

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

FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF ENDED 31 AUGUST 2024

Continued operational momentum delivering strong results

30 October 2024


Leading pan-African technology solutions group, Liquid Intelligent Technologies, a business of Cassava Technologies, announces financial results for the second quarter and first half ended 31 August 2024

Strategic highlights in Q2:

- South Africa Rand term loan refinancing terms concluded and credit approval progressing
- First equity tranche of USD 90.0 million finalised. Funding awaiting finalisation of term loan
- Liquid Dataport partnered with Orange Maroc to expand our network reach into Morocco
- Liquid Networks launched our ‘Liquid Home’ retail proposition in Rwanda and extended broadband connectivity to more enterprises in Botswana with its fibre Metro Ring expansion
- Liquid C2 became the first Google Cloud Interconnect provider on the continent, launched Cloudmania in Egypt and extended provision of Microsoft Azure to more markets with a new stack in Uganda

Financial highlights:

- Reported revenue grew 18.5% year-on-year in the second quarter and 11.4% in the first half driven by strong performance across the Group, notably in the C2 and Network segments
 - In South Africa, total revenue grew 30.2% year-on-year in the second quarter and 42.3% in the first half, reflecting continued strong momentum
- Adjusted EBITDA¹ increased 43.5% year-on-year in the second quarter and 27.6% in the first half to USD 155.3 million driven by broad-based growth across the Group
- Cash generated from operations increased 26.7% year-on-year in the first half to USD 109.2 million driven by the strong EBITDA growth and working capital improvements
- Net debt to Adjusted EBITDA^{1,2,3} came in at 3.19 times compared to 3.36 times for the comparable period in the prior year

 Group Financials	For the six-month period ended:			For the three-month period ended:		
	H1 2024-25	H1 2023-24	YoY	Q2 2024-25	Q2 2023-24	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	364.3	327.0	11.4	180.6	152.4	18.5
Adjusted EBITDA	155.3	121.7	27.6	72.6	50.6	43.5
Cash generated from operations	109.2	86.2	26.7	54.7	45.4	20.5
Net debt	926.7	882.5	5.0	926.7	882.5	5.0
Net debt / Adjusted EBITDA (x)	3.19	3.36	n/a	3.19	3.36	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, restructuring costs, net foreign exchange (loss)/gain and hyperinflation monetary gain.

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:

“This has been a very good first half of the year. We have delivered strong revenue, EBITDA and cash flow growth. Our growth has been broad-based, coming from all key operating regions.

In South Africa we have continued to experience the benefit of our new go-to-market strategy. We reported over 30% revenue growth and more than 50% EBITDA growth in the second quarter. This, together with our relentless Group-wide focus on cost control has been instrumental in enabling us to deliver the 27.6% year-on-year growth in Group EBITDA in the first half.

As part of our business transformation, we are pivoting to a Business Unit/Product Area led operating model. Meanwhile, our cost optimisation programme has already delivered material and sustained reductions in our cost base with USD 10.0 million of savings in the current year, and an incremental USD 15.0 million of savings expected in FY 2025-26.

With these results, we are well positioned to deliver our annual operating plan.

As part of strengthening of our balance sheet and preparing for a refinancing of our bond in 2025, I am pleased with the progress on refinancing our South African Rand term loan and conclusion of our USD 90 million first tranche equity private placement.

Group Chairman, Strive Masiyiwa, added:

“This has been a highly encouraging start to the year, as is the continued progress in our strategic initiatives whilst the business grows strongly. As we continue to deliver on our vision of a digitally connected future that leaves no African behind, we remain at the forefront of driving Africa’s digital transformation through our strategic partnerships in cloud, cybersecurity, AI and broadband connectivity.

Some recent notable achievements included Liquid Networks launching our ‘Liquid Home’ proposition in Rwanda; the extension of our broadband connectivity service to more businesses in Botswana through expansion of our metro ring in that market; the partnership between Liquid Dataport and Orange Maroc; and the launch of Liquid C2’s Cloudmania channel distribution in Egypt.

I am also particularly pleased that we have deepened our strategic relationship with Google, with Liquid C2 becoming the first Google Cloud Interconnect provider in Africa.

Finally, we have published our second sustainability report. Building on the inaugural 2023 release, this comprehensive report reflects our transition from laying the groundwork for sustainability reporting to delivering detailed data-driven insights on the company’s ESG practices.”

There will be an investor call today at 14:00 GMT, you can register for the event [here](#). Further details and information about Liquid Intelligent Technologies can be found on our website at www.liquid.tech.

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Next scheduled announcement: The Group is scheduled to publish its Q3 FY 2024-25 results in January 2025.

About Liquid Intelligent Technologies

Liquid Intelligent Technologies is a business of Cassava Technologies, a pan-African technology group with operations in over 25 countries in Africa. Liquid has firmly established itself as the leading provider of pan-African digital infrastructure with a 110,000 km-long fibre broadband network and satellite connectivity that provides high-speed access to the Internet anywhere in Africa. Liquid is also leveraging its digital network to provide Cloud and Cyber Security solutions through strategic partnerships with leading global players. Liquid is a comprehensive technology solutions group that provides customised digital solutions to public and private sector enterprises and SMEs across the continent.


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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 2023-24	Q2 2023-24	Q3 2023-24	Q4 2023-24	FY 2023-24	Q1 2024-25	Q2 2024-25
	Total fibre network (Kms) ¹	106,037	107,597	107,750	107,844	107,844	107,900
Average churn rate (%) ²	0.53%	0.45%	0.41%	0.43%	0.46%	0.44%	0.60%
Monthly recurring revenue (%) ³	88.0%	88.8%	89.9%	71.4%	84.0%	81.9%	85.2%
Cloud seats YoY growth (%) ⁴	66.6%	50.2%	41.2%	17.2%	17.2%	15.0%	9.6%
Total capacity on subsea assets (Gbps) ⁵	3,104	3,125	3,125	3,519	3,519	3,841	3,841

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 fibre expansion in the period remained low. We added 186 kilometres to reach 108,086 kilometres 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 comfortably below 1% at 0.60% in the second quarter, albeit a small increase versus the prior year (Q2 FY 2023-24: 0.45%).

We maintained a high level of monthly recurring revenue (MRR) during the second quarter at 85.2%, a decrease on the prior year (Q2 FY 2023-24: 88.8%) driven by the ECG infrastructure sales. Excluding the infrastructure sales impact, MRR would have been broadly in line with the prior year at 88.7%. 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 9.6%, driven by the strong performance of Cloudmania in all geographies 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 remained stable at 3,841 Gbps in the second quarter.

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 six-month period ended:			For the three-month period ended:		
	H1 2024-25	H1 2023-24	YoY	Q2 2024-25	Q2 2023-24	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Network	261.8	229.9	13.9	129.7	103.8	25.0
C2	57.3	46.0	24.5	29.1	25.7	13.2
Dataport	18.5	21.1	(12.4)	9.1	8.2	11.0
Voice	26.8	30.0	(10.7)	12.7	14.7	(13.6)
Total Revenue	364.3	327.0	11.4	180.6	152.4	18.5

Total revenue in the second quarter was USD 180.6 million (Q2 FY 2023-24: USD 152.4 million), an increase of 18.5% year-on-year, which was driven by the strong performances in Network, C2 and Dataport, partly offset by the ongoing volume decline in Voice as well as adverse exchange rate movements, particularly in Zambia.

Revenue in the second quarter of FY 2024-25 included USD 7.1 million for the sale of infrastructure related to the ECG project. Note, the infrastructure revenue is reported in South Africa Network revenue and has negligible margin associated with it.

On a geographic basis, there was strong broad-based growth with the exceptions of Zambia and the Voice driven Rest of World region. South Africa continued to be the standout territory, growing 30.2% year-on-year in the second quarter (17.1% excluding the infrastructure sale revenue) including a small exchange rate tailwind of 0.9ppts. This was driven by increased sites and capacity upgrades on the Eastern and Western Cape Government contracts and continued sales of IRUs on the NLD routes to MNOs and public sector organisations. Zimbabwe also grew strongly, however, this was in part due to the weak comparator resulting from the lag in tariff increases in the prior year. Regardless underlying performance was robust. Rest of Africa grew strongly, up 5.5% year-on-year on a reported basis and 19.8% excluding the USD 5.3 million exchange rate headwind in Zambia, driven by growth across the region albeit with Kenya the main contributor due to a large MNO deal.

The adverse impact of exchange rates in the second quarter versus the prior year (USD 3.7 million) was comparable to the first quarter (USD 3.6 million) and continued to ease compared to recent periods. The notable exchange rate headwind was experienced by the Zambian Kwacha (Q2 FY 2024-25: USD 5.3 million, Q1 FY 2024-25: USD 2.6 million), whilst we saw a strengthening in the South African Rand (USD 0.5 million) and Kenyan Shilling (USD 1.2 million) compared to the second quarter of the prior year. Excluding these exchange rate movements, total revenue growth for the Group in the second quarter would have been 20.9% and 16.2% excluding the impact of the sale of infrastructure in South Africa.

On a year-to-date basis, total revenue was USD 364.3 million, 11.4% higher year-on-year (Q2 YTD 2023-24: USD 327.0 million) driven by strong performances in Network and C2, offset by the ongoing decline in Voice and the timing of deals in Dataport. In South Africa, the year-on-year impact of the adverse exchange rate movement for the Rand in the first half was USD 0.4 million. However, the deterioration in the Zambian Kwacha amounted to a year-on-year headwind of USD 7.9 million. Excluding these impacts and the favourable movement in the Kenya Shilling (USD 1.2 million), growth in the first half would have been 13.6% and 5.9% excluding the impact of the sale of infrastructure.

On 5th April 2024, following a significant deterioration in the Zimbabwean Dollar, a new currency was introduced by the Reserve Bank of Zimbabwe, known as the Zimbabwe Gold (ZWG). The new currency is pegged to a currency basket and is backed by a bundle of foreign exchange assets. Our Zimbabwean business was partly able to mitigate the impact of devaluation in the run up to the new currency's introduction as two tariff increases were agreed during the first quarter. The new currency remained relatively stable during the first half, however, it has experienced an increased rate of deterioration in more recent weeks. We continue to monitor this closely and lobby the regulator for tariff increases to offset any sustained deterioration.

Network

Network revenue in the second quarter, which includes all intra- and inter-country fibre activity, increased by 25.0% year-on-year to USD 129.7 million (Q2 FY 2023-24: USD 103.8 million), including the sale of infrastructure relating to the Eastern Cape Government project of USD 7.1 million. Excluding this and the exchange rate headwinds noted above, Network revenue increased 21.6% year-on-year from strong growth in South Africa and Zimbabwe.

Reported South African Network revenue included the infrastructure sale referred to above, however excluding this and the exchange rate tailwind of USD 0.5 million, underlying revenue continued to grow strongly, up 15.5% year-on-year, driven by increased sites and capacity upgrades on the Eastern and Western Cape Government contracts and continued sales of IRUs on the NLD routes to MNOs and the public sector.

In Rest of Africa, Network revenue was broadly flat on a reported basis as broad based growth across the region was offset by the adverse exchange rate movement in the Zambian Kwacha of USD 5.3 million. Excluding this, Rest of Africa Network revenue would have increased by 16.2% year-on-year benefiting from a contract win with an international MNO in Kenya as well as strong performances in Botswana, South Sudan and Egypt.

Underlying Zimbabwean Network revenue increased through strong customer base growth. Further benefiting from the two tariff increases in the first quarter and stability brought about by the introduction of the ZWG as described above. Due to the introduction of the new currency, hyperinflation accounting is no longer in use and therefore there will be only limited year-to-date monetary adjustments for the remainder of the year.

On a year-to-date basis, Network revenue was USD 261.8 million compared to USD 229.9 million in the same period last year, an increase of 13.9%. This strong growth benefited from the two price increases granted by

the Zimbabwean country's telecommunications regulator in the first quarter, further demand for dark fibre and IRU deals from MNOs in the DRC and Kenya and strong growth in South Africa, including the benefit of ECG infrastructure sales, offset by the adverse exchange rate movement in Zambia.

C2

C2 Revenue in the second quarter, which largely comprises our cloud and cyber security offerings as well as other digital services, continued to grow strongly, up 13.2% year-on-year to USD 29.1 million (Q2 FY 2023-24: USD 25.7 million).

Growth benefited from the 9.6% year-on-year increase in Cloud seats as well as high levels of renewals, with continued 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.

On a year-to-date basis, C2 revenue was USD 57.3 million compared to USD 46.0 million in the same period last year, an 24.5% increase year-on-year, driven by strong growth across all regions.

Dataport

Dataport revenue in the second quarter, covering all our sea-to-land connections, subsea capacity and satellite services, increased 11.0% year-on-year to USD 9.1 million (Q2 FY 2023-24: USD 8.2 million). This increase was largely driven by growth in Rest of Africa and Rest of World.


On a year-to-date basis, Dataport revenue was USD 18.5 million compared to USD 21.1 million in the same period last year, a decrease of 12.4% year-on-year largely resulting from large NRR contract wins in Rest of Africa in the prior year. Dataport continues to build up a strong pipeline, however, these deals are typically large and non-recurring resulting in fluctuating trends.

Voice

Voice revenue in the second quarter, continued to be impacted by global traffic trends away from traditional voice activity, resulting in revenue declining 13.6% year-on-year to USD 12.7 million (Q2 FY 2023-24: USD 14.7 million). Though there is a decline in overall revenue and minutes, we continue to focus on higher margin destinations to limit gross profit erosion.

On a year-to-date basis, Voice revenue was USD 26.8 million compared to USD 30.0 million for the same period last year.


Gross Profit

 Gross Profit	For the six-month period ended:			For the three-month period ended:		
	H1 2024-25	H1 2023-24	YoY	Q2 2024-25	Q2 2023-24	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	364.3	327.0	11.4	180.6	152.4	18.5
Costs per quarterly financial statements	(118.2)	(89.1)	(32.7)	(54.9)	(42.4)	(29.5)
Gross Profit	246.1	237.9	3.4	125.7	110.0	14.3
Gross Profit Margin (%)	67.6%	72.8%	-5.2pp	69.6%	72.2%	-2.6pp

Absolute gross profit for the second quarter was USD 125.7 million, 14.3% higher year-on-year (Q2 FY 2023-24: USD 110.0 million) and gross profit margin was 69.6% compared to 72.2% in the prior year, with the reduction largely resulting from the impact of low margin ECG infrastructure sales as well as lower levels of higher margin NRR and the increased mix from the growing C2 segment.

On a year-to-date basis, gross profit was USD 246.1 million, 3.4% higher year-on-year (Q2 YTD FY 2023-24: USD 237.9 million) and the gross profit margin was lower year-on-year at 67.6% (Q2 YTD FY 2023-24: 72.8%) due to the impacts noted above.

Total Overheads and Other Income

 Total Overheads and Other Income	For the six-month period ended:			For the three-month period ended:		
	H1 2024-25	H1 2023-24	YoY	Q2 2024-25	Q2 2023-24	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Other income	1.6	2.4	(33.3)	2.0	1.4	42.9
Selling, distribution and marketing costs	(4.5)	(4.9)	8.2	(2.0)	(2.7)	25.9
Expected credit loss provision	7.4	(2.7)	374.1	(0.4)	(1.2)	66.7
Administrative costs	(40.9)	(44.9)	8.9	(21.8)	(22.7)	4.0
Staff costs	(54.4)	(66.1)	17.7	(30.9)	(34.2)	9.6
Total Overheads and Other income	(90.8)	(116.2)	22.0	(53.1)	(59.4)	10.6
% to Total Revenue	24.9%	35.5%	10.6pp	29.4%	39.0%	9.6pp

Total Overheads and Other Income for the second quarter were USD 53.1 million (Q2 FY 2023-24: USD 59.4 million), 10.6% lower year-on-year due to savings across all areas as we focus on strong opex control and realise the benefits of the cost optimisation programme we announced earlier this year. Our expected credit loss provision continued to improve due to the enhanced focus on cash collections including increased efforts in collecting aged debts, resulting in a reduction in aged debtors, particularly in South Africa and Zimbabwe.

We continue to pivot from a geographical/OPCO led to a Business Unit/Product led operating model and this is driving the implementation of our cost optimisation programme. This has largely resulted in reductions in staff and administrative costs. We are confident that this programme will deliver our indicated savings of USD 10.0 million in the coming year relative to FY 2023-24, with an incremental USD 15.0 million of savings in FY 2025-26.

On a year-to-date basis, Total Overheads and Other Income amounted to USD 90.8 million compared to USD 116.2 million for the same period last year. In addition to realising the benefits of the cost optimisation programme, we continue to be laser focused on cost control more generally and have had some benefit from exchange rate movements. As a result, overheads as a percentage of revenue have materially reduced to 24.9% compared to 35.5% in the same period of the prior year.

Adjusted EBITDA and Profit

Adjusted EBITDA	For the six-month period ended:			For the three-month period ended:		
	H1 2024-25	H1 2023-24	YoY	Q2 2024-25	Q2 2023-24	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Adjusted EBITDA	155.3	121.7	27.6	72.6	50.6	43.5
Depreciation, impairment and amortisation	(58.5)	(61.0)	4.1	(30.0)	(30.6)	2.0
Dividend received	-	-	n/a	-	-	n/a
Operating Profit	96.8	60.7	59.5	42.6	20.0	113.0
Dividend received	-	-	n/a	-	-	n/a
Restructuring costs	(2.8)	-	(100.0)	(2.5)	-	(100.0)
Gain on bargain purchase	-	0.3	(100.0)	-	-	n/a
Interest income	10.9	10.7	1.9	5.6	5.5	1.8
Finance costs	(47.0)	(36.6)	(28.4)	(23.6)	(17.9)	(31.8)
Foreign exchange loss	(139.5)	(226.5)	38.4	(10.8)	(70.9)	84.8
Monetary adjustment - IAS 29	77.5	241.7	(67.9)	(1.0)	168.1	(100.6)
Share of profit of associate	-	-	n/a	-	-	n/a
(Loss) / profit before tax	(4.0)	50.3	(108.0)	10.3	104.8	(90.2)
Tax expense	(16.1)	(26.6)	39.5	(4.7)	(4.6)	(2.2)
(Loss) / profit for the period	(20.1)	23.7	(184.8)	5.6	100.2	(94.4)

Adjusted EBITDA in the second quarter was USD 72.6 million, 43.5% higher compared to the same period in the prior year (Q2 FY 2023-24: USD 50.6 million) resulting from the incremental gross margin and strong focus on cost control driving reduced overheads, this was partly offset by lower gross profit margins, as detailed above.

On a year-to-date basis, adjusted EBITDA was USD 155.3 million compared to USD 121.7 million for the same period last year, an increase of 27.6% and largely reflecting the strong contribution from South Africa and Zimbabwe in the first half as well as the benefits of the cost optimisation programme.

Depreciation, impairment and amortisation costs in the second quarter were slightly lower year-on-year at USD 30.0 million (Q2 FY 2023-24: USD 30.6 million). The year-on-year reduction in both the second quarter and on a year-to-date basis was driven by favourable exchange rate movements.

Finance costs of USD 23.6 million in the second quarter were higher year-on-year (Q2 FY 2023-24: USD 17.9 million) but in line with the first quarter 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 first half of USD 139.5 million (Q2 YTD FY 2023-24: USD 226.5 million) was mainly due to the Zimbabwean exchange rate movement. Prior to the change of currency in Zimbabwe, the closing exchange rate on 5th April was ZWL\$:USD 33,886.7:1. CPI in Zimbabwe for the same period was 380,237.6 which resulted in a monetary adjustment of USD 77.5 million (Q2 FY 2023-24: USD 241.7 million) for the period. After the change of currency and as of 31 August 2024, the closing exchange rate was ZWG:USD 13.9:1 and the average rate was ZWG:USD 13.6:1, This resulted in loss after tax for the first half of USD 20.1 million (Q2 YTD FY 2023-24: profit after tax of USD 23.7 million).

Note, due to the introduction of the ZWG and the removal of hyperinflation accounting there will be limited year-to-date monetary adjustments for the remainder of the year. The hyperinflation monetary loss in Q2 FY 2024-25 of USD 1.0 million relates to the year-to-date retranslation of the monetary adjustment from ZWG to USD using the average rate following the removal of hyperinflation accounting.

Cash generated from operations

Cash Flows	For the six-month period ended:			For the three-month period ended:		
	H1 2024-25	H1 2023-24	YoY	Q2 2024-25	Q2 2023-24	YoY
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Cash generated from operations	109.2	86.2	26.7	54.7	45.4	20.5
Tax paid	(11.8)	(15.8)	25.3	(4.3)	(5.7)	24.6
Net cash generated from operating activities	97.4	70.4	38.4	50.4	39.7	27.0
Net cash used in investing activities	(25.5)	(36.1)	29.4	(9.1)	(18.2)	50.0
Net cash (used in) / generated from financing activities	(55.2)	(38.4)	(43.8)	(21.0)	1.2	n/a
Net increase / (decrease) in cash and cash equivalents	16.7	(4.1)	507.3	20.2	22.7	11.0

Cash generated from operations for the second quarter improved year-on-year to USD 54.7 million (Q2 FY 2023-24: USD 45.4 million) due to the strong EBITDA growth and improved working capital movements.

Net cash used in investing activities in the quarter reduced by 50.0% year-on-year to USD 9.1 million (Q2 FY 2023-24: USD 18.2 million) driven by the continued reduction in capital expenditure. The cash spent on investing activities in the quarter was largely on network infrastructure, maintenance and customer connections in South Africa, Zimbabwe, Zambia and Kenya.

Cash used in financing activities is largely related to interest, lease and debt payments. In the second quarter, financing activities totalled USD 21.0 million (Q2 FY 2023-24: net cash generated of USD 1.2 million), the year-on-year increase was entirely due to the USD 30.0 million drawdown of the Revolving Credit Facility (“RCF”) in the prior year.

On a year-to-date basis, cash generated from operations was USD 109.2 million (Q2 YTD FY 2023-24: USD 86.2 million), an increase of 26.7%, largely due the items noted above.


Net cash used in investing activities in the first half was 29.4% lower than the prior year due to reduced spend on network expansion as we increasingly focus discretionary spend on shorter payback customer connection capex.

Interest, lease and debt payments in the first six months totalled USD 55.2 million (Q2 YTD FY 2023-24: USD 38.4 million), the year-on-year increase was again due to the RCF drawdown in the prior year as noted above.

Capital investment and network developments

Capital expenditure in the second quarter was broadly flat year-on-year and amounted to USD 7.0 million (Q2 FY 2023-24: USD 22.1 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 on the NLD routes in South Africa, as well as in Zimbabwe, Zambia and Kenya.

Gross and Net Debt

 Gross and Net Debt	As at
	H1 2024-25
	(USDm)
Total Gross Debt	995.0
Long term borrowings (excl derivative)	752.3
Short term portion of long-term borrowings	61.6
Unamortised arrangement fees	6.9
Leases - LT	144.6
Leases - ST	29.6
Less: Unrestricted cash	(68.3)
Net Debt	926.7
Last twelve months EBITDA	290.9
Last twelve months interest	90.4
Covenants:	
Gross Debt / LTM EBITDA (x)	3.42
Net Debt / LTM EBITDA (x)	3.19
Interest / LTM EBITDA (x)	3.22
Debt Service Cover Ratio (DSCR)	2.29

Unrestricted cash at the end of the second quarter was USD 68.3 million (FY 2023-24: USD 56.7 million), of this, USD 28.7 million was held in Zimbabwe (FY 2023-24: USD 11.2 million). We continue to ensure that we have sufficient liquidity with a strong focus on working capital management. The increase in cash held in Zimbabwe was primarily due to the favourable exchange rate movement under the new ZWG currency.

Gross debt was USD 995.0 million at the end of the second quarter, higher than the FY 2023-24 year end (USD 950.0 million) due to the increased leases because of the ECG project as well as some exchange rate impacts.

Considering the above cash position, net debt at the end of the year was USD 926.7 million, giving a net debt to adjusted EBITDA ratio of 3.19x, compared to the 3.50x covenant threshold and 3.47x position at the end of FY 2023-24.

During August 2024 our lending partners approved our pre-emptive request for a deferral in the step down of the net debt to adjusted EBITDA ratio due to the prospect of exchange rate volatility in certain markets. As a result, the step down from 3.5x to 3.0x that was due to take place at the end of August 2024 will now occur in February 2025. All other terms remain unchanged.

Strive Masiyiwa
Group Chairman

Hardy Pemhiwa
Group Chief Executive Officer

Lorraine Harper
Group Chief Finance Officer

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

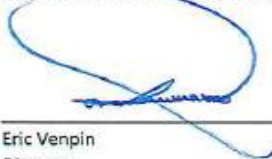
FOR THE 6 MONTHS ENDED

31 August 2024

	Notes	6 months ended		3 months ended	
		31/08/2024	31/08/2023	31/08/2024	31/08/2023
		USD'000	USD'000	USD'000	USD'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	364,347	326,989	180,629	152,449
Interconnect related costs		(18,843)	(22,107)	(8,728)	(10,898)
Data and network related costs		(115,650)	(84,132)	(54,806)	(39,352)
Net other income	4	1,579	2,288	2,138	1,351
Selling, distribution and marketing costs		(4,460)	(4,911)	(2,007)	(2,710)
Expected credit loss reversed / (provision)		7,376	(2,691)	(419)	(1,154)
Administrative expenses		(24,631)	(27,690)	(13,231)	(14,880)
Staff costs		(54,388)	(66,103)	(30,894)	(34,184)
Depreciation, impairment and amortisation		(58,472)	(60,972)	(30,043)	(30,605)
Operating profit		96,858	60,671	42,639	20,017
Dividend received		3	44	-	44
Restructuring costs		(2,758)	-	(2,507)	-
Acquisition and other investment costs		-	(46)	-	(46)
Gain on bargain purchase		-	272	-	-
Interest income	5	10,905	10,654	5,608	5,453
Finance costs	6	(47,019)	(36,554)	(23,642)	(17,883)
Foreign exchange loss	2.2	(139,527)	(226,530)	(10,815)	(70,896)
Hyperinflation monetary gain / (loss) (up to 5 April 2024)	2.2	77,505	241,720	(1,004)	168,113
Share of profits of associate		10	8	6	4
(Loss) / profit before taxation		(4,023)	50,239	10,285	104,806
Tax expense	7	(16,075)	(26,643)	(4,686)	(4,563)
(Loss) / profit for the period		(20,098)	23,596	5,599	100,243
Other comprehensive income / (expense)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Translation gain / (loss) on accounting for foreign entities		36,251	(4,778)	14,551	12,666
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	2.2.2	41,632	(44,972)	(6,774)	(111,970)
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Fair value gain / (loss) on investments in equity instruments designated as FVTOCI		76	2,476	48	(2,084)
Total other comprehensive income / (expense), net of tax		77,959	(47,274)	7,825	(101,388)
Total comprehensive income / (expense)		57,861	(23,678)	13,424	(1,145)
(Loss) / income attributable to:					
Owners of the company		(19,712)	23,933	5,653	100,352
Non-controlling interest		(386)	(337)	(54)	(109)
		(20,098)	23,596	5,599	100,243
Total comprehensive income / (expense) attributable to:					
Owners of the company		58,257	(23,232)	13,474	(1,070)
Non-controlling interest		(396)	(446)	(50)	(75)
		57,861	(23,678)	13,424	(1,145)
(Loss) / earnings per share					
Basic (Cents per share)	24	(15.79)	19.17	4.53	80.37

	Notes	31/08/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
Non-current assets			
Goodwill	8	78,614	73,990
Intangible assets	9	61,105	60,131
Property, plant and equipment	10	493,875	483,704
Right-of-Use assets	11	238,475	216,956
Investment in associate		594	540
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	22	15,408	15,362
Deferred tax assets		41,461	41,869
Investments at amortised cost		39	41
Long-term receivables	20	154,454	143,074
Pre-commencement lease payments		10,000	9,565
Total non-current assets		1,094,025	1,045,232
Current assets			
Inventories		40,834	50,399
Trade and other receivables	13	347,998	258,944
Taxation		5,698	5,277
Cash and cash equivalents	12	68,253	56,654
Restricted cash and cash equivalents	12	477	422
Total current assets		463,260	371,696
Total assets		1,557,285	1,416,928
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		92	16
Accumulated losses		(77,328)	(57,616)
Foreign currency translation reserve		(201,349)	(279,242)
Total equity attributable to owners of the parent		181,845	123,588
Non-controlling interests		(770)	86
Total equity		181,075	123,674
Non-current liabilities			
Long term borrowings	14	754,153	742,252
Long term lease liabilities	15	144,624	116,804
Long term provisions		5,915	6,372
Deferred revenue	17	55,596	56,967
Deferred tax liabilities		4,492	4,615
Other long term payables		77	-
Total non-current liabilities		964,857	927,010
Current liabilities			
Short term portion of long term borrowings	14	79,770	80,987
Short term portion of long term lease liabilities	15	29,595	20,441
Trade and other payables	16	229,884	199,889
Short term provisions		12,875	13,912
Deferred revenue	17	46,066	40,443
Taxation		13,163	10,572
Total current liabilities		411,353	366,244
Total equity and liabilities		1,557,285	1,416,928

Approved by the Board of Directors and authorised for issue on 29 October 2024


Eric Venpin
Director


Mike Modtjen
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 01 March 2023 (Audited)	3,716	276,714	180,000	-	(217,565)	(64,098)	1,146	179,913
Dividend	-	-	-	-	-	-	(360)	(360)
Income / (expense) and total comprehensive income / (expense) for the period	-	-	-	2,476	(49,641)	23,933	(446)	(23,678)
Profit / (loss) for the period	-	-	-	-	-	23,933	(337)	23,596
Fair value gain on investments in equity instruments designated as FVTOCI	-	-	-	2,476	-	-	-	2,476
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	-	-	-	-	(44,972)	-	-	(44,972)
Translation loss on accounting for foreign entities	-	-	-	-	(4,669)	-	(109)	(4,778)
At 31 August 2023 (Unaudited)	3,716	276,714	180,000	2,476	(267,206)	(40,165)	340	155,875
At 01 March 2024 (Audited)	3,716	276,714	180,000	16	(279,242)	(57,616)	86	123,674
Dividend	-	-	-	-	-	-	(460)	(460)
Income / (expense) and total comprehensive income / (expense) for the period	-	-	-	76	77,893	(19,712)	(396)	57,861
Loss for the period	-	-	-	-	-	(19,712)	(386)	(20,098)
Fair value gain on investments in equity instruments designated as FVTOCI	-	-	-	76	-	-	-	76
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	-	-	-	-	41,632	-	-	41,632
Translation gain / (loss) on accounting for foreign entities	-	-	-	-	36,261	-	(10)	36,251
At 31 August 2024 (Unaudited)	3,716	276,714	180,000	92	(201,349)	(77,328)	(770)	181,075

Notes	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Cash flows from operating activities:				
(Loss) / profit before tax	(4,023)	50,239	10,285	104,806
Adjustments for:				
Depreciation, impairment and amortisation	58,471	60,972	30,042	30,605
Dividend received	(3)	(44)	(1)	(44)
Expected credit loss (reversal) / provision	(8,017)	728	(143)	(347)
(Decrease) / increase in provisions	(1,573)	4,636	3,067	(743)
Foreign exchange loss / (gain)	116,515	225,400	(12,313)	69,776
Hyperinflation monetary (gain) / loss	(77,504)	(241,720)	1,005	(168,113)
Loss / (profit) on disposal of property, plant and equipment	172	(9)	71	(13)
Interest income	5 (10,905)	(10,654)	(5,608)	(5,453)
Finance costs	6 47,019	36,554	23,641	17,883
Gain on bargain purchase	-	(272)	-	-
Share of profit from associate	(10)	(8)	(5)	(4)
	<u>120,142</u>	<u>125,822</u>	<u>50,041</u>	<u>48,353</u>
Working capital changes:				
Decrease / (increase) in inventories	3,852	265	6,238	(1,813)
Increase in trade and other receivables	(67,896)	(63,716)	(16,317)	(7,485)
Increase / (decrease) in trade and other payables	53,757	14,271	20,157	(1,437)
(Decrease) / increase in deferred revenue	(649)	9,543	(5,441)	7,808
Cash generated from operations	109,206	86,185	54,678	45,426
Income tax paid	(11,750)	(15,783)	(4,330)	(5,694)
<i>Net cash generated from operating activities</i>	<u>97,456</u>	<u>70,402</u>	<u>50,348</u>	<u>39,732</u>
Cash flows from investing activities:				
Interest income	547	1,043	288	666
Dividend received	3	44	1	44
Net cash inflow on acquisition of subsidiary	-	148	-	-
Purchase of investment at FVTOCI	22 (i) -	(2,448)	-	929
Disposal of investment at FVTOCI	22 (i) -	2,365	-	2,365
Purchase of property, plant and equipment	(19,754)	(33,833)	(4,841)	(19,330)
Proceeds on disposal of property, plant and equipment	620	861	227	(49)
Purchase of intangible assets	9 (3,764)	(3,259)	(1,992)	(2,105)
Increase in other long-term receivables	(2,709)	(164)	(2,709)	(164)
Pre-commencement lease payments	(435)	(833)	(100)	(632)
Increase in long-term receivables from related parties	(101)	-	(7)	57
<i>Net cash used in investing activities</i>	<u>(25,593)</u>	<u>(36,076)</u>	<u>(9,133)</u>	<u>(18,219)</u>
Cash flows from financing activities:				
Dividend paid	(490)	(360)	-	-
Finance costs paid	(28,493)	(28,340)	(5,957)	(5,916)
Decrease in lease liabilities	(22,954)	(32,101)	(12,459)	(16,186)
(Decrease) / increase in borrowings	(3,240)	22,403	(2,581)	23,307
<i>Net cash (used in) / generated from financing activities</i>	<u>(55,177)</u>	<u>(38,398)</u>	<u>(20,997)</u>	<u>1,205</u>
Net increase / (decrease) in cash and cash equivalents	16,686	(4,072)	20,218	22,718
Cash and cash equivalents at beginning of the period	57,076	88,818	48,859	42,389
Translation of cash with respect to foreign subsidiaries	(5,032)	(24,227)	(347)	(4,588)
Cash and cash equivalents at end of the year	12 <u>68,730</u>	<u>60,519</u>	<u>68,730</u>	<u>60,519</u>
Represented by:				
Cash and cash equivalents	12 68,253	60,078	68,253	60,078
Restricted cash and cash equivalents	12 477	441	477	441
	<u>68,730</u>	<u>60,519</u>	<u>68,730</u>	<u>60,519</u>

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") which was replaced by a new structured currency, known as the Zimbabwe Gold (ZWG), as from 5 April 2024. See more details on note 2.2.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the 6 months ended 31 August 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 for the twelve months from the date of signing of the consolidated interim 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 interim 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, 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 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 620.0 million Senior Secured Notes (maturity September 2026), a USD 60.0 million Revolving Credit Facility ("RCF") (maturity March 2026), of which USD 50.8 million was outstanding at 31 August 2024, a USD 220.0 million equivalent South African Rand term loan (maturity March 2026), of which USD 147.5 million was outstanding at 31 August 2024 and a RCF in Zambia, of which USD 2.0 million was outstanding at 31 August 2024. Refer to note 14 - *Short term portion of long term borrowings and long term borrowings* for more details.

Cash position

As at 31 August 2024, the group had an unrestricted cash position of USD 68.3 million (29 February 2024: USD 56.7 million). Of this amount, USD 28.7 million (29 February 2024: USD 11.2 million) is held in Zimbabwe.

Operational performance

For the period ended 31 August 2024, the group reported an operating profit of USD 96.9 million (31 August 2023: 60.7 million) and a net cash inflow from operating activities of USD 97.5 million (31 August 2023: USD 70.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency changes in Zimbabwe.

Re-financing

The group is progressing well with the re-financing of the remaining USD 147.5 million of the USD 220.0 million equivalent South African Rand term loan ("ZAR term loan") and will have the option to upsize back to the original USD 220.0 million - see note 14 for more details on the existing facility. Based on current discussions with selected existing lenders, the directors consider the group to be making good progress with a conclusion likely in the next quarter.

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 interim 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 to the wider group. The directors understand that all of the first tranche investors have received full approvals as required by their own internal processes. Disbursement is now only pending the signing of the documents for the re-financing of the USD 220.0 million equivalent South African Rand term loan. Proceeds from the investment will be deployed in Liquid Telecommunications Holdings Limited and the other Group companies to fund business growth and provide operational liquidity.

Material uncertainty related to going concern

The group has prepared business and cashflow forecasts in accordance with its 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 and the re-financing of the remaining USD 147.5 million of the USD 220.0 million equivalent South African Rand term loan. 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 and re-financing processes, they are not yet complete as at the date of signing of the consolidated interim 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 for the re-financing is in place and disbursement of the equity has occurred.

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 Q1 2026 financial year (May 2025) 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 consolidated interim financial statements.

The uncertainty around the receipt of the equity investment, including the modelled USD 90.0 million of funding and the need to continue to meet its Adjusted EBITDA forecasts in order to allow the group to meet certain financial covenants creates a material uncertainty which may cast significant doubt on the group'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 were deemed to be those of a hyperinflationary environment. As a result, local accounting bodies determined that the principles of IAS 29 - *Financial Reporting in Hyperinflationary Economies* should be applied. The group has applied hyperinflation accounting to all periods presented in these financial statements, effective from 1 October 2018, up to 5 April 2024, when the ZWG was issued and the conditions of a hyperinflationary environment were deemed to have ceased.

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\$).

On 5 April 2024, the Reserve Bank of Zimbabwe issued a new structured currency, known as the Zimbabwe Gold (ZWG). This structured currency is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets. The ZWG replaced the previous hyperinflationary currency, the Zimbabwe Dollar (ZWL\$), and eventually, the group discontinued the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies in Zimbabwe* on 05 April 2024. The new currency is envisaged to bring about economic stability and growth. The impact of the new currency structure has been included in our going concern assessment as detailed in note 2.1 above.

As described above, the ZWL\$ was replaced by the ZWG on 5 April 2024 and the group discontinued the application of IAS 29. The ZWG is deemed a stable currency and is backed by the Zimbabwean Central Bank with 2.5 tonnes of gold amongst other commodities. The group has therefore discontinued the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies* in Zimbabwe as the ZWG, which replaced the ZWL\$, is not a hyperinflationary currency. This has been confirmed by the Public Accountants and Auditors Board ("PAAB") that conditions in Zimbabwe were no longer indicative of a hyperinflationary economy following the introduction of the ZWG. At 31 August 2024, the Zimbabwean operations have been translated into USD in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates* using a closing rate of ZWG:USD of 13.9:1 for the statement of financial position and an average rate of ZWG:USD of 13.6:1 for the statement of profit or loss. Of the USD 139.5 million (31 August 2023: USD 226.5 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 149.4 million (31 August 2023: USD 211.2 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

2.2.2 Hyperinflation accounting

Prior to the introduction of the ZWG, 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 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.

2.2 Zimbabwean currency and hyperinflation accounting (continued)

2.2.2 Hyperinflation accounting (continued)

Based on these reports, and because Zimbabwe's functional currency was 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, up to 5 April 2024, when the ZWG was issued. The adjustment for the impact of foreign exchange on opening balance under hyperinflation accounting of the Zimbabwe entities at 1 March 2024 resulted in a foreign exchange gain of USD 41.6 million (31 March 2023: exchange loss of USD 45.0 million) which has been recognised directly in other comprehensive income, in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates*.

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 up to 31 March 2024, we have continued to use the exchange rate movement as a proxy of the GPI. The group has discontinued the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies* in Zimbabwe at 5 April 2024, when the ZWG was issued. The movement from 29 February 2024 to 31 March 2024 was 47.90% for which the group has applied the movement in GPI for determining the CPI and therefore the CPI for 31 March 2024 was 380,237.64 (31 May 2023: 44,428.60).

The gains on the net monetary position of USD 77.5 million (31 August 2023: USD 241.7 million) have been recognised in the consolidated statement of profit or loss.

As described on note 2.2.1 above, the ZWL\$ was replaced by the ZWG on 5 April 2024 and the group discontinued the application of IAS 29. At 31 August 2024, the Zimbabwean operations have been translated into USD in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates* using a closing rate of ZWG:USD of 13.9:1 for the statement of financial position and an average rate of ZWG:USD of 13.6:1 for the statement of profit or loss.

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.

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 interim 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 to the wider group. The directors understand that all of the first tranche investors have received full approvals as required by their own internal processes. Disbursement is now only pending the signing of the documents for the re-financing of the USD 220.0 million equivalent South African Rand term loan. Proceeds from the investment will be deployed in Liquid Telecommunications Holdings Limited and the other Group companies to fund business growth and provide operational liquidity.

Re-financing

The group is progressing well with the re-financing of the remaining USD 147.5 million of the USD 220.0 million equivalent South African Rand term loan ("ZAR term loan" and will have the option to upsize back to the original USD 220.0 million - see note 14 for more details on the existing facility). Based on current discussions with selected existing lenders, the directors consider the group to be making good progress with a conclusion likely in the next quarter.

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 has 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 and the re-financing of the remaining USD 147.5 million of the USD 220.0 million equivalent South African Rand term loan. 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 and re-financing processes, they are not yet complete as at the date of signing of the consolidated interim 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 for the re-financing is in place and disbursement of the equity has occurred.

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 Q1 2026 financial year (May 2025) 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 consolidated interim financial statements.

The uncertainty around the receipt of the equity investment, including the modelled USD 90.0 million of funding and the need to continue to meet its Adjusted EBITDA forecasts in order to allow the group to meet certain financial covenants creates a material uncertainty which may cast significant doubt on the group'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
- Restructuring costs
- Acquisition and other investment costs
- 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 6 months ended 31 August 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	112,890	77,820	59,937	38,091	-	(26,919)	261,819
C2	29,269	8,770	11,887	17,577	-	(10,246)	57,257
Dataport	4,038	893	5,616	13,086	-	(5,117)	18,516
Voice traffic	5,066	47	10	23,623	-	(1,991)	26,755
Inter-segmental revenue	(4,030)	(922)	(2,799)	(36,522)	-	44,273	-
Group External Revenue	147,233	86,608	74,651	55,855	-	-	364,347
Adjusted EBITDA	52,474	50,406	21,771	46,364	(10,669)	(5,013)	155,333
Depreciation, impairment and amortisation							(58,472)
Restructuring costs							(2,758)
Interest income							10,905
Finance costs							(47,019)
Foreign exchange loss							(139,527)
Hyperinflation monetary gain							77,505
Share of profits of associate							10
Loss before taxation							(4,023)
Tax expense							(16,075)
Loss for the period							(20,098)

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 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	75,492	76,763	66,189	40,576	-	(29,091)	229,929
C2	24,414	7,421	8,209	15,211	-	(9,256)	45,999
Dataport	4,079	1,589	8,173	12,732	-	(5,462)	21,111
Voice traffic	3,640	42	12	27,057	-	(801)	29,950
Inter-segmental revenue	(4,137)	(503)	(2,841)	(37,129)	-	44,610	-
Group External Revenue	103,488	85,312	79,742	58,447	-	-	326,989
Adjusted EBITDA	35,871	43,333	21,653	34,951	(10,345)	(3,776)	121,687
Depreciation, impairment and amortisation							(60,972)
Gain on bargain purchase							272
Acquisition and other investment costs							(46)
Interest income							10,654
Finance costs							(36,554)
Foreign exchange loss							(226,530)
Hyperinflation monetary gain							241,720
Share of profits of associate							8
Profit before taxation							50,239
Tax expense							(26,643)
Profit for the period							23,596

*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 31 August 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	52,311	40,336	32,165	18,806	-	(13,962)	129,656
C2	15,107	4,144	5,838	9,710	-	(5,590)	29,209
Dataport	1,842	474	2,747	6,541	-	(2,505)	9,099
Voice traffic	3,389	33	6	10,339	-	(1,102)	12,665
Inter-segmental revenue	(2,036)	(627)	(1,600)	(18,896)	-	23,159	-
Group External Revenue	70,613	44,360	39,156	26,500	-	-	180,629
Adjusted EBITDA	27,397	26,861	11,835	16,628	(5,490)	(4,549)	72,682
Depreciation, impairment and amortisation							(30,043)
Restructuring costs							(2,507)
Interest income							5,608
Finance costs							(23,642)
Foreign exchange loss							(10,815)
Hyperinflation monetary loss							(1,004)
Share of profits of associate							6
Profit before taxation							10,285
Tax expense							(4,686)
Profit for the period							5,599

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 August 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	38,699	26,905	32,229	19,533	-	(13,552)	103,814
C2	13,318	4,486	4,167	8,486	-	(4,670)	25,787
Dataport	2,415	757	2,004	5,768	-	(2,747)	8,197
Voice traffic	1,890	16	3	13,257	-	(515)	14,651
Inter-segmental revenue	(2,103)	(272)	(1,290)	(17,819)	-	21,484	-
Group External Revenue	54,219	31,892	37,113	29,225	-	-	152,449
Adjusted EBITDA	18,215	11,053	9,516	18,881	(5,121)	(1,878)	50,666
Depreciation, impairment and amortisation							(30,605)
Acquisition and other investment costs							(46)
Interest income							5,453
Finance costs							(17,883)
Foreign exchange loss							(70,896)
Hyperinflation monetary gain							168,113
Share of profits of associate							4
Profit before taxation							104,806
Tax expense							(4,563)
Profit for the period							100,243

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

4. Net other income

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Management fees income (note 18)	1,435	1,930	719	1,142
Sundry income (non-operating income that does not meet the recognition criteria of revenue under IFRS 15)	303	349	1,477	196
(Loss) / profit on disposal of property, plant and equipment	(172)	9	(71)	13
	1,579	2,288	2,138	1,351

5. Interest income

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest received - bank / external	547	1,043	288	666
Interest received - inter-group (note 18)	10,358	9,611	5,320	4,787
	10,905	10,654	5,608	5,453

6. Finance costs

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	12,900	11,583	6,366	5,756
Finance cost on Senior Secured Notes	17,050	17,050	8,525	8,525
Finance arrangement fees amortised	1,811	1,810	908	905
Interest on lease liabilities	15,075	5,948	7,751	2,613
Interest paid - inter-group (note 18)	183	163	92	84
	47,019	36,554	23,642	17,883

7. Taxation

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation	8,013	13,521	2,251	3,782
Deferred taxation charge / (credit)	2,264	8,086	(847)	(1,422)
Withholding taxation	5,798	5,036	3,282	2,203
	16,075	26,643	4,686	4,563

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) / profit before taxation	(4,023)	50,239	10,285	104,806
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(1,181)	(74)	2,804	14,700
Tax effect of non-deductible expenses	(772)	67,643	134	16,649
Tax effect of non-taxable income	(15,411)	-	(1,699)	-
Tax effect of foreign tax credit	(654)	(2,016)	(650)	(2,009)
Effect of tax losses not recognised as deferred tax assets	3,969	6,099	3,189	(239)
Tax effect of utilised unrecognised tax losses	(573)	(1,065)	(460)	(590)
Tax effect on IAS 29 adjustments	24,899	(48,980)	(1,914)	(26,235)
Withholding taxation	5,798	5,036	3,282	2,287
	16,075	26,643	4,686	4,563

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%	27%
Kenya	30%	30%
United Kingdom	25%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

8. Goodwill

	<u>31/08/2024</u>	<u>29/02/2024</u>
	USD'000	USD'000
	(Unaudited)	(Audited)
Cost		
Opening balance	73,990	76,576
Foreign exchange gain / (loss)	4,624	(2,586)
Closing balance	<u>78,614</u>	<u>73,990</u>

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.

	<u>31/08/2024</u>	<u>29/02/2024</u>
	USD'000	USD'000
	(Unaudited)	(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	62,398	57,774
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	<u>78,614</u>	<u>73,990</u>

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.

For the year ended 29 February 2024:

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 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.

9. Intangible assets

	Operating Licence	Computer Software	Customer Relationships	Work in Progress	Other Intangible Assets*	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
At 01 March 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 28 February 2024 (Audited)	31,390	40,872	24,713	3,046	45,087	145,108
Purchases during the period	2	2,684	-	1,078	-	3,764
Transfers	-	829	-	(829)	-	-
Foreign exchange differences	(697)	997	2,763	-	2,417	5,480
Adjustments - IAS 29	2,068	1,080	-	-	-	3,148
Transfer from Property, plant and equipment (note 10)	148	859	-	(34)	-	973
At 31 August 2024 (Unaudited)	<u>32,911</u>	<u>47,321</u>	<u>27,476</u>	<u>3,261</u>	<u>47,504</u>	<u>158,473</u>
Accumulated amortisation:						
At 01 March 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 28 February 2024 (Audited)	12,970	30,222	20,691	-	21,094	84,977
Amortisation	994	3,112	1,410	-	246	5,762
Transfer from Property, plant and equipment (note 10)	17	896	-	-	-	913
Foreign exchange differences	(626)	1,124	1,175	-	2,175	3,848
Adjustments - IAS 29	1,256	612	-	-	-	1,868
At 31 August 2024 (Unaudited)	<u>14,611</u>	<u>35,966</u>	<u>23,276</u>	<u>-</u>	<u>23,515</u>	<u>97,368</u>
Carrying amount:						
At 28 February 2024 (Audited)	<u>18,420</u>	<u>10,650</u>	<u>4,022</u>	<u>3,046</u>	<u>23,993</u>	<u>60,131</u>
At 31 August 2024 (Unaudited)	<u>18,300</u>	<u>11,355</u>	<u>4,200</u>	<u>3,261</u>	<u>23,989</u>	<u>61,105</u>

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

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 01 March 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 (note 11)	-	-	-	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
Additions during the period	-	491	333	1,028	90	17,273	2,291	21,506
Disposals during the period	-	(95)	(231)	(10)	(208)	(459)	(1,104)	(2,107)
Impairment	-	(30)	(16)	(69)	-	(72)	(107)	(294)
Transfers	-	27	43	1,113	59	(14,640)	13,398	-
Transfer to intangible assets (note 9)	-	-	37	(698)	11	-	(323)	(973)
Transfer to inventory	-	-	-	-	-	(37)	-	(37)
Foreign exchange differences	(202)	(873)	521	3,737	(2,382)	(2,179)	(79,448)	(80,826)
Adjustments - IAS 29	1,138	1,066	612	935	2,324	3,904	116,050	126,029
At 31 August 2024 (Unaudited)	15,607	9,353	28,003	89,843	9,807	30,910	913,853	1,097,376
Accumulated depreciation								
At 01 March 2023 (Audited)	5,729	7,768	25,478	88,285	6,697	-	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	-	-	-	2,506
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	-	449,721	550,374
Depreciation	139	433	763	3,765	340	-	23,315	28,755
Disposals during the period	-	(44)	(210)	(5)	(20)	-	(1,036)	(1,315)
Impairment	-	-	(1)	(15)	-	-	-	(16)
Transfer to Intangible assets (note 9)	-	(22)	(6)	(560)	4	-	(329)	(913)
Foreign exchange differences	400	(509)	751	1,618	(1,230)	-	(28,413)	(27,383)
Adjustments - IAS 29	-	628	256	887	1,189	-	51,039	53,999
At 31 August 2024 (Unaudited)	5,472	5,744	24,482	66,458	7,049	-	494,297	603,501
Carrying amount:								
At 29 February 2024 (Audited)	9,738	3,509	3,775	23,039	3,147	27,120	413,375	483,704
At 31 August 2024 (Unaudited)	10,135	3,609	3,521	23,385	2,758	30,910	419,556	493,875

11. Right-of-Use assets

	Land and buildings	Network equipment	Motor vehicles	Fibre infrastructure	Fibre Optical - IRU	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
At 01 March 2024 (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 (note 10)	-	-	-	-	(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
Additions during the period	2,291	1,777	193	37,151	63	41,714
Disposals during the period*	(854)	-	-	(601)	-	(1,455)
Foreign exchange differences	(7,123)	(1,462)	111	7,466	1,606	591
Adjustments - IAS 29	8,711	-	-	-	-	8,711
At 31 August 2024 (Unaudited)	73,316	41,643	2,251	170,649	153,172	441,263
Accumulated depreciation:						
At 01 March 2024 (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
Depreciation	5,428	5,194	70	8,960	3,913	23,672
Disposals during the period*	(686)	-	-	(601)	-	(1,287)
Foreign exchange differences	1,766	(957)	118	3,295	1,107	5,326
Adjustments - IAS 29	331	-	-	-	-	331
At 31 August 2024 (Unaudited)	38,766	25,936	1,956	57,234	78,792	202,788
At 29 February 2024 (Audited)	38,364	19,629	179	81,053	77,731	216,956
At 31 August 2024 (Unaudited)	34,550	15,707	295	113,415	74,380	238,475

*relates to lease modifications or cancellations.

** During the year ended 29 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.

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

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Cash and bank balances	59,023	55,850
Money market deposits	9,230	804
Cash and cash equivalents	<u>68,253</u>	<u>56,654</u>
Restricted cash and cash equivalents	<u>477</u>	<u>422</u>
Total cash and cash equivalents	<u>68,730</u>	<u>57,076</u>

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

Cash and cash equivalents include USD 28.7 million (29 February 2024: USD 11.2 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWG:USD of 13.9:1 (29 February 2024: ZWL\$:USD of 14,912.8:1). See note 2.2 - *Zimbabwean currency* for more details.

The group has restricted cash for the following purposes:

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Guarantees	1	1
Customer deposits held	476	421
	<u>477</u>	<u>422</u>

13. Trade and other receivables

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Trade receivables from external parties	146,135	130,824
Trade receivables from related parties (note 18)	58,791	35,652
Expected credit loss provision	(29,920)	(39,051)
Total trade and related parties receivables, net of expected credit loss provision	175,006	127,425
Short term inter-company and other related party receivables (note 18)	69,133	51,498
Sundry debtors	63,916	45,149
Deposits paid	3,890	3,781
Prepayments	36,053	31,091
	<u>347,998</u>	<u>258,944</u>

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

The standard 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.

	Current USD'000	Past due				Total USD'000
		31 - 60 days USD'000	61 - 90 days USD'000	91 - 120 days USD'000	> 120 days USD'000	
As at 31 August 2024						
Trade and related parties receivables - Gross	33,766	50,284	12,323	19,294	89,259	204,926
Lifetime ECL	(298)	(436)	(469)	(1,469)	(27,248)	(29,920)
Trade and related parties receivables - Net	33,468	49,848	11,854	17,825	62,011	175,006
Default rate	0.9%	0.9%	3.8%	7.6%	30.5%	
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%	

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

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Long term borrowings:		
USD 620 million 5.5% Senior Secured Notes (i)	614,184	612,736
Net settled: Embedded derivatives (note 22)	1,878	1,878
USD 220 million equivalent South African Rand term loan (ii)	137,882	127,315
Other long-term borrowings	209	323
	754,153	742,252
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)	9,665	17,554
Stanbic Bank of Zambia Limited Term loan (iii)	-	2,436
Stanbic Bank of Zambia Limited revolving loan (iii)	1,994	1,058
USD 60 million revolving credit facility (iv)	50,815	42,665
Other Short-term portion of long term borrowings	246	224
	79,770	80,987

(i) The USD 620.0 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 Leverage Ratio, Interest cover and Debt Service Cover Ratio.

During August 2024, we engaged with our lending partners on a pre-emptive basis to provide the business with additional covenant headroom, in part due to the prospect of exchange rate volatility in certain markets as well as the timing of the first tranche of equity private placement. This request was approved on 15 August 2024 and as a result, the step down the threshold from 3.5x to 3.0x that was due to take place in August 2024 will now occur in February 2025. 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). 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. The term loan has been fully repaid during the period ended 31 August 2024.

Stanbic Bank of Zambia Limited revolving credit facility

As of 31 August 2024, the outstanding amount on the Revolving Credit Facility contracted by Liquid Telecommunications Zambia Limited was USD 2.0 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 620.0 million 5.5% Senior Secured Notes and the USD 220 million equivalent South African Rand term loan, the group has a USD 60.0 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. The outstanding balance as at 31 August 2024 was USD 50.8 million.

15. Lease liabilities

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Long term portion of lease liabilities	144,624	116,804
Short term portion of lease liabilities	29,595	20,441
	174,219	137,245

16. Trade and other payables

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Trade accounts payable to external parties	129,334	119,724
Trade payable balance to related parties (note 18)	21,849	17,809
Accruals	57,386	49,492
Staff payables	3,525	4,679
Transaction taxes due in various jurisdictions	9,285	6,641
Other short-term payables	8,505	1,544
	229,884	199,889

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

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Long-term portion of deferred revenue	55,596	56,967
Short-term portion of deferred revenue	46,066	40,443
	101,662	97,410

Deferred revenue mainly relates to revenue billed in advance which includes deferred revenue on any Infeasible-Rights-of-Use (IRU), disclosed through Network and Dataport revenue streams disclosed in note 3, 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), 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 (Private) Limited (Zimbabwe) 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) and 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:

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods and services				
Econet Global related group companies	30,314	46,215	10,950	20,163
Africa Data Centres related group companies	239	144	107	76
Liquid (Jersey) and other related group of companies	29,975	132	9,771	99
	60,528	46,491	20,828	20,338

18. Related party transactions and balances (continued)

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Purchase of goods and services				
Econet Global related group companies	9,257	11,959	4,518	5,860
Africa Data Centres related group companies	933	1,106	471	947
Liquid (Jersey) and other related group of companies	25,148	30	7,098	15
	35,338	13,095	12,087	6,822
Management fees expense				
Econet Global related group companies	300	210	150	150
Management fees income				
Africa Data Centres related group companies	256	367	129	367
Econet Global related group companies	-	68	1	27
Liquid (Jersey) and other related group of companies	1,179	1,495	589	748
	1,435	1,930	719	1,142
Dividend paid				
Other shareholders (net of taxes)	460	360	-	636
Interest income				
Econet Global related group companies	346	304	176	156
Liquid (Jersey) and other related group of companies	1,265	124	716	64
Africa Data Centres related group companies	8,747	9,183	4,428	4,567
	10,358	9,611	5,320	4,787
Finance costs				
Liquid (Jersey) and other related group of companies	183	163	92	84
Administration fees paid				
DTOS Limited	201	225	106	150

The group has the following balances at the period end:

	31/08/2024	29/02/2024
	USD'000 (Unaudited)	USD'000 (Audited)
Short-term receivables from related parties		
Africa Data Centres related group companies	21,762	21,546
Liquid (Jersey) and other related group of companies	41,086	25,441
Econet Global related group companies	3,614	1,827
Econet Infracore related group companies	774	743
Sasai Related Group Companies	1,897	1,480
Strive Masiyiwa	-	461
	69,133	51,498
Receivables balances from affiliated entities and other related parties		
Econet Global Limited (Mauritius)	4,999	4,999
Econet Global Related Group Companies	21,375	20,327
Econet Infracore related group companies	8	7
Vaya Related Group Companies	543	436
Liquid (Jersey) and other related group of companies	27,226	3,032
Africa Data Centres related group companies	4,149	4,235
Strive Masiyiwa	491	2,616
	58,791	35,652
Payable balance to related parties		
Econet Global related group companies	888	774
Telrad Networks Ltd	69	351
Africa Data Centres related group companies	7,898	7,839
Sasai Related Group Companies	71	954
Liquid (Jersey) and other related group of companies	12,923	7,891
	21,849	17,809
Long-term receivables		
Africa Data Centres related group companies	147,961	128,095
Liquid (Jersey) and other related group of companies	3,683	11,838
	151,644	139,933

19. Capital commitments

At 31 August 2024, the group committed to the following capital commitments:

Authorised and contracted
Intangible assets
Property, plant and equipment

31/08/2024	29/02/2024
USD'000	USD'000
(Unaudited)	(Audited)
539	1,507
19,325	24,925
<u>19,864</u>	<u>26,432</u>

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)
Other receivables

151,644	139,933
2,810	3,141
<u>154,454</u>	<u>143,074</u>

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 2.8 million was recognised (29 February 2024: 3.1 million).

21. Dividend

Period ended 31 August 2024:

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

Zanlink Limited, a subsidiary of the group, declared and paid an interim dividend of USD 0.3 million during the period. USD 0.1 million is attributable to the non-controlling interests of the subsidiary.

Period ended 31 August 2023:

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.

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).

31 August 2024

Investments at FVTOCI (i)
Total (Unaudited)

Level 1	Level 2	Level 3	Total
USD'000	USD'000	USD'000	USD'000
-	-	15,409	15,409
<u>-</u>	<u>-</u>	<u>15,409</u>	<u>15,409</u>

29 February 2024

Investments at FVTOCI (i)
Total (Audited)

Level 1	Level 2	Level 3	Total
USD'000	USD'000	USD'000	USD'000
-	-	15,362	15,362
<u>-</u>	<u>-</u>	<u>15,362</u>	<u>15,362</u>

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

	31/08/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Opening balance	15,362	15,314
Additions	272	953
Disposals	(301)	(1,772)
Fair value gain	76	867
Closing balance	<u>15,409</u>	<u>15,362</u>

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

(ii) Net settled: Embedded derivatives

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).

At 31 August 2024, the fair value of the embedded derivatives was nil (29 February 2024: nil).

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 period ended 31 August 2024:

- Purchase of property, plant and equipment of the group included a non cash portion of USD 1.8 million.

During the period ended 31 August 2023:

- Purchase of property, plant and equipment of the group included a non cash portion of USD 2.2 million.

24. (Loss) / profit per share

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) / profit per share (Cents per share)	(15.79)	19.17	4.53	80.37

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

(Loss) / profit attributable to owners of the company	(19,712)	23,933	5,653	100,352
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	6 months ended	
	31/08/2024	31/08/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the	124,857,914	124,857,914

At 31 August 2024, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (31 August 2023: 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*.

	6 months ended		3 months ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	96,858	60,671	42,639	20,017
Add back:				
Depreciation, impairment and amortisation	58,472	60,972	30,043	30,605
Dividend received	3	44	-	44
Adjusted EBITDA (note 3)	155,333	121,687	72,682	50,666

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	Reclassification	Revised
	statement of profit	of network costs	statement of
	or loss		profit or loss
	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)
6 months ended 31 August 2024:			
Revenue	364,347	-	364,347
Interconnect related costs	(18,843)	-	(18,843)
Data and network related costs	(115,650)	16,281	(99,369)
Gross Profit	229,854	16,281	246,135
Other income	1,579	-	1,579
Selling, distribution and marketing costs	(4,460)	-	(4,460)
Expected credit loss reversal	7,376	-	7,376
Administrative expenses	(24,631)	(16,281)	(40,912)
Staff costs	(54,388)	-	(54,388)
Adjusted EBITDA	155,333	-	155,333
6 months ended 31 August 2023:			
Revenue	326,989	-	326,989
Interconnect related costs	(22,107)	-	(22,107)
Data and network related costs	(84,132)	17,187	(66,945)
Gross Profit	220,750	17,187	237,937
Other income	2,288	-	2,288
Dividend received	44	-	44
Selling, distribution and marketing costs	(4,911)	-	(4,911)
Expected credit loss provision	(2,691)	-	(2,691)
Administrative expenses	(27,690)	(17,187)	(44,877)
Staff costs	(66,103)	-	(66,103)
Adjusted EBITDA	121,687	-	121,687
3 months ended 31 August 2024:			
Revenue	180,629	-	180,629
Interconnect related costs	(8,728)	-	(8,728)
Data and network related costs	(54,806)	8,588	(46,218)
Gross Profit	117,095	8,588	125,683
Other income	2,138	-	2,138
Selling, distribution and marketing costs	(2,007)	-	(2,007)
Expected credit loss provision	(419)	-	(419)
Administrative expenses	(13,231)	(8,588)	(21,819)
Staff costs	(30,894)	-	(30,894)
Adjusted EBITDA	72,682	-	72,682
3 months ended 31 August 2023:			
Revenue	152,449	-	152,449
Interconnect related costs	(10,898)	-	(10,898)
Data and network related costs	(39,352)	7,812	(31,540)
Gross Profit	102,199	7,812	110,011
Other income	1,351	-	1,351
Dividend received	44	-	44
Selling, distribution and marketing costs	(2,710)	-	(2,710)
Expected credit loss provision	(1,154)	-	(1,154)
Administrative expenses	(14,880)	(7,812)	(22,692)
Staff costs	(34,184)	-	(34,184)
Adjusted EBITDA	50,666	-	50,666

27. 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.