (43,905) | - | (43,905) |
| Data and network related costs | (201,845) | 36,452 | (165,393) |
| Gross Profit | 440,968 | 36,452 | 477,420 |
| Other income | 12,234 | - | 12,234 |
| Dividend received | 44 | | 44 |
| Selling, distribution and marketing costs | (10,764) | - | (10,764) |
| Expected credit loss provision | (7,665) | - | (7,665) |
| Administrative expenses | (66,898) | (36,452) | (103,350) |
| Staff costs | (110,645) | - | (110,645) |
| Adjusted EBITDA | **257,274** | **-** | **257,274** |
| **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** |

**26. Reconciliation**

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

| | Consolidated statement of profit or loss | Reclassification of network costs | Revised statement of profit or loss |
|---|---|---|---|
| | USD'000 | USD'000 | USD'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| **3 months ended 29 February 2024:** | | | |
| Revenue | 192,474 | - | 192,474 |
| Interconnect related costs | (9,964) | - | (9,964) |
| Data and network related costs | (71,114) | 10,203 | (60,911) |
| Gross Profit | 111,396 | 10,203 | 121,599 |
| Other income | 8,391 | - | 8,391 |
| Selling, distribution and marketing costs | (2,439) | - | (2,439) |
| Expected credit loss provision | (4,119) | - | (4,119) |
| Administrative expenses | (23,081) | (10,203) | (33,284) |
| Staff costs | (9,874) | - | (9,874) |
| **Adjusted EBITDA** | **80,274** | **-** | **80,274** |
| **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** |

**27. Acquisition of subsidiary**

In March 2023, the group announced that it has satisfied all agreed conditions for the acquisition of Cysiv MEA, a technology company that was formerly SecureMisr, headquartered in Cairo, for a nominal consideration of USD 43. The business specialises in providing enterprise cloud and cyber security services to some of Egypt's leading companies, particularly in the financial services sector. The acquisition allows the group to bring some of the best global cloud and cyber security products to the Egyptian market. The organisation will rebrand Cysiv MEA to 'Liquid C2' to align it with its global cloud and cybersecurity identity. The group plans to significantly grow the Egyptian business by tapping into the wealth of local technology talent, making Egypt a key hub for the Middle East and North Africa (MENA) region.

The acquisition resulted in a gain on bargain purchase of USD 0.3 million.

| | 29/02/2024 |
|---|---|
| | USD'000 |
| | (Audited) |
| Intangible assets | 82 |
| Property, plant and equipment | 44 |
| Trade receivables and other receivables | 72 |
| Cash and cash equivalents | 148 |
| Tax asset | 76 |
| Deferred tax liabilities | (18) |
| Trade and other payables | (53) |
| Tax liabilities | (72) |
| Deferred revenue | (7) |
| **Fair value of identifiable net assets acquired** | 272 |
| Consideration transferred (USD 43) | - |
| **Gain on bargain purchase** | **272** |
| **Net cash inflow on acquisition of subsidiary** | |
| Consideration transferred (USD 43) | - |
| Cash and cash equivalents of subsidiary on acquisition | 148 |
| Net cash inflow arising on acquisition | **148** |

**28. Events after reporting date**

New currency in Zimbabwe

On 5 April 2024, the Reserve Bank of Zimbabwe issued a new structured currency, known as the Zimbabwe Gold (ZiG). This structured currency is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets. The ZiG replaced the current hyperinflationary currency, the Zimbabwe Dollar (ZWL). The new currency is envisaged to bring about economic stability and growth.

**28. Events after reporting date (Continued)**

Corporate credit rating

In June 2024, both the corporate family rating of Liquid Telecommunications Holdings Limited and the instrument rating on the USD 620 million Senior Secured Notes issued by Liquid Telecommunications Financing Plc were downgraded by Moodys to Caa1 from B3. The downgrade was primarily due to the current economic conditions, the impact of foreign currency exchange risks in the various markets the group operates in and the approaching need for a refinancing of the USD 220 million equivalent Rand-denominated term loan and USD 620 million Senior Secured Notes ahead of the 2026 maturity dates.

The above events are treated as a non adjusting events after the reporting date in accordance with IAS 10 - *Events after the reporting period.*

Spectrum pooling

Vodacom launched a semi-urgent interdict against MTN, Cell-C and Liquid Telecommunications South Africa (Pty) Limited ("LTSA") (including Rain and Telkom as interested parties) to interdict MTN, Cell-C and LTSA from transmitting on certain frequencies, until such time as it can get a final order setting aside, amongst others, ICASA's approval of the pooling application and agreement between MTN and LTSA. LTSA is opposing the granting of the interdict. MTN and Cell-C have also indicated their intention to oppose.

Cost savings programme

Following the year end, the group initiated the implementation of a new operating model, to one which is business unit and product led. As part of this shift, we undertook an in-depth review of our operating cost base. This led to the launch of a cost savings programme in May 2024 which will result in a group wide reduction in headcount of c130 in FY 2024-25 and an expected annualised cost saving of USD 25 million.

The above events are treated as a non adjusting events after the reporting date in accordance with IAS 10 - *Events after the reporting period.*

**29. 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.