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

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MAY 2024

Good start to the year; South Africa continues to accelerate

25 July 2024

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

Strategic highlights:

- Continued good progress on equity private placement and South African Rand Term Loan refinance and upsize
- Liquid C2 partners with Google Cloud and Anthropic to bring advanced cloud, cyber security and generative AI capabilities to Africa
- Liquid Dataport agrees partnership with Eutelsat to bring Low Earth Orbit (LEO) satellite services to Africa
- Liquid Network launched an enhanced home network connectivity and public Wi-Fi service in Zambia

Financial highlights:

- Reported revenue grew 5.3% year-on-year in the first quarter to USD 183.7 million driven by strong growth in South Africa
- Adjusted EBITDA[1] increased 16.5% year-on-year in the first quarter to USD 82.7 million driven by a relentless focus on cost control
- Cash generated from operations of USD 54.5 million in the quarter, a 33.6% increase year-on-year largely resulting from a lower working capital outflow compared to the same period in the prior year
- Net debt[2] amounted to USD 930.6 million, leading to a net debt to adjusted EBITDA[1,2,3] of 3.46x, compared to the 3.50 times covenant threshold

Group Financials	For the three-month period ended:		
	31 May 2024 (USDm)	31 May 2023 (USDm)	YoY (%)
Revenue	183.7	174.5	5.3
Adjusted EBITDA	82.7	71.0	16.5
Cash generated from operations	54.5	40.8	33.6
Net debt	930.6	849.7	9.5
Net debt / Adjusted EBITDA (x)	3.46	3.24	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, hyperinflation monetary gain and share of profits of associate.
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

Group Chief Executive Officer, Hardy Pemhiwa, commented:
"We have had a good start to the year. It is encouraging to see our changed go-to-market strategy continuing to drive the growth of our operations in South Africa. Whilst there was a benefit from the low margin infrastructure sales related to the ECG project, excluding this our top line grew by 32.5% in the first quarter. Furthermore, and as we had guided, exchange rate volatility has significantly reduced in the period since the South African General Election. We expect this to drive strong underlying performance which will be reflected in our reported numbers.

It was also a standout quarter for our C2 business with growth of 39% driven by strong performances across both cloud and cybersecurity products and services. We continue to benefit from our multi-cloud offering that we are uniquely positioned to offer to our enterprise and SME customers. This position is further demonstrated by the partnership we recently announced with Google Cloud and Anthropic to bring cloud, cyber security and generative AI solutions to businesses in Africa.

We feel confident in our plans for the year ahead, including our near-term expectations on our equity private placement, our debt refinancing plan and our cost optimisation programme."

Group Chairman, Strive Masiyiwa, added:
"The digital inclusion agenda in Africa remains a key motivation both for me personally and for our business, so it was particularly pleasing to see the Group bolstering digital inclusion in Zambia by extending high-speed internet connectivity to key towns and remote areas across the country.

Liquid is aligning with the UNICEF-led Giga project to map schools and healthcare facilities throughout Zambia with the aim of connecting every school to the internet and to provide the youth in schools with access to the opportunities that broadband connectivity can bring.

It is a direct result of our collaboration with various Liquid stakeholders that allows us to make such positive impact on the societies in which we operate across Africa. As we embrace AI across the business, including though partnerships with Microsoft, Google and Anthropic amongst others, we expect to accelerate digital inclusion and enable the digital transformation journeys of our clients."

Next scheduled announcement
Please note, as we provided a Q1 FY 2024-25 Trading Update during the FY 2023-24 results presentation in June, we will not be holding a call today.
The Group is scheduled to publish its Q2 FY 2024-25 results in October 2024.

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

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.

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
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%
Monthly recurring revenue (%) [3]	88.0%	88.8%	89.9%	71.4%	84.0%	80.9%
Cloud seats YoY growth (%) [4]	66.6%	50.2%	41.2%	17.2%	17.2%	15.0%
Total capacity on subsea assets (Gbps) [5]	3,104	3,125	3,125	3,519	3,519	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 56 kilometres in the first quarter as we focus on monetising our existing footprint with more targeted network densification.

Delivering on our customer satisfaction promise remains integral to our long-term success. We remain laser focused on providing value to our customers via competitive and comprehensive high-quality solutions. As a result our churn remained below 1% at 0.44% in the first quarter, a strong improvement on the prior year (Q1 FY 2023-24: 0.53%).

We maintained a high level of monthly recurring revenue (MRR) during the first quarter at 80.9%%, a decrease on the prior year (Q1 FY 2023-24: 88.0%) driven by the ECG infrastructure sales. Excluding the infrastructure sales impact, MRR would have increased marginally year-on-year to 91.0%. 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 15.0%, 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 increased to 3,841 Gbps in the first quarter as we activated some additional capacity to enhance our network resiliency.

Segments

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

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

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

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

Revenue

Revenue by Segment	For the three-month period ended:		
	31 May 2024 (USDm)	31 May 2023 (USDm)	YoY (%)
Network	132.2	126.1	4.8
C2	28.1	20.2	39.0
Dataport	9.4	12.9	(27.3)
Voice	14.1	15.3	(8.0)
Total Revenue	**183.7**	**174.5**	**5.3**

Total revenue in the first quarter was USD 183.7 million (Q1 FY 2023-24: USD 174.5 million), an increase of 5.3% year-on-year, which was driven by the strong performance in C2 offset by Dataport, largely due to the timing of NRR deals, and the ongoing volume decline in Voice as well as adverse exchange rate movements.

Revenue in the first quarter of FY 2024-25 included USD 18.3 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, South Africa was the driver of growth, this was partly offset by exchange rate headwinds, a decline in Zimbabwe and a strong prior year comparator in Rest of Africa, which benefited from significant IRU deals with Mobile Network Operators in the DRC and Kenya in Q1 2023-24.

The impact of exchange rates in the first quarter of FY 2024-25 did ease compared to recent periods. The notable exchange rate headwinds were experienced in South Africa (USD 0.9 million) and Zambia (USD 2.6 million). Excluding these adverse exchange rate movements, total revenue growth for the year would have been 7.3% and 0.8% 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, it is expected to improve economic stability and growth in the medium term. Our Zimbabwean business was partly able to mitigate the impact of devaluation as two tariff increases were agreed during the first quarter.

Network

Network revenue in the first quarter, which includes all intra- and inter-country fibre activity, increased by 4.8% year-on-year to USD 132.2 million (Q1 FY 2023-24: USD 126.1 million), including the sale of infrastructure relating to the Eastern Cape Government project of USD 18.3 million. Excluding this and the exchange rate headwinds noted above, Network revenue declined 1.4% year-on-year due to declines in Zimbabwe and Rest of Africa, the latter due to increased NRR deals in the prior year.

Reported South African Network revenue included the infrastructure sale referred to above, however excluding this and the FX headwind of USD 0.9 million, underlying revenue grew strongly, up 34.4% 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.

In Rest of Africa, on a reported basis, Network revenue declined 18.2% due to a high prior year comparator which included NRR deals with MNOs in the DRC and Kenya, in addition to the adverse exchange rate movement in Zambia of USD 2.6 million.

Underlying Zimbabwean Network revenue increased through strong customer base growth. Further benefiting from two tariff increases and stability brought about by the introduction of the ZWG as described above. However, our Zimbabwe operations experienced a partial quarter under hyperinflation accounting and sharp foreign exchange devaluation compared to the same period in the prior year, offsetting the growth described above. Due to the introduction of the new currency, hyperinflation accounting is no longer in use and therefore there will be no monetary adjustment moving forwards.

C2

C2 Revenue in the first quarter, which largely comprises our cloud and cyber security offerings as well as other digital services, continued to grow strongly, up 39.0% year-on-year to USD 28.1 million (Q1 FY 2023-24: USD 20.2 million). Growth benefited from the 15.0% 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.

Dataport

Dataport revenue in the first quarter, covering all our sea-to-land connections, subsea capacity and satellite services, decreased 27.3% year-on-year to USD 9.4 million (Q1 FY 2023-24: USD 12.9 million). The year-on-year decrease was largely driven by 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 first quarter, continued to be impacted by global traffic trends away from traditional voice activity, resulting in revenue declining 8.0% year-on-year to USD 14.1 million (Q1 FY 2023-24: USD 15.3 million). Though there is a decline in overall revenue and minutes, we continue to focus on higher margin destinations to limit gross profit erosion.

Gross Profit

Gross Profit	For the three-month period ended:		
	31 May 2024	31 May 2023	YoY
	(USDm)	(USDm)	(%)
Revenue	183.7	174.5	5.3
Costs per quarterly financial statements	(63.3)	(46.6)	(35.8)
Gross Profit	**120.4**	**127.9**	**(5.9)**
Gross Profit Margin (%)	65.5%	73.3%	-7.8pp

Absolute gross profit for the first quarter was USD 120.4 million (Q1 FY 2023-24: USD 127.9 million) and gross profit margin was 65.5% compared to 73.3% 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, the increased mix from the growing C2 segment and lower contribution from Zimbabwe.

Total Overheads and Other Income

Total Overheads and Other Income	For the three-month period ended:		
	31 May 2024	31 May 2023	YoY
	(USDm)	(USDm)	(%)
Other income	0.9	0.9	-
Selling, distribution and marketing costs	(2.5)	(2.2)	(13.6)
Expected credit loss provision	7.8	(1.5)	620.0
Administrative costs	(19.1)	(22.2)	14.0
Staff costs	(24.8)	(31.9)	22.3
Total Overheads and Other Income	**(37.7)**	**(56.9)**	**33.8**
% to Total Revenue	20.5%	32.6%	12.1pp

Total Overheads and Other Income for the first quarter were USD 37.7 million (Q1 FY 2023-24: USD 56.9 million), lower year-on-year due to improvements in our expected credit loss provision and lower administrative and staff costs. Our expected credit loss provision in the first quarter significantly improved because of the continued 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 implement our cost optimisation programme; this is a function of the pivot from an Opco led to a Business Unit / Product led operating model and we have started to see some benefit from the initial stage of the review of our organisational structure. This has resulted in the improvements seen in staff and administrative costs. We are increasingly confident that we will achieve at least USD 10 million of overheads savings in the coming year relative to FY 2023-24 and an incremental USD 15 million of savings in FY 2024-25.

Adjusted EBITDA and Profit

Adjusted EBITDA	For the three-month period ended:		
	31 May 2024 (USDm)	31 May 2023 (USDm)	YoY (%)
Adjusted EBITDA	**82.7**	**71.0**	**16.5**
Depreciation, impairment and amortisation	(28.4)	(30.4)	6.6
Operating Profit	**54.3**	**40.6**	**33.7**
Restructuring costs	(0.3)	-	(100.0)
Gain on bargain purchase	-	0.3	100.0
Interest income	5.3	5.2	1.9
Finance costs	(23.4)	(18.7)	(25.1)
Foreign exchange loss	(128.7)	(155.6)	17.3
Monetary adjustment - IAS 29	78.5	73.6	6.7
Share of profit of associate	-	-	n/a
Loss before tax	**(14.2)**	**(54.6)**	**74.0**
Tax expense	(11.4)	(22.1)	(48.4)
Loss for the period	**(25.6)**	**(76.7)**	**66.5**

Adjusted EBITDA in the first quarter was USD 82.7 million, 16.5% higher compared to the same period in the prior year (Q1 FY 2023-24: USD 71.0 million) resulting from the strong focus on cost control driving reduced overheads, this was partly offset by lower gross profit margins, as detailed above.

Depreciation, impairment and amortisation costs in the first quarter were slightly lower year-on-year at USD 28.4 million (Q1 FY 2023-24: USD 30.4 million). The underlying reduction was largely driven by exchange rate movements.

Finance costs of USD 23.4 million in the first quarter were higher year-on-year (Q1 FY 2023-24: USD 18.7 million) and reflected the interest on the Bond and Revolving Credit Facility ("RCF"), the amortising ZAR term loan, local debt in Zambia, and leases.

The foreign exchange loss in the first quarter of USD 128.7 million (Q1 FY 2023-24: USD 155.6 million) was mainly due to the South African and Zimbabwe exchange rate movements. Prior to the change of currency in Zimbabwe, the closing exchange rate on 5th April was ZWL$:USD 33,886.7:1 (Q1 FY 2023-24: ZWL$:USD 2,577.1:1). CPI in Zimbabwe for the same period was 380,237.6 (Q1 FY 2023-24: 44,428.6) which resulted in a monetary adjustment of USD 78.5 million (Q1 FY 2023-24: USD 73.6 million) for the period. After the change of currency, the closing exchange rate was ZWG:USD 13.3:1 and the average rate was ZWG:USD 13.4:1 resulting in a foreign exchange loss of USD 128.7 million and a loss after tax for first quarter of USD 25.6 million (Q1 FY 2023-24: USD 76.7 million). Note, due to the introduction of the ZWG and the removal of hyperinflation accounting there will be no monetary adjustment moving forwards.

Cash generated from operations

Cash Flows	For the three-month period ended:		
	31 May 2024 (USDm)	31 May 2023 (USDm)	YoY (%)
Cash generated from operations	**54.5**	**40.8**	33.6
Tax paid	(7.4)	(10.1)	26.7
Net cash generated from operating activities	**47.1**	**30.7**	**53.4**
Net cash used in investing activities	(16.4)	(17.9)	8.4
Net cash used in financing activities	(34.2)	(39.6)	13.6
Net decrease in cash and cash equivalents	**(3.5)**	**(26.8)**	**86.9**

Cash generated from operations for the year improved year-on-year to USD 54.5 million (Q1 FY 2023-24: USD 40.8 million) as the increased adjusted EBITDA was offset to a lesser extent by a lower working capital outflow compared to the prior year. The working capital outflow in the period largely resulted from increased prepayments in Zimbabwe to mitigate currency devaluation.

The decrease in tax paid in the year was driven by the lower contribution from Zimbabwe.

Net cash used in investing activities for the year reduced by 8.4% year-on-year to USD 16.4 million (Q1 FY 2023-24: USD 17.9 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 the DRC, Kenya, Zimbabwe and South Africa.

Cash used in financing activities is largely related to interest, lease and debt payments. In the first quarter, financing activities totalled USD 34.2 million (Q1 FY 2023-24: USD 39.6 million), the reduction was due to lower lease payments largely in South Africa and Zimbabwe. Excluding this, net cash used in financing activities was broadly flat compared to the same period in the prior year.

Capital investment and network developments

Capital expenditure in first quarter was broadly flat year-on-year and amounted to USD 17.0 million (Q1 FY 2023-24: USD 15.9 million). As the build of our network is largely complete, a greater share of the investment compared to the prior year was focused on customer connections including in the DRC, Kenya, Zimbabwe and investment in NLD in South Africa, including on the Eastern and Western Capes.

Gross and Net Debt

Gross and Net Debt	As at 31 May 2024 (USDm)
Total Gross Debt	**979.0**
Long term borrowings (excl derivative)	744.2
Short term portion of long-term borrowings	63.3
Unamortised arrangement fees	7.8
Leases - LT	131.5
Leases - ST	32.2
Less: Unrestricted cash	**(48.4)**
Net Debt	**930.6**
Last twelve months Adjusted EBITDA	268.8
Last twelve months interest	84.6
Covenants:	
Gross Debt / LTM Adjusted EBITDA (x)	3.64
Net Debt / LTM Adjusted EBITDA (x)	3.46
Interest / LTM Adjusted EBITDA (x)	3.18
Debt Service Cover Ratio (DSCR)	1.92

Unrestricted cash at the end of the first quarter was USD 48.4 million (FY 2023-24: USD 56.7 million), of this, USD 20.1 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 979.0 million at the end of the first quarter, higher than the FY 2023-24 year end (USD 950.0 million) due to the increased leases as a result of the ECG project, partly offset by exchange rate benefits.

Considering the above cash position, net debt at the end of the year was USD 930.6 million, giving a net debt to adjusted EBITDA ratio of 3.46x, compared to the 3.50x covenant threshold and 3.47x position at the end of FY 2023-24.

Strive Masiyiwa	Hardy Pemhiwa	Lorraine Harper
Group Chairman	Group Chief Executive Officer	Group Chief Finance Officer

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID
INTELLIGENT TECHNOLOGIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 3 MONTHS ENDED

31 May 2024

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 3 months ended 31 May 2024

	Notes	3 months ended 31/05/2024 USD'000 (Unaudited)	3 months ended 31/05/2023 USD'000 (Unaudited)
Revenue	3	183,721	174,541
Interconnect related costs		(10,114)	(11,209)
Data and network related costs		(60,845)	(44,780)
Net other income	4	790	937
Selling, distribution and marketing costs		(2,453)	(2,200)
Expected credit loss reversed / (provision)		7,795	(1,537)
Administrative expenses		(11,401)	(12,810)
Staff costs		(24,839)	(31,919)
Depreciation, impairment and amortisation		(28,428)	(30,367)
Operating profit		**54,226**	**40,656**
Restructuring costs		(251)	-
Gain on bargain purchase		-	272
Interest income	5	5,297	5,201
Finance costs	6	(23,377)	(18,671)
Foreign exchange loss	2.2	(128,714)	(155,634)
Hyperinflation monetary gain (up to 5 April 2024)	2.2	78,508	73,607
Share of profits of associate		5	4
Loss before taxation		**(14,306)**	**(54,565)**
Tax expense	7	(11,389)	(22,080)
Loss for the period		**(25,695)**	**(76,645)**
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit or loss:			
Translation gain / (loss) on accounting for foreign entities		21,701	(17,444)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	2.2.2	48,406	66,999
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on investments in equity instruments designated as FVTOCI		28	4,560
Total other comprehensive income		70,135	54,115
Total comprehensive income / (expense)		**44,440**	**(22,530)**
Loss attributable to:			
Owners of the company		(25,363)	(76,416)
Non-controlling interest		(332)	(229)
		(25,695)	**(76,645)**
Total comprehensive income / (expense) attributable to:			
Owners of the company		44,786	(22,249)
Non-controlling interest		(346)	(281)
		44,440	**(22,530)**
Loss per share			
Basic (Cents per share)	24	(20.31)	(61.21)

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 May 2024

	Notes	31/05/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
Non-current assets			
Goodwill	8	75,366	73,990
Intangible assets	9	60,217	60,131
Property, plant and equipment	10	488,711	483,704
Right-of-Use assets	11	235,462	216,956
Investment in associate		557	540
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	22	15,363	15,362
Deferred tax assets		40,711	41,869
Investments at amortised cost		39	41
Long-term receivables	20	144,387	143,074
Pre-commencement lease payments		9,900	9,565
Total non-current assets		**1,070,713**	**1,045,232**
Current assets			
Inventories		46,748	50,399
Trade and other receivables	13	320,572	258,944
Taxation		5,471	5,277
Cash and cash equivalents	12	48,432	56,654
Restricted cash and cash equivalents	12	430	422
Total current assets		**421,653**	**371,696**
Total assets		**1,492,366**	**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		44	16
Accumulated losses		(82,979)	(57,616)
Foreign currency translation reserve		(209,121)	(279,242)
Total equity attributable to owners of the parent		**168,374**	**123,588**
Non-controlling interests		(720)	86
Total equity		**167,654**	**123,674**
Non-current liabilities			
Long term borrowings	14	746,129	742,252
Long term lease liabilities	15	131,489	116,804
Long term provisions		6,138	6,372
Deferred revenue	17	55,135	56,967
Deferred tax liabilities		5,969	4,615
Total non-current liabilities		**944,860**	**927,010**
Current liabilities			
Short term portion of long term borrowings	14	72,749	80,987
Short term portion of long term lease liabilities	15	32,163	20,441
Trade and other payables	16	204,639	199,889
Short term provisions		9,084	13,912
Deferred revenue	17	49,432	40,443
Taxation		11,785	10,572
Total current liabilities		**379,852**	**366,244**
Total equity and liabilities		**1,492,366**	**1,416,928**

Approved by the Board of Directors and authorised for issue on 25 July 2024

Eric Venpin

Eric Venpin
Director

Mike Mootien
Director

	Notes	Share capital	Share premium	Convertible preference shares	Investment revaluation reserve	Foreign currency translation reserve	Accumulated losses	Non-controlling interest	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 01 March 2023 (Audited)		**3,716**	**276,714**	**180,000**	**-**	**(217,565)**	**(64,098)**	**1,146**	**179,913**
Dividend	21	-	-	-	-	-	-	(360)	(360)
Loss and total comprehensive expense for the period		-	-	-	4,560	49,607	(76,416)	(281)	(22,530)
Loss for the period		-	-	-	-	-	(76,416)	(229)	(76,645)
Fair value gain on investments in equity instruments designated as FVTOCI		-	-	-	4,560	-	-	-	4,560
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	-	66,999	-	-	66,999
Translation loss on accounting for foreign entities		-	-	-	-	(17,392)	-	(52)	(17,444)
At 31 May 2023 (Unaudited)		**3,716**	**276,714**	**180,000**	**4,560**	**(167,958)**	**(140,514)**	**505**	**157,023**
At 01 March 2024 (Audited)		**3,716**	**276,714**	**180,000**	**16**	**(279,242)**	**(57,616)**	**86**	**123,674**
Dividend	21	-	-	-	-	-	-	(460)	(460)
Loss and total comprehensive expense for the period		-	-	-	28	70,121	(25,363)	(346)	44,440
Loss for the period		-	-	-	-	-	(25,363)	(332)	(25,695)
Fair value gain on investments in equity instruments designated as FVTOCI	22	-	-	-	28	-	-	-	28
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	-	48,406	-	-	48,406
Translation gain / (loss) on accounting for foreign entities		-	-	-	-	21,715	-	(14)	21,701
At 31 May 2024 (Unaudited)		**3,716**	**276,714**	**180,000**	**44**	**(209,121)**	**(82,979)**	**(720)**	**167,654**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 3 months ended 31 May 2024

	Notes	3 months ended 31/05/2024 USD'000 (Unaudited)	3 months ended 31/05/2023 USD'000 (Unaudited)
Cash flows from operating activities:			
Loss before tax		(14,306)	(54,565)
Adjustments for:			
Depreciation, impairment and amortisation		28,428	30,367
Dividend received		(2)	-
Expected credit loss provision		(7,874)	1,075
(Decrease) / increase in provisions		(4,640)	5,379
Foreign exchange loss		128,828	155,624
Hyperinflation monetary gain		(78,508)	(73,607)
Profit on disposal of property, plant and equipment		101	4
Interest income	5	(5,297)	(5,201)
Finance costs	6	23,377	18,671
Gain on bargain purchase		-	(272)
Share of profit from associate		(5)	(4)
		70,102	77,471
Working capital changes:			
(Increase) / decrease in inventories		(2,386)	2,078
Increase in trade and other receivables		(51,579)	(56,231)
Increase in trade and other payables		33,600	15,708
Increase in deferred revenue		4,792	1,735
Cash generated from operations		54,529	40,761
Income tax paid		(7,420)	(10,089)
Net cash generated from operating activities		47,109	30,672
Cash flows from investing activities:			
Interest income		259	377
Dividend received		2	-
Net cash inflow on acquisition of subsidiary		-	148
Purchase of investment at FVTOCI	22 (i)	-	(3,377)
Purchase of property, plant and equipment		(14,912)	(14,503)
Proceeds on disposal of property, plant and equipment		393	910
Purchase of intangible assets	9	(1,771)	(1,154)
Pre-commencement lease payments		(335)	(201)
Increase in long-term receivables from related parties		(94)	(57)
Net cash used in investing activities		(16,458)	(17,857)
Cash flows from financing activities:			
Dividend paid		(490)	(360)
Finance costs paid		(22,536)	(22,424)
Decrease in lease liabilities		(10,495)	(15,915)
Decrease in borrowings		(659)	(904)
Net cash used in financing activities		(34,180)	(39,603)
Net decrease in cash and cash equivalents		(3,529)	(26,788)
Cash and cash equivalents at beginning of the period		57,076	88,818
Translation of cash with respect to foreign subsidiaries		(4,685)	(19,641)
Cash and cash equivalents at end of the year	12	**48,862**	**42,389**
Represented by:			
Cash and cash equivalents	12	48,432	41,962
Restricted cash and cash equivalents	12	430	427
		48,862	**42,389**

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 3 months ended 31 May 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting.

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

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group and company for the twelve months from the date of signing of the consolidated financial statements, taking into account the available cash position, the cash flow projections (which include discretionary capital expenditure), the repayment of existing obligations, undrawn committed loan funding, the provision of financial support to subsidiaries where necessary and the status of equity investment and funding projects set out below. The directors consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the twelve months from the date of signing of the consolidated financial statements subject to the material uncertainty as set out below.

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

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), a USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), of which USD 43.4 million was outstanding at 31 May 2024, a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 148.5 million was outstanding at 31 May 2024 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 2.6 million was outstanding at 31 May 2024. Refer to note 14 - *Short term portion of long term borrowings and long term borrowings* for more details.

Cash position

As at 31 May 2024, the group had an unrestricted cash position of USD 48.4 million (29 February 2024: USD 56.7 million). Of this amount, USD 20.1 million (29 February 2024: USD 11.2 million) is held in Zimbabwe.

Operational performance

For the period ended 31 May 2024, the group reported an operating profit of USD 54.2 million (31 May 2023: 40.7 million) and a net cash inflow from operating activities of USD 47.1 million (31 May 2023: USD 30.7 million). This supports the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency changes in Zimbabwe.

Re-financing

In parallel, the group is in discussions to re-finance the remaining USD 148.5 million of the USD 220 million equivalent South African Rand term loan ("ZAR term loan" - see note 14 for more details on this facility). Based on current discussions with selected existing lenders, the directors consider the group to be making good progress and are working towards concluding this refinancing in the coming months.

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

Equity Capital Funding

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

2.1 Going concern (continued)

Equity Capital Funding (continued)

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

Material uncertainty related to going concern

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

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

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

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

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - Financial Reporting in Hyperinflationary Economies should be applied. The group has 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.

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 current hyperinflationary currency, the Zimbabwe Dollar (ZWL$), and eventually, the group discontinued the application of applying IAS 29 - Financial Reporting in Hyperinflationary Economies in Zimbabwe at 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.

During the period ended 31 May 2024, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 33,886.7:1 at 05 April 2024 before the ZWG was issued (31 May 2023: ZWL$:USD 2,577.1:1) to translate both the statement of profit or loss and the statement of financial position. As described above, the ZWL$ 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 May 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 13.3:1 for the statement of financial position and an average rate of ZWG:USD of 13.4:1 for the statement of profit or loss. Of the USD 128.7 million (31 May 2023: USD 155.6 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 135.8 million (31 May 2023: USD 146.3 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 48.4 million (31 March 2023: USD 67.0 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 78.5 million (31 May 2023: USD 73.6 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 May 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 13.3:1 for the statement of financial position and an average rate of ZWG:USD of 13.4:1 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 financial statements, is being sourced from new and existing investors. All of the group's existing shareholders have signed the documents necessary to give effect to the group reorganisation and these are currently being held in escrow to be released upon signature of a private placement share subscription agreement by one or more of the new investors. The first tranche of equity investment expected under the private placement will result in a cash inflow of approximately USD 90.0 million. The directors understand that all of the first tranche investors have received full approvals as required by their own internal processes. The group and new investors are now in the process of finalising the legal documentation to facilitate the investment. Proceeds from the investment will be deployed in LTH and the other Group companies to fund business growth and provide operational liquidity.

Re-financing

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

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

Material uncertainty related to going concern

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

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

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

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

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
- 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 3 months ended 31 May 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	60,582	37,484	27,772	19,286	-	(12,958)	132,166
C2	14,162	4,626	6,050	7,868	-	(4,656)	28,050
Dataport	2,196	418	2,869	6,545	-	(2,611)	9,417
Voice traffic	1,676	13	4	13,284	-	(889)	14,088
Inter-segmental revenue	(1,993)	(295)	(1,199)	(17,627)	-	21,114	-
Group External Revenue	**76,623**	**42,246**	**35,496**	**29,356**	**-**	**-**	**183,721**
Adjusted EBITDA	25,079	23,545	9,937	29,736	(5,179)	(464)	82,654
Depreciation, impairment and amortisation							(28,428)
Restructuring costs							(251)
Interest income							5,297
Finance costs							(23,377)
Foreign exchange loss							(128,714)
Hyperinflation monetary gain							78,508
Share of profits of associate							5
Loss before taxation							**(14,306)**
Tax expense							(11,389)
Loss for the period							**(25,695)**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 May 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	36,790	49,858	33,960	21,043	-	(15,539)	126,112
C2	11,096	2,935	4,042	6,724	-	(4,585)	20,212
Dataport	1,663	832	6,170	6,964	-	(2,714)	12,915
Voice traffic	1,750	27	10	13,800	-	(285)	15,302
Inter-segmental revenue	(2,030)	(231)	(1,552)	(19,310)	-	23,123	-
Group External Revenue	**49,269**	**53,421**	**42,630**	**29,221**	**-**	**-**	**174,541**
Adjusted EBITDA	17,656	32,280	12,138	16,070	(5,224)	(1,897)	71,023
Depreciation, impairment and amortisation							(30,367)
Gain on bargain purchase							272
Interest income							5,201
Finance costs							(18,671)
Foreign exchange loss							(155,634)
Hyperinflation monetary gain							73,607
Share of profits of associate							4
Loss before taxation							**(54,565)**
Tax expense							(22,080)
Loss for the period							**(76,645)**

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

4. Net other income

	3 months ended	
	31/05/2024	31/05/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Management fees income (note 18)	717	788
Sundry income (non-operating income that does not meet the recognition criteria of revenue under IFRS 15)	174	153
Loss on disposal of property, plant and equipment	(101)	(4)
	790	**937**

5. Interest income

	3 months ended	
	31/05/2024	31/05/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest received - bank / external	259	377
Interest received - inter-group (note 18)	5,038	4,824
	5,297	**5,201**

6. Finance costs

	3 months ended	
	31/05/2024	31/05/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	6,534	5,827
Finance cost on Senior Secured Notes	8,525	8,525
Finance arrangement fees amortised	903	905
Interest on lease liabilities	7,324	3,335
Interest paid - inter-group (note 18)	91	79
	23,377	**18,671**

7. Taxation

	3 months ended	
	31/05/2024	31/05/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Current taxation	5,762	9,739
Deferred taxation charge	3,111	9,508
Withholding taxation	2,516	2,833
	11,389	**22,080**

	3 months ended	
	31/05/2024	31/05/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Loss before taxation	(14,306)	(54,565)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(3,985)	(14,774)
Tax effect of non-deductible expenses	(906)	50,994
Tax effect of non-taxable income	(13,712)	-
Tax effect of foreign tax credit	(4)	(7)
Effect of tax losses not recognised as deferred tax assets	780	6,338
Tax effect of utilised unrecognised tax losses	(113)	(475)
Tax effect on IAS 29 adjustments	26,813	(22,745)
Withholding taxation	2,516	2,749
	11,389	**22,080**

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

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Cost		
Opening balance	73,990	76,576
Foreign exchange gain / (loss)	1,376	(2,586)
Closing balance	**75,366**	**73,990**

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.

	31/05/2024	29/02/2024
	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	59,150	57,774
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	75,366	**73,990**

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 USD'000	Computer Software USD'000	Customer Relationships USD'000	Work in Progress USD'000	Other Intangible Assets* USD'000	Total 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	1	1,492	-	278	-	1,771
Transfers	-	361	-	(361)	-	-
Transfer to Property, plant and equipment (note 10)	-	-	-	(14)	-	(14)
Foreign exchange differences	(1,555)	(435)	813	1	1,260	84
Adjustments - IAS 29	2,094	1,096	-	-	-	3,190
At 31 May 2024 (Unaudited)	31,930	43,386	25,526	2,950	46,347	150,139
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	491	1,456	698	-	121	2,766
Foreign exchange differences	(1,010)	(67)	327	-	1,037	287
Adjustments - IAS 29	1,272	620	-	-	-	1,892
At 31 May 2024 (Unaudited)	13,723	32,231	21,716	-	22,252	89,922
Carrying amount:						
At 28 February 2024 (Audited)	18,420	10,650	4,022	3,046	23,993	60,131
At 31 May 2024 (Unaudited)	18,207	11,155	3,810	2,950	24,095	60,217

* 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	-	69	150	503	85	12,300	2,812	15,919
Disposals during the period	-	(77)	(210)	(1)	(110)	(327)	(122)	(847)
Transfer from Intangible assets (note 9)	-	-	14	-	-	-	-	14
Transfers	-	24	19	456	6	(3,790)	3,285	-
Foreign exchange differences	(828)	(966)	(291)	2,302	(2,257)	(2,578)	(98,674)	(103,292)
Adjustments - IAS 29	1,153	1,080	620	947	2,354	(2,935)	117,554	120,773
At 31 May 2024 (Unaudited)	14,996	8,897	27,006	88,014	9,991	29,790	887,951	1,066,645
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	68	198	396	1,931	262	-	11,355	14,210
Disposals during the period	-	(41)	(185)	(1)	(6)	-	(120)	(353)
Foreign exchange differences	117	(560)	25	886	(1,164)	-	(40,365)	(41,061)
Adjustments - IAS 29	-	641	260	899	1,228	-	51,736	54,764
At 31 May 2024 (Unaudited)	5,118	5,496	23,425	64,483	7,086	-	472,327	577,934
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 May 2024 (Unaudited)	9,878	3,401	3,581	23,531	2,905	29,790	415,624	488,711

11. Right-of-Use assets

	Land and buildings USD'000	Network equipment USD'000	Motor vehicles USD'000	Fibre infrastructure USD'000	Fibre Optical - IRU USD'000	Total 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	346	1,778	-	27,829	62	30,015
Disposals during the period	(506)	-	-	-	-	(506)
Foreign exchange differences	(8,112)	(1,650)	17	1,610	705	(7,430)
Adjustments - IAS 29	8,824	-	-	-	-	8,824
At 31 May 2024 (Unaudited)	70,843	41,456	1,964	156,072	152,270	422,605
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	2,554	2,645	32	4,294	1,931	11,456
Disposals during the period	(435)	-	-	-	-	(435)
Foreign exchange differences	877	(1,076)	34	797	408	1,040
Adjustments - IAS 29	336	-	-	-	-	336
At 31 May 2024 (Unaudited)	35,259	23,268	1,834	50,671	76,111	187,143
At 29 February 2024 (Audited)	38,364	19,629	179	81,053	77,731	216,956
At 31 May 2024 (Unaudited)	35,584	18,188	130	105,401	76,159	235,462

*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

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Cash and bank balances	44,258	55,850
Money market deposits	4,174	804
Cash and cash equivalents	**48,432**	**56,654**
Restricted cash and cash equivalents	**430**	**422**
Total cash and cash equivalents	**48,862**	**57,076**

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 20.1 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 13.3:1 (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:

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Guarantees	1	1
Customer deposits held	429	421
	430	**422**

13. Trade and other receivables

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Trade receivables from external parties	145,426	130,824
Trade receivables from related parties (note 18)	57,482	35,652
Expected credit loss provision	(29,777)	(39,051)
Total trade and related parties receivables, net of expected credit loss provision	**173,131**	**127,425**
Short term inter-company and other related party receivables (note 18)	52,512	51,498
Sundry debtors	50,333	45,149
Deposits paid	3,797	3,781
Prepayments	40,799	31,091
	320,572	**258,944**

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

The average credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group makes use of forward-looking information based on the assumptions about risk and probability of default and expected loss rates. The group assesses the recoverability on both a collective and individual basis.

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

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

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

		Past due				
	Current	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at 31 May 2024						
Trade and related parties receivables - Gross	37,138	53,819	16,916	10,785	84,250	202,908
Lifetime ECL	(758)	(739)	(927)	(647)	(26,706)	(29,777)
Trade and related parties receivables - Net	**36,380**	**53,080**	**15,989**	**10,138**	**57,544**	**173,131**
Default rate	2.0%	1.4%	5.5%	6.0%	31.7%	
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

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Long term borrowings:		
USD 620 million 5.5% Senior Secured Notes (i)	613,460	612,736
Net settled: Embedded derivatives (note 22)	1,878	1,878
USD 220 million equivalent South African Rand term loan (ii)	130,527	127,315
Other long-term borrowings	264	323
	746,129	**742,252**
Short term portion of long term borrowings (including interest accrued):		
USD 620 million 5.5% Senior Secured Notes (i)	8,525	17,050
USD 220 million equivalent South African Rand term loan (ii)	18,007	17,554
Stanbic Bank of Zambia Limited Term loan (iii)	2,031	2,436
Stanbic Bank of Zambia Limited revolving loan (iii)	524	1,058
USD 60 million revolving credit facility (iv)	43,430	42,665
Other Short-term portion of long term borrowings	232	224
	72,749	**80,987**

(i) The USD 620 million 5.5% Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The Notes were issued by Liquid Telecommunications Financing Plc on 24 February 2021 and are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited, Liquid Telecom DRC S.A. and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

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

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

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

(iii) Stanbic Bank of Zambia Limited Term loan

Liquid Telecommunications Zambia Limited has USD 23.3 million (maturity in the financial year 2025) of term loans denominated in local currency (Zambian Kwacha). As at 31 May 2024, the outstanding balance on all term loans was USD 2.0 million. Liquid Telecommunications Holdings Limited guaranteed up to USD 13.0 million in aggregate of these facilities. The facility agreement also included a first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The facility bears interest at the rate of 23.5%. Capital and interest are repaid on a quarterly basis. The financial covenants for this facility are Total debt to EBITDA and Debt Service Ratio.

Stanbic Bank of Zambia Limited revolving credit facility

During the year ended 29 February 2024, Liquid Telecommunications Zambia Limited acquired a revolving credit facility of USD 1.6 million. The effective interest rate is in the aggregate of the margin at 8% plus Bank of Zambia policy rate. The loan facility is unsecured. The outstanding balance as at 31 May 2024 was USD 0.5 million.

(iv) In addition to the USD 620 million 5.5% Senior Secured Notes and the USD 220 million equivalent South African Rand term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man), Standard Chartered Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited, Liquid Telecom DRC S.A. and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured Notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of SOFR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes. The facility holds the same covenant obligations as the South African term loan referenced above. The outstanding balance as at 31 May 2024 was USD 43.4 million.

15. Lease liabilities

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Long term portion of lease liabilities	131,489	116,804
Short term portion of lease liabilities	32,163	20,441
	163,652	**137,245**

16. Trade and other payables

	31/05/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
Trade accounts payable to external parties	123,897	119,724
Trade payable balance to related parties (note 18)	19,392	17,809
Accruals	46,885	49,492
Staff payables	3,657	4,679
Transaction taxes due in various jurisdictions	9,311	6,641
Other short-term payables	1,497	1,544
	204,639	**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

	31/05/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
Long-term portion of deferred revenue	55,135	56,967
Short-term portion of deferred revenue	49,432	40,443
	104,567	**97,410**

Deferred revenue mainly relates to revenue billed in advance which includes deferred revenue on any Indefeasible-Rights-of-Use (IRU), disclosed through Network and Dataport revenue streams disclosed in note 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), Distributed Power Africa Limited (Mauritius) and Distributed Power Africa Services Proprietary Limited (South Africa) and are referred to as ''Econet Infraco related group companies'';

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

• DTOS Limited (Mauritius)

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

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

	3 months ended 31/05/2024 USD'000 (Unaudited)	 31/05/2023 USD'000 (Unaudited)
Sales of goods and services		
Econet Global related group companies	19,364	26,052
Africa Data Centres related group companies	132	68
Liquid (Jersey) other related group of companies	20,204	33
	39,700	**26,153**

18. Related party transactions and balances (continued)

	3 months ended	
	31/05/2024	31/05/2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Purchase of goods and services		
Econet Global related group companies	4,739	6,099
Africa Data Centres related group companies	462	159
Liquid (Jersey) related group of companies	18,050	15
	23,251	**6,273**
Management fees expense		
Econet Global related group companies	**150**	**60**
Management fees income		
Africa Data Centres related group companies	127	-
Econet Global related group companies	-	41
Liquid (Jersey) other related group of companies	590	747
	717	**788**
Dividend paid		
Other shareholders (net of taxes)	**460**	**276**
Interest income		
Econet Global related group companies	170	148
Liquid (Jersey) other related group of companies	549	60
Africa Data Centres related group companies	4,319	4,616
	5,038	**4,824**
Finance costs		
Liquid (Jersey) other related group of companies	**91**	**79**
Administration fees paid		
DTOS Limited	**95**	**75**

The group has the following balances at the period end:

	31/05/2024	29/02/2024
	USD'000	USD'000
	(Unaudited)	(Audited)
Short-term receivables from related parties		
Africa Data Centres related group companies	21,238	21,546
Liquid (Jersey) other related group of companies	26,957	25,441
Econet Global related group companies	1,972	1,827
Econet Infraco related group companies	758	743
Sasai Related Group Companies	1,587	1,480
Strive Masiyiwa	-	461
	52,512	**51,498**
Receivables balances from affiliated entities and other related parties		
Econet Global Limited (Mauritius)	4,999	4,999
Econet Global Related Group Companies	21,624	20,327
Econet Infraco related group companies	7	7
Vaya Related Group Companies	435	436
Liquid (Jersey) other related group of companies	23,386	3,032
Africa Data Centres related group companies	4,140	4,235
Strive Masiyiwa*	2,891	2,616
	57,482	**35,652**

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

Payable balance to related parties		
Econet Global related group companies	806	774
Telrad Networks Ltd	170	351
Africa Data Centres related group companies	7,972	7,839
Sasai Related Group Companies	506	954
Liquid (Jersey) other related group of companies	9,938	7,891
	19,392	**17,809**
Long-term receivables		
Africa Data Centres related group companies	137,669	128,095
Liquid (Jersey) other related group of companies	3,578	11,838
	141,247	**139,933**

19. Capital commitments

	31/05/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
At 31 May 2024, the group committed to the following capital commitments:		
Authorised and contracted		
Intangible assets	308	1,507
Property, plant and equipment	24,169	24,925
	24,477	**26,432**

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

20. Long-term receivables

	31/05/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
Long term intercompany receivables (note 18)	141,247	139,933
Other receivables	3,140	3,141
	144,387	**143,074**

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

Other receivables

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

21. Dividend

Period ended 31 May 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 and 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 May 2023:

Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared and paid a dividend of USD 1.2 million. USD 360,000 is attributable to the non-controlling interests of the subsidiary.

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

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

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

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31 May 2024				
Investments at FVTOCI (i)	-	-	15,363	15,363
Total (Unaudited)	**-**	**-**	**15,363**	**15,363**

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
29 February 2024				
Investments at FVTOCI (i)	-	-	15,362	15,362
Total (Audited)	**-**	**-**	**15,362**	**15,362**

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

	31/05/2024 USD'000 (Unaudited)	29/02/2024 USD'000 (Audited)
Opening balance	15,362	15,314
Additions	247	953
Disposals	(274)	(1,772)
Fair value gain	28	867
Closing balance	**15,363**	**15,362**

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

(ii) Net settled: Embedded derivatives

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

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

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

The key assumptions used to estimate the fair value are:

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

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 31 May 2024					
Net settled: Embedded derivatives	-	-	-	-	-
Group - 29 February 2024					
Net settled: Embedded derivatives	-	-	-	-	-

	31/05/2024	29/02/2024
	USD'000 (Unaudited)	USD'000 (Audited)
Opening balance	-	-
Fair value loss recognised in statement of profit or loss	-	-
Closing balance	-	-

23. Non-cash transactions

Transactions excluded from statements of cash flows

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

During the period ended 31 May 2024:

• Purchase of property, plant and equipment of the group included a non cash portion of USD 1.0 million.

During the period ended 31 May 2023:

• Purchase of property, plant and equipment of the group included a non cash portion of USD 1.2 million.

24. Loss per share

	3 months ended	
	31/05/2024	31/05/2023
	USD'000 (Unaudited)	USD'000 (Unaudited)
Loss per share (Cents per share)	(20.31)	(61.21)

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

Loss attributable to owners of the company	(25,363)	(76,416)

	3 months ended	
	31/05/2024	31/05/2023
	USD'000 (Unaudited)	USD'000 (Unaudited)
Weighted average number of ordinary shares for the	124,857,914	124,857,914

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

	3 months ended	
	31/05/2024	**31/05/2023**
	USD'000 (Unaudited)	**USD'000 (Unaudited)**
Operating profit	54,226	40,656
Add back:		
Depreciation, impairment and amortisation	28,428	30,367
Adjusted EBITDA (note 3)	**82,654**	**71,023**

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

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

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

	Consolidated statement of profit or loss	**Reclassification of network costs**	**Revised statement of profit or loss**
	USD'000 (Unaudited)	**USD'000 (Unaudited)**	**USD'000 (Unaudited)**
3 months ended 31 May 2024:			
Revenue	183,721	-	183,721
Interconnect related costs	(10,114)	-	(10,114)
Data and network related costs	(60,845)	7,693	(53,152)
Gross Profit	112,762	7,693	120,455
Other income	790	-	790
Dividend received	-		-
Selling, distribution and marketing costs	(2,453)	-	(2,453)
Expected credit loss provision	7,795	-	7,795
Administrative expenses	(11,401)	(7,693)	(19,094)
Staff costs	(24,839)	-	(24,839)
Adjusted EBITDA	**82,654**	**-**	**82,654**
3 months ended 31 May 2023:			
Revenue	174,541	-	174,541
Interconnect related costs	(11,209)	-	(11,209)
Data and network related costs	(44,780)	9,374	(35,406)
Gross Profit	118,552	9,374	127,926
Other income	937	-	937
Selling, distribution and marketing costs	(2,200)	-	(2,200)
Expected credit loss provision	(1,537)	-	(1,537)
Administrative expenses	(12,810)	(9,374)	(22,184)
Staff costs	(31,919)	-	(31,919)
Adjusted EBITDA	**71,023**	**-**	**71,023**

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.