

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(trading as)



(Licence Number: GB21100696)
ANNUAL FINANCIAL STATEMENTS
29 February 2024

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
29 February 2024

General review

The operating results of Liquid Telecommunications Holdings Limited (the “company”) and its subsidiaries (the “group”) for the year ended 29 February 2024 are fully disclosed in the accompanying audited annual financial statements.

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.

The group, trading as Liquid Intelligent Technologies, is a technology and digital solutions provider with operations in more than 25 countries primarily in Eastern, Southern and Central Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. The group has built Africa’s largest independent fibre network, which reached 107,844 kilometres for the year ended 29 February 2024.

Total revenue for the year was USD 686.7 million (28 February 2023: USD 622.5 million), an increase of 10.3% year-on-year on a reported basis. These increases are seen across all segments except for voice traffic which is following the global trend away from traditional voice usage.

The group has evolved as a technology solutions provider delivering a broad range of value add products and services to its customers. As such the group manages and reports 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.

Property, Plant and Equipment decreased to USD 483.7 million as a result of the adverse exchange rates in Zimbabwe and South Africa and yearly depreciation (2023: USD 526.0 million). We continued our investment in the expansion of our fibre network, which allows us to provide our customers with a full-service offering of connectivity, hosting and digital services, although the translation of this investment was impacted by weaker exchange rates. More detail on the Zimbabwe currency movement is given in note 1.1 - *Zimbabwean currency and Hyperinflation accounting*.

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue in the coming financial year to further increase our coverage with a specific focus on building out the East to West links.

Major highlights

On 15 November 2023, Liquid Telecommunications (Jersey) Limited "LTJ" (Liquid Telecommunications Holdings Limited's immediate holding company) through Liquid ECG Infracore (Pty) Ltd, a subsidiary of LTJ, collaborated with IFC (International Finance Corporation) and RMB (Rand Merchant Bank) to accelerate the digital transformation in South Africa, more specifically helping to fund the expansion of the fibre backbone in the Eastern Cape. The total investment, through a term loan, of approximately USD 46.8 million (ZAR 900 million) will support universal and affordable access through the Eastern Cape Fibre Project. The project will significantly increase access to high-quality digital connectivity for businesses and other organisations. As high-speed internet infrastructure expands, it will create jobs and stimulate economic growth. Beyond the immediate project, the investment will strengthen the integration of the digital ecosystem in South Africa, facilitating e-government services and connecting underserved areas.

On 20 March 2023, Liquid Intelligent Technologies acquired Cysiv MEA, a technology company that was formerly SecureMisr, headquartered in Cairo to expand its operations in the Egyptian market. Cysiv MEA has been rebranded to ‘Liquid C2’ to align it with the group's global cloud and cybersecurity identity. The group plans to significantly grow the Egyptian business by tapping into the wealth of local technology talent, making Egypt a key hub for the Middle East and North Africa (MENA) region. The consideration for this acquisition was nominal at USD 43. Refer to note 31 - *Acquisition of subsidiary company* for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
29 February 2024

Going concern

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

In making their assessment, the directors have considered a number of geographic, economic and operational risks. These include the potential impact of the instability of financial markets, volatility of currency markets, particularly the South African Rand, the economic situation in Zimbabwe (refer to note 35 - *Events after the reporting date* for more details on the new currency), the inability of customers to pay and supply chain shortages on the operations, the achievability of the business plan, the completion of in-flight equity investment and funding projects and the available cashflow for the twelve months from the date of signing of the consolidated financial statements. Based on the base case consolidated cashflow projections of the group and company, and after assessing these factors the directors have assessed that the group and company have sufficient liquidity and headroom on their covenants and have prepared the financial statements on the going concern basis. The directors however recognise there are key assumptions around trading and growth which are dependent on the success of certain strategic initiatives.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), a USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), of which USD 42.7 million was outstanding at 29 February 2024, a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 144.9 million was outstanding at 29 February 2024 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 3.5 million was outstanding at 29 February 2024. Refer to note 23 - *Short term portion of long term borrowings and long term borrowings* for more details.

Cash position

As at 29 February 2024, the group had an unrestricted cash position of USD 56.7 million (28 February 2023: USD 88.4 million). Of this amount, USD 11.2 million (28 February 2023: USD 28.3 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the Group has translated the ZWL\$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL\$:USD exchange rate of 14,912.8:1 (28 February 2023: 892.6:1). Cash held in Zimbabwe is mainly used to locally fund operating expenses and capital expenditure.

Operational performance

For the year ended 29 February 2024, the group reported an operating profit of USD 142.2 million (28 February 2023: 73.7 million) and a net cash inflow from operating activities of USD 124.6 million (28 February 2023: USD 216.4 million). This supports the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency changes in Zimbabwe and South Africa.

Re-financing

In parallel, the group is in discussions to re-finance the remaining USD 144.9 million of the USD 220 million equivalent South African Rand term loan ("ZAR term loan" - see note 23a and 23b for more details on this facility). Based on current discussions with selected existing lenders, the directors consider the group to be making good progress and is working towards concluding this refinancing in the coming months.

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

Equity Capital Funding

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
29 February 2024

Going concern (continued)

Equity Capital Funding (continued)

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

Material uncertainty related to going concern

The group and company have prepared business and cashflow forecasts in accordance with their usual process and governance procedures. These base case forecasts include both revenue growth and cost saving initiatives, leading to strong year-on-year Adjusted EBITDA (as defined in note 4.1 - *Segment revenue and results*) 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.

Events after the reporting date

New currency in Zimbabwe

On 5 April 2024, the Reserve Bank of Zimbabwe issued a new structured currency, known as the Zimbabwe Gold (ZiG). This structured currency is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets. The ZiG replaced the current hyperinflationary currency, the Zimbabwe Dollar (ZWL). The new currency is envisaged to bring about economic stability and growth. The impact of the new currency structure has been included in our going concern assessment, refer to note 42 for more details.

Corporate credit rating

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS (continued)
29 February 2024

Events after the reporting date (continued)

Spectrum pooling

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

Cost savings programme

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

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

Statement of directors' responsibility in respect of the annual financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those consolidated and separate financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the consolidated and separate financial statements;
- prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business, and
- maintain adequate accounting records and an effective system of internal controls and risk management.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the consolidated and separate financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the consolidated and separate financial statements.

Chairman and CEO's statement

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We continuously review and enforce our systems to counter bribery and corruption.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius and was granted a Category 2 – Global Business Licence. The company's Global Business Licence (category 2) was converted to a Global Business Company licence on 30 June 2021.

Dividends

Year ended 29 February 2024:

- Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared and paid a dividend of USD 1.2 million. USD 0.4 million is attributable to the non-controlling interests of the subsidiary.
- Worldstream (Pty) Limited, a subsidiary of the group, declared a dividend of USD 0.4 million during the period. USD 0.1 million is attributable to the non-controlling interests of the subsidiary.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS (continued)
29 February 2024

Dividends (continued)

Year ended 28 February 2023:

- Liquid Telecommunications Rwanda Limited, a subsidiary of the group, paid a dividend of USD 1.0 million during the period. USD 0.3 million is attributable to the non-controlling interests of the subsidiary.
- Worldstream (Pty) Limited, a subsidiary of the group, paid a dividend of 0.4 million during the period. USD 0.1 million is attributable to the non-controlling interests of the subsidiary.

Share capital

The share capital of USD 3.7 million represents 124,857,914 ordinary shares (28 February 2023: 124,857,914). Refer to note 22 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates, investments at Fair Value Through Other Comprehensive Income (FVTOCI) and at amortised cost, and other investments are disclosed in notes 13, 14, 15 and 17 of the financial statements.

Auditor

The auditor, Deloitte, has indicated its willingness to continue in office until the next annual meeting.

Directors and secretary

The directors of the company for the financial year end 2024 and up to the date of this report were as follows:

Name:	Appointed on:	Resigned on:	
Nicholas Trevor Rudnick ²	22-Oct-07	-	¹ <i>Zimbabwean</i>
Eric Venpin ³	26-Jan-07	-	² <i>German</i>
Gaetan Lan Hun Kuen ³	30-Jan-07	27-Jun-23	³ <i>Mauritian</i>
Mike Mootien (as alternate to Gaetan Lan) ³	14-Apr-14	27-Jun-23	⁴ <i>British</i>
Hardwork Pemhiwa Njodzi ¹	04-Nov-16	-	⁵ <i>American</i>
Omobola Olubusola Johnson ⁷	16-Aug-18	-	⁶ <i>Indian</i>
Richard Wilson ⁴	03-Apr-19	31-Aug-23	⁷ <i>Nigerian</i>
Abhinav Sinha (as alternate to Richard Wilson) ⁶	22-Jul-19	31-Aug-23	
Christopher Rajendran Hyman ⁴	29-Jun-22	-	
Eric Ricardo Thompson ⁵	25-Jan-23	30-Apr-24	
Mike Mootien ³	27-Jun-23	-	
Nathalie Wong ³	24-Jul-23	31-Jul-23	
Lorraine Harper ⁴	26-Jun-24	-	
Jake Donavan ⁴	26-Jun-24	-	

Secretary

DTOS Ltd
10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Registered office

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Auditor

Deloitte
7th-8th Floor, Standard Chartered Tower,
19-21 Bank Street,
Cybercity,
Ebène, 72201,
Mauritius

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Liquid Telecommunications Holdings Limited under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 29 February 2024.


For DTOS
Secretary

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Date: 28 June 2024

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited** (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 73, which comprise the consolidated and separate statements of financial position as at 29 February 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 29 February 2024, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 42 in the financial statements, which indicates there is uncertainty around the receipt of the equity investment of USD 90 million before the next covenant test on the 31 August 2024, combined with the need to continue to meet its EBITDA forecasts in order to allow the group and company to meet tight expected headroom to financial covenants. As stated in note 42, these events or conditions, along with the other matters as set forth in note 42, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises of Report of the Directors and the Certificate from the secretary but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditor's report to the Shareholders of
Liquid Telecommunications Holdings Limited (continued)**

Responsibilities of directors for the consolidated and separate financial statements (continued)

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and the company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditor's report to the Shareholders of
Liquid Telecommunications Holdings Limited (continued)**

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Group and Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required;
- in our opinion, proper accounting records have been kept by the Group and Company as far as appears from our examination of those records.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte.

Deloitte

Chartered Accountants

28 June 2024

Agrawal.

Vishal Agrawal, FCA

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 29 February 2024


	Notes	Group		Company	
		29/02/24	28/02/23	29/02/24	28/02/23
		USD'000	USD'000	USD'000	USD'000
Revenue	4.1	686,718	622,506	-	-
Interconnect related costs		(43,905)	(50,023)	-	-
Data and network related costs		(201,845)	(158,614)	-	-
Other income	5.2	12,234	7,762	39,262	38,778
Selling, distribution and marketing costs		(10,764)	(9,513)	(1,016)	(858)
Expected credit loss provision		(7,665)	(9,894)	(7,978)	-
Administrative expenses		(66,898)	(57,089)	(30,130)	(22,675)
Staff costs	5.3	(110,645)	(107,234)	(514)	(1,596)
Depreciation, impairment and amortisation	5.4	(115,052)	(164,204)	(2,164)	(128,773)
Operating profit / (loss)		142,178	73,697	(2,540)	(115,124)
Dividends received from investments at FVTOCI		44	-	-	-
Dividend received from related parties		-	-	1,123	1,046
Acquisition and other investment costs	5.5	(106)	(1,737)	(106)	(1,247)
Fair value loss on derivatives assets	36.14	-	(3,997)	-	-
Gain on bargain purchase	31	272	-	-	-
Interest income	6	24,610	17,233	23,923	20,942
Finance costs	7	(79,894)	(75,328)	(32,012)	(30,486)
Net foreign exchange (loss) / gain	5.6	(440,858)	(257,220)	343	1,255
Hyperinflation monetary gain	1.1	386,603	156,854	-	-
Share of profits of associate	14	21	25	-	-
Profit / (loss) before taxation		32,870	(90,473)	(9,269)	(123,614)
Tax (expense) / credit	8	(27,592)	2,465	(2,752)	(2,801)
Profit / (loss) for the year		5,278	(88,008)	(12,021)	(126,415)
Other comprehensive (expense) / income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Translation loss on accounting for foreign entities		(8,688)	(224,185)	-	-
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting	1.1	(53,200)	19,356	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Fair value gain on investments in equity instruments designated as FVTOCI	15	867	-	-	-
Total other comprehensive expense, net of tax		(61,021)	(204,829)	-	-
Total comprehensive expense		(55,743)	(292,837)	(12,021)	(126,415)
Loss attributable to:					
Owners of the company		5,631	(87,565)	(12,021)	(126,415)
Non-controlling interest		(353)	(443)	-	-
		5,278	(88,008)	(12,021)	(126,415)
Total comprehensive expense attributable to:					
Owners of the company		(55,179)	(292,218)	(12,021)	(126,415)
Non-controlling interest		(564)	(619)	-	-
		(55,743)	(292,837)	(12,021)	(126,415)
Earnings / (loss) per share					
Basic (Cents per share)	39	4.51	(70.13)		

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 29 February 2024

	Notes	Group		Company	
		29/02/24	28/02/23	29/02/24	28/02/23
		USD'000	USD'000	USD'000	USD'000
Non-current assets					
Goodwill	9	73,990	76,576	-	-
Intangible assets	10	60,131	64,214	4,280	2,244
Property, plant and equipment	11	483,704	526,043	85	42
Right-of-Use assets	12	216,956	221,319	-	-
Investment in subsidiaries	13	-	-	662,791	674,665
Investment in associate	14	540	543	-	-
Investments at Fair Value Through Other Comprehensive Income (FVTOCI)	15	15,362	15,314	15,310	15,310
Deferred tax assets	16	41,869	48,388	-	-
Investments at amortised cost	17	41	45	-	-
Long-term receivables	18	143,074	133,236	186,543	177,957
Pre-commencement lease payments		9,565	8,464	-	-
Total non-current assets		1,045,232	1,094,142	869,009	870,218
Current assets					
Inventories	19	50,399	27,341	-	-
Trade and other receivables	20	258,944	246,927	177,259	151,796
Taxation	8	5,277	3,098	-	-
Cash and cash equivalents	21	56,654	88,393	14,582	7,525
Restricted cash and cash equivalents	21	422	425	12	115
Total current assets		371,696	366,184	191,853	159,436
Total assets		1,416,928	1,460,326	1,060,862	1,029,654
Equity and liabilities					
Capital and reserves					
Share capital	22	3,716	3,716	3,716	3,716
Share premium	22	276,714	276,714	276,714	276,714
Convertible preference shares	22	180,000	180,000	180,000	180,000
Investment revaluation reserve	22a	16	-	-	-
Accumulated losses		(57,616)	(64,098)	(18,808)	(6,787)
Foreign currency translation reserve	22a	(279,242)	(217,565)	-	-
Total equity attributable to owners of the parent		123,588	178,767	441,622	453,643
Non-controlling interests	13.2	86	1,146	-	-
Total equity		123,674	179,913	441,622	453,643
Non-current liabilities					
Long term borrowings	23a	742,252	763,373	-	-
Long term lease liabilities	29	116,804	103,661	-	-
Long term intercompany borrowings	24	-	-	533,095	533,095
Long term provisions	26	6,372	7,194	-	-
Deferred revenue	28	56,967	65,553	-	-
Deferred tax liabilities	16	4,615	15,986	-	-
Total non-current liabilities		927,010	955,767	533,095	533,095
Current liabilities					
Short term portion of long term borrowings	23b	80,987	34,687	42,665	201
Short term portion of long term lease liabilities	29	20,441	31,342	-	-
Trade and other payables	25	199,889	190,304	43,480	38,825
Short term provisions	27	13,912	23,679	-	3,890
Deferred revenue	28	40,443	33,806	-	-
Taxation	8	10,572	10,828	-	-
Total current liabilities		366,244	324,646	86,145	42,916
Total equity and liabilities		1,416,928	1,460,326	1,060,862	1,029,654

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


Eric Venpin
Director


Mike Mostien
Director

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 29 February 2024

Group

	Notes	Share Capital USD'000	Share Premium USD'000	Convertible preference shares USD'000	Investment revaluation reserve USD'000	Foreign currency translation reserve USD'000	Retained Earnings / (Accumulated losses) USD'000	Non- controlling interest USD'000	Total Equity USD'000
At 1 March 2022		3,716	276,714	180,000		(12,912)	23,467	2,206	473,191
Dividend	37	-	-	-	-	-	-	(441)	(441)
Loss and total comprehensive expense for the year		-	-	-	-	(204,653)	(87,565)	(619)	(292,837)
Loss for the year		-	-	-	-	-	(87,565)	(443)	(88,008)
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	-	19,356	-	-	19,356
Translation loss on accounting for foreign entities		-	-	-	-	(224,009)	-	(176)	(224,185)
At 28 February 2023		3,716	276,714	180,000	-	(217,565)	(64,098)	1,146	179,913
Dividend	37	-	-	-	-	-	-	(496)	(496)
Transfer of investment revaluation reserve upon disposal of investments in equity instruments designated as at FVTOCI		-	-	-	(851)	-	851	-	-
Profit and total comprehensive expense for the year		-	-	-	867	(61,677)	5,631	(564)	(55,743)
Profit for the year		-	-	-	-	-	5,631	(353)	5,278
Fair value gain on investments in equity instruments designated as FVTOCI	15	-	-	-	867	-	-	-	867
Impact of foreign exchange on opening balance adjustment under hyperinflation accounting		-	-	-	-	(53,200)	-	-	(53,200)
Translation loss on accounting for foreign entities		-	-	-	-	(8,477)	-	(211)	(8,688)
At 29 February 2024		3,716	276,714	180,000	16	(279,242)	(57,616)	86	123,674

Company

	Share capital USD'000	Share premium USD'000	Convertible preference shares USD'000	Retained earnings / (accumulated losses) USD'000	Total Equity USD'000
At 1 March 2022	3,716	276,714	180,000	119,628	580,058
Loss for the year	-	-	-	(126,415)	(126,415)
At 28 February 2023	3,716	276,714	180,000	(6,787)	453,643
Loss for the year	-	-	-	(12,021)	(12,021)
At 29 February 2024	3,716	276,714	180,000	(18,808)	441,622

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 29 February 2024

		Group		Company	
	Notes	29/02/24	28/02/23	29/02/24	28/02/23
		USD'000	USD'000	USD'000	USD'000
Cash flows from operating activities:					
Cash generated from / (used in) operations	30	155,554	240,747	(49,442)	525
Income tax paid	8	(30,987)	(24,313)	(2,752)	(2,801)
<i>Net cash generated from / (used in) operating activities</i>		<u>124,567</u>	<u>216,434</u>	<u>(52,194)</u>	<u>(2,276)</u>
Cash flows from investing activities:					
Interest income		5,028	1,542	166	20,942
Purchase of investment at FVTOCI	15	(953)	-	-	-
Disposal of investment at FVTOCI	15	1,772	-	-	-
Purchase of investments at amortised cost		-	(46)	-	-
Net cash inflow on acquisition of subsidiary	31	148	-	-	-
Dividends received from investments at FVTOCI		44	-	-	-
Dividend received from related parties	32	-	-	840	1,046
Purchase of property, plant and equipment		(61,290)	(87,567)	-	(14)
Proceeds on disposal of property, plant and equipment		23,703	3,518	-	-
Pre-commencement lease payments		(1,101)	(3,105)	-	-
Purchase of intangible assets		(7,938)	(14,134)	-	-
Proceeds on disposal of intangible assets		84	558	-	-
Cash (paid to) / received from long-term receivables from related parties		(8,364)	4,437	18,211	16,987
<i>Net cash (used in) / generated investing activities</i>		<u>(48,867)</u>	<u>(94,797)</u>	<u>19,217</u>	<u>38,961</u>
Cash flows from financing activities:					
Dividend paid		(360)	(441)	-	-
Finance costs paid		(57,504)	(58,726)	(2,510)	(29,619)
Increase / (decrease) in borrowings		28,603	(14,325)	42,441	(865)
Decrease in lease liabilities		(50,354)	(46,738)	-	-
Increase in long term intercompany borrowing		-	407	-	-
<i>Net cash (used in) / generated from financing activities</i>		<u>(79,615)</u>	<u>(119,823)</u>	<u>39,931</u>	<u>(30,484)</u>
Net (decrease) / increase in cash and cash equivalents		(3,915)	1,814	6,954	6,201
Cash and cash equivalents at beginning of the year		88,818	163,643	7,640	1,439
Translation of cash with respect to foreign operations		(27,827)	(76,639)	-	-
Cash and cash equivalents at end of the year		<u>57,076</u>	<u>88,818</u>	<u>14,594</u>	<u>7,640</u>
Represented by:					
Cash and cash equivalents	21	56,654	88,393	14,582	7,525
Restricted cash and cash equivalents	21	422	425	12	115
		<u>57,076</u>	<u>88,818</u>	<u>14,594</u>	<u>7,640</u>

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 29 February 2024

1. General information

Liquid Telecommunications Holdings Limited (trading as Liquid Intelligent Technologies) is a private company incorporated in Mauritius on 26 January 2007 and was granted a Category 2 – Global Business Licence Company as from 29 January 2007. The company's Global Business Licence (category 2) 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 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").

1.1 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 continued the application of hyperinflation accounting during the year ended 29 February 2024, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

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 and this was the rate on 28 February 2019. The Zimbabwean currency was then renamed the Zimbabwean Dollar (ZWL\$).

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

After the reporting date, a new structured currency, known as the Zimbabwe Gold (ZiG) has been issued and is set to replace the current hyperinflationary currency. Refer to note 35 - *Events after the reporting period* for more details.

Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL\$:USD exchange rate. Over the course of the financial year ended 29 February 2020, the group observed that the conditions in Zimbabwe were indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - *Financial Reporting in Hyperinflationary Economies* in Zimbabwe had been met. Furthermore, the International Practices Task Force ("IPTF") of the Centre of Audit Quality ("CAQ") monitors inflation in certain countries and reported Zimbabwe's three-year cumulative inflation rate as exceeding 100% in its previous reports and the latest report being 9 November 2023.

Based on these reports, and because Zimbabwe's functional currency is ZWL\$, the group has concluded that hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and until there are indicators that allow the group to discontinue doing so. The group has applied hyperinflation accounting to all periods presented in these financial statements, effective from 1 October 2018. The adjustment for the impact of foreign exchange on opening balance under hyperinflation accounting of the Zimbabwe entities at 1 March 2023 resulted in a foreign exchange loss of USD 53.2 million (28 February 2023: gain of USD 19.4 million) which has been recognised directly in other comprehensive income, in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates*.

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

The restatement 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.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)
for the year ended 29 February 2024

1.1 Zimbabwean currency and hyperinflation accounting (continued)

Hyperinflation accounting (continued)

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

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

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

The directors continue to monitor the economic conditions in Zimbabwe, including the events after the reporting date as disclosed in note 35.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the company and group have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2023.

New and revised IFRSs and IFRICs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies.
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates.
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations.
IAS 12	Income Taxes - Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Impact of the above revised Standards:

IAS 1 - Presentation of Financial Statements:

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

This amendment has only impacted the presentation in regard to disclosure of accounting policies.

1.2 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

Impact of the above revised Standards (continued):

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted.

This amendment only impacts the presentation in regard to disclosure of accounting estimates, in terms of the new definition.

IAS 12 - Income Taxes:

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

This amendment has been applied by the group.

IAS 12 - Income Taxes:

The group is expected to be within the scope of the OECD Pillar Two model rules from 1 March 2024. Pillar Two legislation is expected to be enacted in Mauritius, the jurisdiction in which Liquid Telecommunications Holdings Ltd is incorporated, although detailed legislation is yet to be released. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognising and disclosing information regarding deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is expected to be liable to pay top-up tax for any differences which may arise between its Global Anti-Base Erosion (GloBE) rules effective tax rate per jurisdiction and the 15% minimum rate, subject to the applicability of any safe harbours.

The group is in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the legislation has not yet been reasonably estimated. The group has engaged its tax advisers to assist it with assessing the likely impact of the rules which will include establishing the availability of any relevant safe harbours per jurisdiction.

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2024).
IAS 1	Presentation of Financial Statements - Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2024).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective 1 January 2024).
IAS 7	Statement of Cash Flows - Amendments regarding supplier finance arrangements (effective 1 January 2024).
IFRS 7	Financial Instruments: Disclosure - Amendments regarding supplier finance arrangements (effective 1 January 2024).

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)
for the year ended 29 February 2024

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 7	Financial Instruments: Disclosure - Amendments regarding the classification and measurement of financial instruments (effective 1 January 2026).
IFRS 9	Financial Instruments - Amendments regarding the classification and measurement of financial instruments (effective 1 January 2026).
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 1 January 2024).
IFRS 18	Presentation and Disclosures in Financial Statements – Original issue (effective 1 January 2024).
IFRS 19	Subsidiaries without Public Accountability: Disclosures – Original issue (effective 1 January 2027).
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information (effective 1 January 2024).
IFRS S2	Climate-related Disclosures (effective 1 January 2024).

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements in future periods. The directors have estimated that the application of these amendments will not have material impacts in the financial statements in future periods.

2. Material accounting policy information

Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The material accounting policy information adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group and the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Refer to note 42 for more details.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profits or losses and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Material accounting policy information (continued)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests are considered to be insignificant when the closing balance, individually and collectively, is 5% or lower of the combined total equity at year end. See note 13.2 for *Details of non-wholly owned subsidiaries that have material non-controlling interests*.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	20 - 50 years
Furniture and fittings	5 - 10 years
Computer equipment	2 - 10 years
Network equipment	5 years
Motor vehicles	4 - 5 years
Fibre infrastructure	5 - 25 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in profit or loss.

2. Material accounting policy information (continued)

Property, plant and equipment (continued)

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase. Once the asset is fully developed and available for use, depreciation will start.

Investment in associate

An associate is an entity over which the group has significant influence through holding, directly or indirectly, of 20 percent or more of the voting power of the associate, but that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately as a 'bargain purchase gain' in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in subsidiaries

In the company's financial statements, investments in subsidiaries are measured and valued at cost less impairment.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Material accounting policy information (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the items to their present location and condition. The cost of inventory is calculated using the Average Cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value (excluding trade receivables which are recognised at transaction price in terms of IFRS 15). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets are classified into the following specified categories:

- Amortised cost;
- Fair Value Through Other Comprehensive Income (FVTOCI); and
- Fair Value Through Profit or Loss (FVTPL).

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the consolidated statement of profit or loss after Operating profit.

All financial assets on the consolidated statement of financial position, with the exception of investments are classified at amortised cost.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

2. Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Equity instruments designated as at FVTOCI (continued)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, that is dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in statement of profit or loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are deducted from the cost of investment.

The group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

However, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value for these investments in equity.

(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss in the 'Net foreign exchange (loss) / gain' line item;
- for equity instruments measured at FVTOCI, exchange differences are recognised in the statement of other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

2. Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the receivable, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the receivable's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the receivable;
- significant increases in credit risk on other financial instruments of the same receivable; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the receivable's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (d) the disappearance of an active market for that financial asset because of financial difficulties.

2. Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, after the group has exhausted all efforts to recover such trade receivables, which ever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

(v) Measurement and recognition of expected credit losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information (including for example macroeconomic developments).

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group makes provision on the following basis, which falls under stage 3 of the ECL model:

- 100% of all non-intercompany trade debts aged 90 days or older (see exception below),
- 100% of the balance due from a client who has a publicised case of either Curatorship, Judicial Management, Liquidation, Scheme of Arrangement and Insolvency and its operations might have ceased or are being wound up, and
- 100% of any disputed balances

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The following are areas where management considers that the risk of default is minimal to nil and no provision is provided unless management assess that the credit risk has increased:

- Payment plans - A signed acknowledgment of debt with a payment plan and/or a set-off agreement exists and the client is abiding by the terms of these agreements. If the client does not comply with the payment plans, the services are stopped. If they still do not pay, the group will engage legal counsel to pursue recovery from the client. Historically and in most cases, customers do pay when legal letters are issued. When the client is unable to pay due to cash flow issues (hence, increased credit risk), a provision is made.
- Payment history – The customer's payment trend is in intervals, say quarterly, bi-annually or annually and its history is evidenced on their customer statement. This is usually applicable to government bodies and strategic clients.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

2. Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised when the proceeds are received, net of direct issue costs.

A repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Share capital and share premium are classified as equity.

Financial liabilities

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities comprise of long and short term borrowings, other long term payables, trade and other payables and lease liabilities.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Net foreign exchange (loss) / gain' line item in the statement of profit or loss.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

Derivatives

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives are disclosed separately in the consolidated statement of financial position. Embedded derivatives relating to financial assets and financial liabilities are not bifurcated.

2. Material accounting policy information (continued)

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

2. Material accounting policy information (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Revenue recognition

The group recognises revenue from the following major sources:

- Network - primarily revenue from long haul and metro networks;
- 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.

Revenue is measured based on the consideration to which the group expects to be entitled from a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that best reflects the delivery of the group's performance obligations; or
- At a point in time, when control of the goods or services is transferred to the customer.

The group accounts for a contract with a customer only when there is evidence of an arrangement, the group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

- Network: The performance obligation relating to these service contracts consists of two parts; firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

The majority of these contracts only have one performance obligation even though the different parts of the service contracts are interrelated. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue (contract liability) is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable (contract asset) is raised as the service is delivered.

- C2: The majority of these contracts have one performance obligation that is recognised when the service is made available to customers on-demand via remote connection to a cloud computing server. The connection of the service performance obligation is satisfied on completion of connection as ownership is transferred. The provisioning of a service is recognised monthly as this is when the service is delivered. The transaction price is determined by the signed contract, which takes into account the rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable (contract asset) is raised as the service is

- Dataport: The performance obligation relating to these service contracts consists of two parts; firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

The majority of these contracts only have one performance obligation which is the provisioning of a monthly service that is satisfied over time. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable (contract asset) is raised as the service is delivered.

- Voice Traffic: The performance obligation relating to wholesale voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to wholesale voice is recognised at the point the call is terminated, as this is the point the service is delivered to the customer. Customers are invoiced monthly based for their voice usage and a receivable (contract asset) is raised as the service has been delivered.

2. Material accounting policy information (continued)

Revenue recognition (continued)

Revenue recognition is applied to individual contracts with customers. However, the International Accounting Standards Board (IASB) recognised that there may be situations in which it may be more practical for an entity to combine contracts for revenue recognition purposes rather than attempt to account for each contract separately.

In addition to revenue recognition for revenue streams mentioned above, based on the nature of the group's business operations, from time to time management enters into contracts with customers that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. Such contracts are considered dynamic in nature and encapsulate other performance obligations which are not in line with the group's main business operations. These contracts are entered into on an ad-hoc basis for larger contracts and as a result are accounted for separately.

Management fees

Management fees are recognised when the right to receive payment has been established.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (excluding foreign operations which have the currency of a hyperinflationary economy) are expressed in US Dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year.

Exchange differences arising on translation of foreign operations, if any, are recognised in other comprehensive income and accumulated under the group's translation reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate on the closing date.

Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a Right-of-Use asset and a corresponding lease liability with respect to all lease arrangements, including the lease duration (including any extension or termination options), in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, which are short term and low value, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The group does not have leases with variable payments and has an insignificant amount of leases of low value assets.

2. Material accounting policy information (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related Right-of-Use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Right-of-Use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". To the extent that the costs relate to a Right-of-Use asset, the costs are included in the related Right-of-Use asset, unless those costs are incurred to produce inventories.

Right-of-Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the Right-of-Use asset reflects that the group expects to exercise a purchase option, the related Right-of-Use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Right-of-Use assets are presented as a separate line in the consolidated statement of financial position.

The group applies IAS 36 "Impairment of Assets" to determine whether a Right-of-Use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the Right-of-Use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Administrative expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has elected that any existing lease comprising of both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead account for each lease component and associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors and therefore accounted in accordance with other applicable accounting standards.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)
for the year ended 29 February 2024

2. Material accounting policy information (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Operating Licence	10 - 25 years
Computer Software	2 - 8 years
Customer relationships	3 - 5 years
Other Intangible Assets*	3 - 10 years

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

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited, Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, restricted cash, treasury bills and deposits held, less bank overdrafts all of which are available for use by the company unless otherwise stated.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in investments in subsidiaries on the date of acquisition.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the group's accounting policies (note 2), management has made the following Critical accounting judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

Critical accounting judgements

(i) Revenue recognition

As mentioned in Note 2 - *Material accounting policy information*, 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.

For more details on the accounting policy, see 'Revenue recognition' in note 2 - *Material accounting policy information*.

(ii) 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 40 - *Contingent liabilities* for further disclosure.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements (continued)

(ii) Contingent liabilities (continued)

For more details on the accounting policy, see 'Provisions' in note 2 - *Material accounting policy information*.

Key sources of estimation uncertainty

(i) 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 present value of the recoverable amount.

For more details on the accounting policy, see note 2 - *Material accounting policy information* and for movement in balances including sensitivity analysis, see note 9 - *Goodwill*.

(ii) Impairment of investment

The assessment of whether there is an impairment in the carrying value of an investment requires an estimation of the value in use of the cash generating unit to which the investment relates. 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.

For more details on the accounting policy, see 'Investment in subsidiaries' in note 2 - *Material accounting policy information* and for movement in balances including sensitivity analysis, see note 13 - *Investments in subsidiaries*.

(iii) Hyperinflation accounting

The restatement 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.

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

For more information on the Zimbabwean currency and hyperinflation accounting, see note 1.1.

(iv) *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.

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 23a and 23b 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.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements (continued)

Key sources of estimation uncertainty (continued)

(iv) *Going concern (continued)*

Re-financing (continued)

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 (as defined in note 4.1 - *Segment revenue and results*). 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.

For more details on the going concern, see note 42.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 29 February 2024

4. Revenue and segment information

4.1 Segment revenue and results

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, that also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

Adjusted EBITDA is defined as earnings before profit before interest, taxation, depreciation, amortisation and impairment, and is also presented before recognising the following items:

- Acquisition and other investment costs
- Gain on bargain purchase
- Fair value loss on derivatives assets
- Net foreign exchange loss (see note 5.6)
- Hyperinflation monetary gain (see note 1.1)
- Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the:

Year ended 29 February 2024

	South		Rest of	Rest of the Administration	Central		
	Africa	Zimbabwe	Africa	World	Costs*	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	182,733	152,534	125,655	79,077	-	(60,099)	479,900
C2	51,832	13,398	18,135	30,159	-	(18,580)	94,944
Dataport	8,287	2,633	15,708	36,924	-	(11,142)	52,410
Voice traffic	7,132	83	21	53,546	-	(1,318)	59,464
Inter-segmental revenue	(8,581)	(1,047)	(5,491)	(76,020)	-	91,139	-
Group External Revenue	241,403	167,601	154,028	123,686	-	-	686,718
Adjusted EBITDA	78,816	85,387	42,157	76,267	(16,484)	(8,869)	257,274
Depreciation, impairment and amortisation							(115,052)
Acquisition and other investment costs							(106)
Gain on bargain purchase							272
Interest income							24,610
Finance costs							(79,894)
Net foreign exchange loss							(440,858)
Hyperinflation monetary gain							386,603
Share of profits of associate							21
Profit before taxation							32,870
Tax expense							(27,592)
Profit for the year							5,278

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

Year ended 28 February 2023

	South		Rest of	Rest of the	Central		
	Africa	Zimbabwe	Africa	World	Costs*	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	163,759	114,556	143,224	85,038	-	(67,638)	438,939
C2	43,363	9,703	10,655	17,906	-	(12,223)	69,404
Dataport	8,296	2,499	11,551	35,221	-	(13,913)	43,654
Voice traffic	8,794	72	64	62,993	-	(1,414)	70,509
Inter-segmental revenue	(8,063)	(772)	(13,057)	(73,296)	-	95,188	-
Group External Revenue	216,149	126,058	152,437	127,862	-	-	622,506
Adjusted EBITDA	80,819	65,711	47,315	70,810	(17,598)	(9,156)	237,901
Depreciation, impairment and amortisation							(164,204)
Acquisition and other investment costs							(1,737)
Fair value loss on derivatives assets							(3,997)
Interest income							17,233
Finance costs							(75,328)
Net foreign exchange loss							(257,220)
Hyperinflation monetary gain							156,854
Share of profits of associate							25
Loss before taxation							(90,473)
Tax credit							2,465
Loss for the year							(88,008)

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

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

For the year ended 29 February 2024, there is only 1 major customer** comprising more than 10% of the total group revenue (2023: only 1 major customer). The revenue from this customer is spread across the 4 segments.

** the customer name and revenue have not been disclosed due to confidentiality of information.

The following tables show the timing of revenue recognition:

	South	Zimbabwe	Rest of	Rest of the	
	Africa	Africa	World	World	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
<u>Year ended 29 February 2024</u>					
Recognised over the life of the contract as per IFRS 15	198,125	153,520	121,674	95,797	569,116
Recognised immediately on delivery of the service	43,278	14,081	32,354	27,889	117,602
	241,403	167,601	154,028	123,686	686,718
<u>Year ended 28 February 2023</u>					
Recognised over the life of the contract as per IFRS 15	192,099	114,169	119,395	108,943	534,606
Recognised immediately on delivery of the service	24,050	11,889	33,042	18,919	87,900
	216,149	126,058	152,437	127,862	622,506

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 29 February 2024

4. Revenue and segment information (continued)

4.2 Segment assets and liabilities (continued)

	29/02/24	28/02/23
	USD'000	USD'000
Segment assets		
South Africa	570,616	590,693
Zimbabwe	239,600	282,198
Rest of Africa	336,931	374,971
Rest of the World	269,781	212,464
Consolidated total assets	1,416,928	1,460,326
Segment liabilities		
South Africa	183,684	196,608
Zimbabwe	28,982	45,386
Rest of Africa	162,076	194,323
Rest of the World	99,314	50,921
Total segment liabilities	474,056	487,238
Group Borrowings (USD 620 million 5.5% Senior Secured Notes, embedded derivatives, USD 220 million equivalent South African Rand term loan and USD 60 million revolving credit facility - note 23)	819,198	793,175
Consolidated total liabilities	1,293,254	1,280,413

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments.
- all liabilities are allocated to reportable segments other than group borrowings.

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment, Right-of-Use assets and intangible assets	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
South Africa	54,517	94,144	77,469	104,512
Zimbabwe	10,845	15,676	4,468	19,492
Rest of Africa	28,480	35,672	42,323	67,491
Rest of the World	21,210	18,712	21,353	18,282
	115,052	164,204	145,613	209,777

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5. Profit / (loss) before taxation

5.1 Profit / (loss) before taxation is arrived at after taking the following into account:

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Auditor's fees	2,335	1,975	220	480
Non-audit services	107	136	-	155
Consultancy fees	7,888	10,146	2,019	2,900
Management fee expense (note 32)	510	240	24,376	16,260

5.2 Other income

Gain on disposal of property, plant and equipment	253	66	-	-
Profit on disposal of Right-of-Use assets	1,554	-	-	-
Management fees income (note 32)	3,686	2,469	32,881	33,096
Sundry income (non-operating income that does not meet the recognition criteria of revenue under IFRS 15)	6,741	5,227	6,381	5,682
	12,234	7,762	39,262	38,778

5.3 Staff costs

Wages and salaries	83,403	73,631	514	1,596
Social security costs	13,906	17,190	-	-
Defined contribution plans expense	8,458	9,604	-	-
Other staff costs	4,878	6,809	-	-
	110,645	107,234	514	1,596

The group operates defined contribution retirement benefit plans for all qualifying employees in accordance with the regulations of each jurisdiction. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in statement of profit or loss of USD 8.5 million (28 February 2023: USD 9.6 million) represents contributions paid to these plans by the group at rates specified in the rules of the plans.

5.4 Depreciation, impairment and amortisation

Depreciation (note 11)	56,854	61,368	25	28
Amortisation of intangible assets (note 10)	9,724	10,037	2,139	1,675
Right-of-Use assets depreciation (note 12)	46,973	53,991	-	-
Inventory written off (note 19)	5	21	-	-
Provision for obsolete inventory (note 19)	148	86	-	-
Impairment of investment in subsidiary (note 13.1)	-	-	-	127,070
Write off of property, plant and equipment (note 11)	5	255	-	-
Impairment of property, plant and equipment (note 11)	1,285	2,365	-	-
Impairment of intangible assets (note 10)	58	-	-	-
Impairment of goodwill (note 9)	-	36,081	-	-
	115,052	164,204	2,164	128,773

5.5 Acquisition and other investment costs

Legal fees	-	490	-	-
Professional fees	60	42	60	42
Other investment costs	46	1,205	46	1,205
	106	1,737	106	1,247

5.6 Net foreign exchange (loss) / gain

Exchange losses - unrealised	(447,307)	(267,672)	(42)	(3)
Exchange losses - realised	(19,315)	(26,064)	-	-
Exchange gains - unrealised	23,043	33,589	385	1,252
Exchange gains - realised	2,721	2,927	-	6
	(440,858)	(257,220)	343	1,255

6. Interest income

Interest received - bank / external	5,028	1,542	166	5
Interest received - inter-group (note 32)	19,582	15,691	23,757	20,937
	24,610	17,233	23,923	20,942

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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7. Finance costs

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Interest on loans	23,339	25,588	2,531
Finance cost on Senior Secured Notes	34,100	34,100	-
Finance arrangement fees amortised	3,614	3,674	-
Interest on lease liabilities	18,509	11,747	-
Interest paid - inter-group (note 32)	332	219	29,481
79,894	75,328	32,012	29,368
		30,486	

8. Taxation

Current taxation	24,535	23,386	-	-
Deferred taxation credit (note 16)	(5,611)	(34,062)	-	-
Withholding taxation	8,668	8,211	2,752	2,801
Total tax expense / (credit)	27,592	(2,465)	2,752	2,801

The charge / (credit) for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

Profit / (loss) before taxation	32,870	(90,473)	(9,269)	(123,614)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	23,820	(24,699)	-	-
Tax effect of non-deductible expenses	4,115	33,061	-	-
Tax effect of non-taxable income	(35,021)	-	-	-
Tax effect of foreign tax credit	(504)	(1,194)	-	-
Effect of tax losses not recognised as deferred tax assets	6,692	912	-	-
Tax effect of utilised unrecognised tax losses	(2,187)	(930)	-	-
Tax effect on IAS 29 adjustments	22,009	(17,826)	-	-
Withholding taxation	8,668	8,211	2,752	2,801
27,592	(2,465)	2,752	2,801	

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

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

Taxation asset:

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Opening balance	3,098	3,344	-
Acquisition of subsidiary (note 31)	76	-	-
Provision / (reversal) for the year	22	(30)	-
Payments during the year	575	155	-
Net reclassification of deferred tax assets / liabilities	2,138	315	-
Foreign exchange differences	(632)	(686)	-
Closing balance	5,277	3,098	-

Taxation liability:

Opening balance	(10,828)	(5,256)	-	-
Acquisition of subsidiary (note 31)	(72)	-	-	-
Provision for the year	(33,225)	(31,567)	(2,752)	(2,801)
Payments during the year	30,412	24,158	2,752	2,801
Net reclassification of deferred tax assets / liabilities	(2,138)	(187)	-	-
Foreign exchange differences	5,279	2,024	-	-
Closing balance	(10,572)	(10,828)	-	-

9. Goodwill

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Cost			
Opening balance		76,576	129,182
Impairment (see below)		-	(36,081)
Foreign exchange differences		(2,586)	(16,525)
Closing balance		73,990	76,576

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9. Goodwill (continued)

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGUs) that are expected to benefit from that business combination.

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
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
Zimbabwe Online (Private) Limited (see below)	-	-
Liquid Telecommunications Holdings South Africa (Pty) Limited	57,774	60,360
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
	73,990	76,576

Goodwill is tested at least annually for impairment as required by IAS 36 - *Impairment of assets*. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period. Each CGU is considered to be the operating company, as this is the lowest level of identifiable assets that generate cash inflows, independent from other assets or groups of assets.

The following approach and key assumptions were used for the value in use calculations:

- The cash flows used are based on Board approved budgets and only take into account cash flows arising from the current asset base and not from any future developments in technology, acquisitions or change in business model and this includes certain cash flows which are anticipated but not yet fully contracted.
- Assessments are performed on a value in use basis, using a 5-year discounted cash flow method extrapolated beyond the budget period using a terminal growth rate, as set out below.
- Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 0.5% to 5.8% (FY23: 0.5% to 4.2%).
- Discount rates: The country specific Weighted Average Cost of Capital ("WACC") is used as the discount rate which ranges from 11.5% to 22.0% (post-tax) (FY23: 10.3% to 21.5%). The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

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

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

Sensitivity analysis

The group also performed a sensitivity analysis on three key inputs to the impairment assessment for LTHSA's goodwill and the results are shown below:

- An increase of 10% in the above terminal growth rate would result in no impairment and a decrease of 10% would result in an impairment of USD 4.5 million (FY23: USD 9.6 million).
- An increase of 10% in the above WACC would result in an impairment of USD 32.6 million (FY23: additional impairment of USD 44.4 million) and a decrease of 10% would result in no impairment, with headroom.
- An increase of 10% in the EBITDA forecasts in each period would result in no impairment (FY23: no impairment), with significant headroom. A reduction of 10% in the EBITDA forecasts in each period would result in full impairment (FY23: full impairment) of the carrying value for the goodwill.

The sensitivity analysis is considered reasonably possible based on recent experience and the current underlying economic environment.

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. The sensitivity analysis is considered reasonably possible based on recent experience and the current underlying economic environment.

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

During the year ended 28 February 2023, Zimbabwe Online (Private) Limited ("ZOL"), a 100% subsidiary of Data Control and Systems (1996)(Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") was merged into its parent on 1 March 2022. ZOL's retail business together with the Wholesale and Enterprise business of LTZ are now regarded as a single CGU as they both form part of the LTZ legal entity. This change has resulted in a reallocation of the goodwill from LTZ to Liquid Telecommunications Holdings Limited (LTH).

10. Intangible assets

Group	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Other Intangible Assets*	Total
Cost:	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2022	33,130	42,761	-	34,302	8,758	52,009	170,960
Additions during the year	7,747	5,285	-	-	1,102	-	14,134
Disposals during the year	(887)	(4,931)	-	-	(25)	-	(5,843)
Transfers	-	831	-	-	(831)	-	-
Transfer to pre-commencement lease payments	-	-	-	-	(5,900)	-	(5,900)
Write off	-	(142)	-	-	-	-	(142)
Foreign exchange differences	(10,217)	(8,374)	-	(7,952)	-	(4,887)	(31,430)
Adjustments - IAS 29	2,621	922	-	-	-	-	3,543
At 28 February 2023	32,394	36,352	-	26,350	3,104	47,122	145,322
Acquisition of subsidiary (note 31)	-	-	-	82	-	-	82
Additions during the year	640	4,992	-	-	2,306	-	7,938
Disposals during the year	(640)	(1,186)	-	-	(84)	-	(1,910)
Transfers	-	2,226	-	-	(2,226)	-	-
Impairment	-	-	-	-	(58)	-	(58)
Foreign exchange differences	(4,481)	(2,743)	-	(1,719)	4	(2,035)	(10,974)
Adjustments - IAS 29	3,477	1,231	-	-	-	-	4,708
At 29 February 2024	31,390	40,872	-	24,713	3,046	45,087	145,108
Accumulated amortisation:							
At 01 March 2022	13,898	34,718	(13)	18,298	-	26,454	93,355
Amortisation	2,259	4,194	-	3,053	-	531	10,037
Disposals during the year	(442)	(4,844)	-	-	-	-	(5,286)
Write off	-	(142)	-	-	-	-	(142)
Foreign exchange differences	(4,781)	(6,390)	13	(2,678)	-	(4,805)	(18,641)
Adjustments - IAS 29	1,190	595	-	-	-	-	1,785
At 28 February 2023	12,124	28,131	-	18,673	-	22,180	81,108
Amortisation	1,951	4,518	-	2,794	-	461	9,724
Disposals during the year	(640)	(1,186)	-	-	-	-	(1,826)
Foreign exchange differences	(2,328)	(2,144)	-	(776)	-	(1,547)	(6,795)
Adjustments - IAS 29	1,863	903	-	-	-	-	2,766
At 29 February 2024	12,970	30,222	-	20,691	-	21,094	84,977
Carrying amount:							
At 28 February 2023	20,270	8,221	-	7,677	3,104	24,942	64,214
At 29 February 2024	18,420	10,650	-	4,022	3,046	23,993	60,131

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

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

10. Intangible assets (continued)

Company			
Cost:	Software	Work in Progress	Total
	USD'000	USD'000	USD'000
At 1 March 2022	2,942	59	3,001
Additions during the year	1,285	855	2,140
Transfers	759	(759)	-
Disposals during the year	(128)	-	(128)
At 28 February 2023	4,858	155	5,013
Additions during the year	1,987	2,272	4,259
Transfers	2,226	(2,226)	-
Disposals during the year	-	(84)	(84)
At 29 February 2024	9,071	117	9,188
Accumulated amortisation:			
At 1 March 2022	1,094	-	1,094
Amortisation	1,675	-	1,675
At 28 February 2023	2,769	-	2,769
Amortisation	2,139	-	2,139
At 29 February 2024	4,908	-	4,908
Carrying amount:			
At 28 February 2023	2,089	155	2,244
At 29 February 2024	4,163	117	4,280

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11. Property, plant and equipment

Group	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost								
At 1 March 2022	21,764	12,084	33,077	108,802	13,151	45,602	1,179,054	1,413,534
Additions during the year	428	487	1,431	3,911	677	38,905	47,472	93,311
Disposals during the year	(944)	(275)	(2,703)	(1,265)	(29)	(2,722)	(29,952)	(37,890)
Impairment	-	-	-	-	-	(165)	(2,200)	(2,365)
Write offs	-	(74)	(117)	(1,132)	-	(11)	(209)	(1,543)
Transfers	-	142	235	2,464	182	(30,959)	27,936	-
Transfer to inventory (note 19)	-	-	-	-	-	(7)	(15)	(22)
Foreign exchange differences	(6,663)	(3,801)	(4,222)	(19,692)	(6,816)	(14,136)	(462,654)	(517,984)
Adjustments - IAS 29	1,442	964	536	571	2,623	3,876	139,507	149,519
At 28 February 2023	16,027	9,527	28,237	93,659	9,788	40,383	898,939	1,096,560
Acquisition of subsidiary (note 31)	-	4	97	-	-	-	-	101
Additions during the year	231	2,159	2,110	3,797	761	14,991	41,436	65,485
Disposals during the year	(1,007)	(2,775)	(2,702)	(30,589)	(197)	(1,282)	(34,818)	(73,370)
Transfer from Right-of-Use assets	-	-	-	515	-	-	-	515
Reclassification	-	-	-	-	-	2,257	-	2,257
Impairment	-	-	-	-	-	-	(1,285)	(1,285)
Transfer to inventory (note 19)	-	-	(5)	-	-	-	(6,688)	(6,693)
Write offs	-	-	-	-	-	(5)	-	(5)
Transfers	-	68	34	27,410	-	(27,927)	415	-
Transfer from inventory (note 19)	-	-	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	14,671	8,767	26,704	83,807	9,913	27,120	863,096	1,034,078
Accumulated depreciation								
At 1 March 2022	7,671	10,061	30,258	96,242	9,890	(2,257)	555,432	707,297
Depreciation charge for the year	298	622	1,409	9,277	622	-	49,140	61,368
Disposals during the year	(944)	(278)	(2,689)	(1,141)	(24)	-	(29,361)	(34,437)
Write offs	-	(63)	(117)	(1,053)	-	-	(55)	(1,288)
Foreign exchange differences	(1,296)	(3,082)	(3,646)	(15,118)	(5,109)	-	(186,891)	(215,142)
Adjustments - IAS 29	-	508	263	78	1,318	-	50,552	52,719
At 28 February 2023	5,729	7,768	25,478	88,285	6,697	(2,257)	438,817	570,517
Acquisition of subsidiary (note 31)	-	3	54	-	-	-	-	57
Depreciation charge for the year	279	666	1,243	7,649	559	-	46,458	56,854
Disposals during the year	(845)	(2,773)	(2,673)	(30,093)	(166)	-	(13,371)	(49,921)
Transfers	-	-	-	2,565	-	-	(2,565)	-
Reclassification	-	-	-	249	-	2,257	-	2,506
Foreign exchange differences	(230)	(1,303)	(1,482)	(9,052)	(2,392)	-	(96,752)	(111,211)
Adjustments - IAS 29	-	897	309	1,165	2,068	-	77,133	81,572
At 29 February 2024	4,933	5,258	22,929	60,768	6,766	-	449,720	550,374

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11. Property, plant and equipment (continued)

Group (continued)

	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
Carrying amount:								
At 28 February 2023	10,298	1,759	2,759	5,374	3,091	42,640	460,122	526,043
At 29 February 2024	9,738	3,509	3,775	23,039	3,147	27,120	413,376	483,704

Refer to note 23 for details of security over property, plant and equipment.

The significant foreign exchange difference arising in the year ended 29 February 2024 is primarily due to the deterioration of the ZWL\$:USD exchange rate from 892.6:1 at 28 February 2023 to 14,912.8:1 at 29 February 2024. This is partially offset by the IAS 29 hyperinflation adjustment.

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

Company

	Computer equipment
	USD'000
Cost	
At 01 March 2022	79
Additions	29
At 28 February 2023	108
Additions	68
At 29 February 2024	176
Accumulated depreciation:	
At 01 March 2022	38
Depreciation charge for the year	28
At 28 February 2023	66
Depreciation charge for the year	25
At 29 February 2024	91
Carrying amount:	
At 28 February 2023	42
At 29 February 2024	85

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12. Right-of-Use assets

Group

	Land and buildings	Furniture and fittings	Network equipment	Motor vehicles	Fibre infrastructure	Fibre Optical - IRU	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
At 1 March 2022	117,935	16	43,352	2,343	34,959	114,780	313,385
Additions during the year	24,935	-	10,254	240	62,905	3,998	102,332
Disposals during the year*	(2,504)	(16)	(51)	(149)	(3,958)	(466)	(7,144)
Write offs	(2,581)	-	-	-	-	-	(2,581)
Transfer from pre-commencement lease payments**	-	-	-	-	-	33,541	33,541
Foreign exchange differences	(57,240)	-	(1,231)	(353)	(6,659)	(3,568)	(69,051)
Adjustments - IAS 29	20,624	-	-	-	-	-	20,624
At 28 February 2023	101,169	-	52,324	2,081	87,247	148,285	391,106
Additions during the year	8,580	-	11,905	-	45,849	5,856	72,190
Disposals during the year*	(10,086)	-	(20,396)	-	(2,588)	(462)	(33,532)
Write offs	(1,039)	-	-	-	-	-	(1,039)
Transfer from pre-commencement lease payments**	-	-	-	-	-	200	200
Transfer to Property, plant and equipment	-	-	-	-	-	(515)	(515)
Transfers	-	-	-	-	76	(76)	-
Transfer 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	<u>70,291</u>	<u>-</u>	<u>41,328</u>	<u>1,947</u>	<u>126,633</u>	<u>151,503</u>	<u>391,702</u>
Accumulated depreciation:							
At 1 March 2022	38,407	-	18,232	1,584	21,383	65,092	144,698
Write offs	(2,581)	-	-	-	-	-	(2,581)
Depreciation	15,434	-	14,191	512	18,032	5,822	53,991
Disposals during the year*	(1,795)	-	(50)	(149)	(3,448)	(349)	(5,791)
Foreign exchange differences	(12,896)	-	(374)	(272)	(4,392)	(3,100)	(21,034)
Adjustments - IAS 29	504	-	-	-	-	-	504
At 28 February 2023	37,073	-	31,999	1,675	31,575	67,465	169,787
Write offs	(1,039)	-	-	-	-	-	(1,039)
Depreciation	9,153	-	11,523	193	18,046	8,058	46,973
Disposals during the year*	(5,615)	-	(20,370)	-	(2,274)	(13)	(28,272)
Reclassification	-	-	-	-	-	(249)	(249)
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	<u>31,927</u>	<u>-</u>	<u>21,699</u>	<u>1,768</u>	<u>45,580</u>	<u>73,772</u>	<u>174,746</u>
Carrying amount:							
At 28 February 2023	<u>64,096</u>	<u>-</u>	<u>20,325</u>	<u>406</u>	<u>55,672</u>	<u>80,820</u>	<u>221,319</u>
At 29 February 2024	<u>38,364</u>	<u>-</u>	<u>19,629</u>	<u>179</u>	<u>81,053</u>	<u>77,731</u>	<u>216,956</u>

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12. Right-of-Use assets (continued)

Group (continued)

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

* relates to lease modifications or cancellations.

** During the year ended 28 February 2023, USD 33.5m was transferred from pre-commencement lease payments to Right-of-Use assets as the assets were brought into use.

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

The maturity analysis of lease liabilities is presented in note 29.

	<u>29/02/2024</u>	<u>28/02/2023</u>
	USD'000	USD'000
Amounts recognised in consolidated statement of profit or loss		
Right-of-Use assets depreciation (note 5.4)	46,973	53,991
Interest on lease liabilities (note 7)	18,509	11,747

The group does not have leases with variable payments and has an insignificant amount of leases of low value assets. The total cash outflow for leases amount to USD 50.4 million (28 February 2023: 46.7 million).

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13. Investments in subsidiaries

13.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company	
						29/02/24 USD'000	28/02/23 USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Active	100	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe**	H	Telecommunications	Zimbabwe	Active	100	256,749	256,749
▪ Zimbabwe Online (Private) Limited**	S	Telecommunications	Zimbabwe	Active	100	-	-
▪ Liquid Telecommunications Zambia Limited	H	Telecommunications	Zambia	Active	100	52,197	52,197
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Dormant	100	-	-
▪ Liquid Telecommunications Kenya Limited*	H	Telecommunications	Kenya	Active	79.99	43,052	43,052
▪ Liquid Telecommunications Uganda Limited	H	Telecommunications	Uganda	Active	99.99	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090
▪ Liquid Telecom DRC S.A.	H	Telecommunications	Democratic Republic of Congo	Active	99	8,940	8,940

* The company continues to have 100% economic interest in Liquid Telecommunications Kenya Limited as at 29 February 2024.

** Zimbabwe Online (Private) Limited was a subsidiary of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and was merged into its parent on 1 March 2022 resulting in a reallocation of the goodwill.

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13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

Name of Company	Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company	
					29/02/24	28/02/23
				%	USD'000	USD'000
▪ Liquid Telecommunications Operations Mozambique Limitada	H Telecommunications	Mozambique	Dormant	100	2	2
▪ Liquid Vision Media (Pty) Limited	S Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications Tanzania Limited	H Telecommunications	United Republic of Tanzania	Dormant	100	-	-
▪ Africa Digital Networks SASU	H Telecommunications	Democratic Republic of Congo	Active	100	100	100
▪ Liquid Telecommunications International FZE	H Telecommunications	United Arab Emirates	Active	100	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H Telecommunications	Botswana	Active	100	10,731	10,731
▪ Liquid Telecommunications Financing PLC	H Financing for group	United Kingdom	Active	100	130	130
▪ Liquid Telecommunications Investments Limited	S Financing for group	United Kingdom	Active	100	-	-
▪ Raha Tanzania Holdings Limited	H Telecommunications	Mauritius	Active	70	12,650	12,650
▪ Raha Limited	S Telecommunications	United Republic of Tanzania	Active	100	-	-
▪ Zalink Limited	S Telecommunications	United Republic of Tanzania	Active	70	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited*	H Telecommunications	South Africa	Active	100	254,167	266,041
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	S Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited*	S Telecommunications	South Africa	Active	100	-	-
▪ Liquid Telecommunications Sahara Holdings Limited	H Telecommunications	Mauritius	Active	100	1	1
▪ Liquid Telecommunications Co. Limited	S Telecommunications	Sudan	Dormant	100	-	-
▪ Liquid Telecom West Africa Data Centre Ghana Limited	H Telecommunications	Ghana	Dormant	100	-	-
▪ Worldstream (Pty) Limited	H Telecommunications	South Africa	Active	71	8,974	8,974
▪ Liquid Telecommunications Cote D'Ivoire	H Telecommunications	Ivory Coast	Dormant	100	-	-
▪ Liquid Intelligent Technologies Egypt	H Telecommunications	Egypt	Active	100	-	-
					<u>662.791</u>	<u>674.665</u>

H = This is a direct holding by Liquid Telecommunications Holdings Limited.

S = This is an indirect holding.

*The company has assessed its investments in subsidiaries in accordance with IAS 36 - *Impairment of Assets* and has determined there is no indication of impairment (2023: impairment of USD 127.1 million) in respect of its investment in Liquid Telecommunications Holdings South Africa (Pty) Limited (South Africa segment). This assessment was based on a five-year cash flow financial forecast with a terminal growth rate of 4.3% (2023: 4.2%) and discounted using the weighted average cost of capital rate of 16.3% (pre-tax 17.1%) (FY23: 15.5%, pre-tax 19.8%). These local currency forecasts were converted at a closing rate of ZAR:USD 19.21:1 (2023: ZAR:USD 18.39:1) and compared to an investment value translated at the historical rate of ZAR:USD 13.39:1.

The following sensitivity analysis are considered reasonably possible based on recent experience and the current underlying economic environment:

- If the WACC increases by 10% then there would be an impairment of USD 16.2 million (FY23: 40.2 million) and if the WACC decreases by 10%, it would result in no impairment, with additional headroom (FY23: impairment of 51.1 million).
- If the ZAR:USD exchange rate weakens by 10% then there would be an impairment of USD 6.3 million (FY23: 26.8 million) and if the ZAR:USD exchange rate strengthens by 10%, it would result in no impairment, with additional headroom (FY23: reduction of the impairment of USD 32.8 million).

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

See note 41.1 for additional non-cash investment in subsidiaries made during the year ended 29 February 2024.

The directors have reviewed the carrying value of each of the above investments in subsidiaries and have not found any indication of impairment, other than those mentioned above.

13.2 Details of non-wholly owned subsidiaries that have non-controlling interests

	(Loss) / profit allocated to non-controlling interests		Accumulated non-controlling interests	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Individually immaterial subsidiaries with non-controlling interests	(353)	(443)	86	1,146
	(353)	(443)	86	1,146

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14. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests	
			29/02/24	28/02/23
			%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20

Pursuant to the shareholder agreement, Liquid Telecommunications South Africa (Pty) Limited, a subsidiary of LTH, has the right to cast 20% of the vote at shareholder meetings of Number Portability Company (Pty) Limited.

The associate has a December year end, however when reporting, the group has adjusted and aligned the year end to February.

Although Liquid Telecommunications South Africa (Pty) Limited holds 20% of the equity shares of Number Portability Company (Pty) Limited, and it has less than 50% of the voting power at shareholder meetings, Liquid Telecommunications South Africa (Pty) Limited exercises significant influence by virtue of its contractual right to appoint directors to the board of directors of that entity.

Summarised is the financial information in respect of the group's associate where it has significant interest.

	29/02/24	28/02/23
	USD'000	USD'000
Number Portability Company (Pty) Limited		
Total assets	2,859	2,886
Total liabilities	(156)	(173)
Net assets	<u>2,703</u>	<u>2,713</u>
Revenue	<u>1,719</u>	<u>1,605</u>
Profit for the year	<u>105</u>	<u>123</u>
Total comprehensive income for the year	<u>105</u>	<u>123</u>
Group's share of net assets of associate	<u>540</u>	<u>543</u>
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	543	632
Share of profits of associate	21	25
Foreign exchange	(24)	(114)
Closing balance	<u>540</u>	<u>543</u>

15. Investments at Fair Value Through Other Comprehensive Income (FVTOCI)

Investments in equity instruments designated as at FVTOCI	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Opening balance	15,314	15,314	15,310	15,310
Additions	953	-	-	-
Fair value gain on investment	867	-	-	-
Disposal	(1,772)	-	-	-
Closing balance	<u>15,362</u>	<u>15,314</u>	<u>15,310</u>	<u>15,310</u>

The above represents investments in shares over which the group and the company does not have any significant influence or control.

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16. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
Net deferred tax assets	41,869	48,388
Net deferred tax liabilities	(4,615)	(15,986)
Net deferred tax assets	37,254	32,402

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
Group - Gross deferred tax assets:		
Deferred revenue	172	177
Property, plant and equipment	2,519	2,847
Assessed losses	15,186	13,582
Other*	73,190	72,441
	91,067	89,047
Credit / (charge) to profit for the year	4,834	32,858
Group - Gross deferred tax liabilities:		
Property, plant and equipment	(44,937)	(50,715)
Other*	(8,876)	(5,930)
	(53,813)	(56,645)
Credit / (charge) to profit for the year	777	1,204
Net movement		
Deferred tax assets / (liabilities)	37,254	32,402
Deferred taxation (credit) / charge to profit for the year (note 8)	(5,611)	(34,062)

*Comprising IFRS 16 adjustments, unrealised foreign exchange differences and provisions.

Management have carried out an assessment of the group's ability to utilise its tax losses in the relevant territories, based on five year business plans. The deferred tax asset recognised on tax losses in the group is USD 15.2 million (2023: USD 13.6 million), of which the most material balance is in respect of Liquid Telecommunication South Africa (Pty) Limited ("LTSA"), of USD 12.0 million. The tax losses for LTSA, which can be carried forward indefinitely, are USD 187.2 million (2023: USD 249.9 million) and a deferred tax asset has been recognised in respect of USD 44.3 million (2023: USD 50.2) of these. The tax losses for Liquid Telecommunications Kenya Limited, which can also be carried forward indefinitely, are USD 23.8 million (2023: USD 39.9 million) for which no deferred tax asset has been recognised (2023: Nil).

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17. Investments at amortised cost

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Treasury bonds	41	45	-

The investment in treasury bonds was made by Zanlink Limited, a subsidiary of the group, with a face value of TZS 100 million in October 2022 and matures in 2047 at an interest rate of 12.56% per annum. The investment is measured at amortised cost.

18. Long term receivables

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 32)	139,933	133,236	191,716
Expected credit loss provision	-	-	(5,173)
Other receivables	3,141	-	-
143,074	133,236	186,543	177,957

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. An ECL of USD 5.2 million was recognised in the company after an assessment was performed.

Other receivables:

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

19. Inventories

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Goods for resale	43,677	27,426	-
Provision for obsolete inventory for the year (note 5.4)	(148)	(86)	-
Inventory written off (note 5.4)	(5)	(21)	-
Transfer from Property, plant and equipment (note 11)	6,426	22	-
Transfer from Right-of-Use assets (note 12)	449	-	-
50,399	27,341	-	-
Cost of inventories expensed	14,474	16,000	-

The directors are of the opinion that the inventory amounts are recorded at values not in excess of their net realisable value.

20. Trade and other receivables

Group		Company	
29/02/24	28/02/23	29/02/24	28/02/23
USD'000	USD'000	USD'000	USD'000
Trade receivables	130,824	128,959	-
Receivables balances from affiliated entities and other related parties (note 32)	35,652	36,576	136,623
Expected credit loss provision	(39,051)	(42,372)	(2,805)
Total trade and affiliated entities receivables, net of expected credit loss provision	127,425	123,163	133,818
Short term inter-company and other related party receivables (note 32)	51,498	21,813	37,140
Sundry debtors	45,149	60,595	786
Deposits paid	3,781	5,051	-
Prepayments	31,091	36,305	5,232
Dividend receivable (note 32)	-	-	283
258,944	246,927	177,259	151,796

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 as well as certain assumptions about the risk and probability of default together with expected loss rates. The group assesses the recoverability on both a collective and individual basis.

20. Trade and other receivables (continued)

Before accepting any new customer, where possible 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 completed by any new customer. The creditworthiness of customers is reviewed continuously throughout the year.

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.

Sundry debtors mainly include VAT receivable and non-operating receivable.

The following table details the risk profile of trade receivables and affiliated entities receivables. Lifetime ECL on receivables are assessed individually and collectively.

	Current USD'000	Past due				Total USD'000
		31 - 60 USD'000	61 - 90 USD'000	91 - 120 USD'000	> 120 USD'000	
Group - 2024						
Trade and affiliated entities receivables - Gross	41,951	20,990	11,133	11,776	80,626	166,476
Lifetime ECL	(925)	(579)	(563)	(474)	(36,510)	(39,051)
Trade and related parties receivables - Net	41,026	20,411	10,570	11,302	44,115	127,425
Default rate	2.2%	2.8%	5.1%	4.0%	45.3%	

Group - 2023

Trade and affiliated entities receivables - Gross	51,277	28,936	14,994	12,588	57,740	165,535
Lifetime ECL	(3,868)	(2,259)	(1,088)	(750)	(34,407)	(42,372)
Trade and related parties receivables - Net	47,409	26,677	13,906	11,838	23,333	123,163
Default rate	7.5%	7.8%	7.3%	6.0%	59.6%	

Company - 2024

Trade and affiliated entities receivables - Gross	12,403	976	3,355	6,026	113,863	136,623
Lifetime ECL	(275)	(12)	(59)	(50)	(2,409)	(2,805)
Trade and related parties receivables - Net	12,128	964	3,296	5,976	111,454	133,818
Default rate	2.2%	1.2%	1.8%	0.8%	2.1%	

Company - 2023

Trade and affiliated entities receivables - Gross	8,748	4,989	5,142	7,134	56,188	82,201
Lifetime ECL	-	-	-	-	-	-
Trade and related parties receivables - Net	8,748	4,989	5,142	7,134	56,188	82,201
Default rate	0.0%	0.0%	0.0%	0.0%	0.0%	

The following table shows the movement in lifetime expected credit loss ("ECL") that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Group		Company	
	29/02/24 USD'000	28/02/23 USD'000	29/02/24 USD'000	28/02/23 USD'000
Movement in the expected credit loss provision:				
Opening balance	(42,372)	(44,874)	-	-
Doubtful debt provision raised	(5,720)	(9,014)	(2,805)	-
Bad debts recovered	103	439	-	-
Write off	2,001	2,613	-	-
Foreign exchange differences	4,749	7,081	-	-
Adjustments - IAS 29	2,188	1,383	-	-
Closing balance	(39,051)	(42,372)	(2,805)	-

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21. Cash and cash equivalents, and restricted cash and cash equivalents

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Cash and bank balances	55,850	88,393	14,582	7,525
Money market deposits	804	-	-	-
Cash and cash equivalents	56,654	88,393	14,582	7,525
Restricted cash and cash equivalents	422	425	12	115
Total cash and cash equivalents	57,076	88,818	14,594	7,640

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

Cash and cash equivalents include USD 11.2 million (28 February 2023: USD 28.3 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL\$:USD of 14,912.8:1 (28 February 2023: ZWL\$:USD 892.6:1). See note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure.

The group and company have restricted cash for the following purposes:

Guarantees	1	1	12	115
Customer deposits held	421	424	-	-
	422	425	12	115

22. Share capital and share premium

	Group and Company	
	29/02/24	28/02/23
	USD'000	USD'000
Issued and paid share capital		
Ordinary shares	3,716	3,716
Share premium	276,714	276,714
Movement in capital:		
	Number of	Share
	ordinary shares	capital
		Premium
		USD'000
Issued and paid share capital	124,857,914	3,716
Balance at 29 February 2024 and 28 February 2023	124,857,914	3,716

Convertible preference shares

The group has issued USD 180 million of convertible preference shares with the same par value, voting and dividend rights as the ordinary shares. The preference shares are exchangeable at the option of the shareholder based on certain conditions applicable only at conversion date.

22a. Other equity items

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
Investment revaluation reserve	16	-

The investment revaluation reserve is the unrealised gain on disposal of investments in equity instruments designated as at FVTOCI and the fair value gain on investments in equity instruments designated as FVTOCI.

Foreign currency translation reserve (FCTR):	(279,242)	(217,565)
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The FCTR value arises on the translation of the Financial Statements of foreign subsidiaries into the presentation currency of the Consolidated Financial Statements.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
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23. Short term portion of long term borrowings and long term borrowings

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
23a. Long term borrowings:				
USD 620 million 5.5% Senior Secured Notes (i)	612,736	609,840	-	-
Net settled: Embedded derivatives	1,878	1,878	-	-
USD 220 million equivalent South African Rand term loan (ii)	127,315	150,406	-	-
Stanbic Bank of Zambia Limited Term loan (iii)	-	1,249	-	-
Other long-term borrowings	323	-	-	-
	742,252	763,373	-	-
23b. Short term portion of long term borrowings:				
USD 620 million 5.5% Senior Secured Notes (i)	17,050	17,050	-	-
USD 220 million equivalent South African Rand term loan (ii)	17,554	13,800	-	-
Stanbic Bank of Zambia Limited Term loan (iii)	2,436	3,636	-	-
Stanbic Bank of Zambia Limited revolving credit facility (iii)	1,058	-	-	-
USD 60 million revolving credit facility (iv)	42,665	201	42,665	201
Other Short-term portion of long term borrowings	224	-	-	-
	80,987	34,687	42,665	201

- (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 occurred 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 30 June 2024) of term loans denominated in local currency (Zambian Kwacha). As at 29 February 2024, the outstanding balance on all term loans is USD 2.4 million. Liquid Telecommunications Holdings Limited guaranteed up to USD 13.0 million in aggregate of these facilities. The facility agreement also included a first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The facility bears interest at the rate of 23.5%. Capital and interest are repaid on a quarterly basis. The financial covenants for this facility are Total debt to EBITDA and Debt Service Ratio.

Stanbic Bank of Zambia Limited revolving credit facility

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

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23. Short term portion of long term borrowings and long term borrowings (continued)

- (iv) In addition to the USD 620 million 5.5% Senior Secured Notes and the USD 220 million equivalent South African Rand term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man), Standard Chartered Bank (Mauritius) Limited and the Mauritius Commercial Bank Limited. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited, Liquid Telecom DRC S.A. and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured Notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of SOFR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes. The facility holds the same covenant obligations as the South African term loan referenced above. This facility was drawn down during the year and USD 42.7 million is outstanding at 29 February 2024.

24. Long term intercompany borrowings

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Long term intercompany payable (note 32)	-	-	529,990	529,990
Intercompany equity loan payable (note 32)	-	-	3,105	3,105
	<u>-</u>	<u>-</u>	<u>533,095</u>	<u>533,095</u>

The company's long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 5.5 % (28 February 2023: 5.5%) and is repayable in September 2026.

25. Trade and other payables

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Trade accounts payable	119,724	103,202	1,353	383
Payable balance to affiliated entities (note 32)	17,809	15,779	14,030	3,011
Short-term inter-company payables (note 32)	-	-	25,510	30,173
Accruals	49,492	45,920	2,554	5,258
Staff payables	4,679	4,745	-	-
Transaction taxes due in various jurisdictions	6,641	4,456	33	-
Other short term payables	1,544	16,202	-	-
	<u>199,889</u>	<u>190,304</u>	<u>43,480</u>	<u>38,825</u>

The average credit period on purchases of goods is 30 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 affiliated entities 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.

26. Long term provisions

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
Onerous contracts	6,225	7,194
Other provision	147	-
	<u>6,372</u>	<u>7,194</u>

	Long term portion USD'000
<u>Onerous contracts</u>	<u>7,194</u>
At 01 March 2023	7,194
Interest recognised in Data and network related costs	601
Transfer to short term (note 27)	(1,539)
Foreign exchange differences	(31)
At 29 February 2024	6,225

See note 27 (iii) for more details.

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27. Short term provisions

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Bonus provision (i)	534	11,888	-	2,415
Licence fee provision (ii)	2,282	2,377	-	-
Short term portion of onerous contracts (iii)	934	847	-	-
Leave pay provision (iv)	3,736	2,429	-	-
Other provision (iv)	6,426	6,138	-	1,475
	13,912	23,679	-	3,890

- (i) Bonuses are payable to all eligible staff according to the terms of the group's remuneration policy. The individual payout is a percentage of the total cost to the group, taking into account the employee's level, individual performance rating and group performance. The payment is time-apportioned based on the length of time the employee has been employed by the group in the current year. The actual payments are made post financial year end.

	Group	Company
	USD'000	USD'000
At 01 March 2023	11,888	2,415
Provision raised during the year	1,304	682
Utilisation / payment	(11,413)	(3,097)
Foreign exchange differences	(1,245)	-
At 29 February 2024	534	-

- (ii) The licence fee provision includes provision for Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools over an extended five-year period. The ICT services include the provision of the local area network, the wide area network, the end user devices in schools and training. Liquid Telecommunications South Africa (Pty) Ltd has capitalised the obligation through raising a provision at the estimated present value of the total obligation. This is reassessed annually. The capitalised amount is amortised over the remaining licence period. The provision will be fully utilised in the financial year 2025.

	Group
	USD'000
At 01 March 2023	2,377
Provision raised during the year	915
Utilisation / payment	(746)
Foreign exchange differences	(264)
At 29 February 2024	2,282

- (iii) Onerous contracts:

The group purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an onerous contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess O&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment an onerous contract with SEACOM was identified. The contract relates to the O&M for an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the committed contract price and for the excess O&M charges as at acquisition.

	Group
	USD'000
At 01 March 2023	847
Charged to Data and network related costs (unwinding of interest)	77
Expense to Data and network related costs	(1,520)
Transfer from long term (note 26)	1,539
Foreign exchange differences	(9)
At 29 February 2024	934

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27. Short term provisions (continued)

(iv) Below is the movement in leave pay provisions and other provisions during the year ended 29 February 2024:

	Group USD'000		Company USD'000
	Leave pay provision	*Other provisions	*Other provisions
	USD'000	USD'000	USD'000
At 01 March 2023	2,429	6,138	1,475
Provision raised during the year	1,613	1,846	-
Acquisition of subsidiary (note 31)	-	3	-
Reclassification	-	461	-
Payment/utilisation	(108)	(1,990)	(1,475)
Foreign exchange differences	(198)	(32)	-
At 29 February 2024	3,736	6,426	-

*includes various provisions that do not fall in the other categories already described above. Mainly provision of legal fees.

28. Deferred revenue

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	56,967	65,553	-	-
Short term portion of deferred revenue	40,443	33,806	-	-
	97,410	99,359	-	-

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

Below is the movement in the above balances:

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
Short term portion of deferred revenue:		
Opening balance	33,806	24,433
Acquisition of subsidiary (note 31)	7	-
Net amount recognised as liability	14,038	14,961
Net amount recognised in statement of profit or loss	(9,900)	(5,922)
Reclassification from long term deferred revenue	5,691	4,996
Adjustments - IAS 29	725	1,335
Foreign exchange differences	(3,924)	(5,997)
Closing balance	40,443	33,806
Long term portion of deferred revenue:		
Opening balance	65,553	68,565
Net amount recognised as liability	735	10,423
Reclassification to short term deferred revenue	(5,691)	(4,996)
Foreign exchange differences	(3,630)	(8,439)
Closing balance	56,967	65,553

29. Long term lease liabilities and short term portion of long term lease liabilities

Long term lease liabilities (discounted)	116,804	103,661
Short term portion of long term lease liabilities (discounted)	20,441	31,342
	137,245	135,003

The table below details the remaining contractual maturity for leases and has been drawn up based on the undiscounted cash flows:

Less than 1 year	41,795	46,937
1 to 2 years	44,716	28,563
2 to 3 years	39,209	21,735
3 to 4 years	38,395	18,059
4 to 5 years	21,994	16,823
More than 5 years	41,651	65,572
	227,760	197,689

The group does not face a significant liquidity risk with regard to its lease liabilities.

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30. Cash generated from / (used in) operations

Notes	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before tax	32,870	(90,473)	(9,269)	(123,614)
Adjustments for:				
Depreciation, impairment and amortisation	5	115,052	164,204	2,164
Fair value loss on derivatives assets	36.14	-	3,997	-
Dividends received from investments at FVTOCI		(44)	-	-
Dividend received from related parties	32	-	(1,123)	(1,046)
Bad debts provision		3,617	5,961	7,978
Decrease in provisions	27	(9,276)	(6,048)	(3,890)
Foreign exchange loss / (gain)		423,960	233,831	(75)
Hyperinflation monetary gain		(386,603)	(156,854)	-
Profit on disposal of fixed assets	5.2	(253)	(66)	-
Profit on disposal of Right-of-Use assets	5.2	(1,554)	-	-
Interest income	6	(24,610)	(17,233)	(23,923)
Finance costs	7	79,894	75,328	32,012
Gain on bargain purchase	31	(272)	-	-
Share of profits of associate	14	(21)	(25)	-
		<u>232,760</u>	<u>212,622</u>	<u>3,874</u>
				<u>10,997</u>
Working capital changes:				
Increase in inventories		(22,564)	(10,569)	-
Increase in trade and other receivables		(39,916)	(141,462)	(28,568)
(Decrease) / increase in trade and other payables		(19,599)	160,695	(24,748)
Increase in deferred revenue		4,873	19,461	-
Cash generated from / (used in) operations		<u>155,554</u>	<u>240,747</u>	<u>(49,442)</u>
				<u>525</u>

31. Acquisition of subsidiary company

29 February 2024

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

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

	Group 29/02/24 USD'000
Intangible assets	82
Property, plant and equipment	44
Trade receivables and other receivables	72
Long term intercompany receivables	-
Cash and cash equivalents	148
Tax asset	76
Deferred tax liabilities	(18)
Trade and other payables	(50)
Provisions	(3)
Tax liabilities	(72)
Deferred revenue	(7)
Fair value of identifiable net assets acquired	<u>272</u>
Consideration transferred (USD 43)	-
Gain on bargain purchase	<u>272</u>
Net cash inflow on acquisition of subsidiary	
Consideration transferred (USD 43)	-
Cash and cash equivalents of subsidiary on acquisition	148
Net cash inflow arising on acquisition	<u>148</u>

28 February 2023

There was no acquisition/disposal of subsidiary companies for the year ended 28 February 2023.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
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32. Related party transactions

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 (Zimbabwe) and Econet Wireless Zimbabwe Limited and are referred to as "Econet Global related group companies";
- Africa Data Centres Holdings Limited (UK), African Data Centres (Pty) Limited (South Africa), Africa Data Centres SA Development (Pty) Limited (South Africa), ADC (Jersey) Limited, Africa Data Centres Lagos FZE (Nigeria) and East Africa Data Centre Limited (Kenya) and are referred to as "Africa Data Centres related group companies";
- Telrad Networks Limited (Israel), Marmanet Organization and Projects Management Limited (Israel), Geo Da Lands & Property Management & Information Limited (Israel), Oasis Communication Technologies Limited (Israel) and Magalcom Limited (Israel) and are referred to as "Telrad related group companies";
- Sasai Fintech Limited (Mauritius) and Sasai Fintech (PTY) Ltd (South Africa) and are referred to as "Sasai related group companies";
- VAYA Africa Mauritius Ltd (Mauritius) is referred to as "Vaya related group companies";
- Distributed Power Africa Proprietary Limited (South Africa), Distributed Power Africa (Private) Limited (Zimbabwe), Distributed Power Africa Limited (Mauritius) and Distributed Power Africa Services Proprietary Limited (South Africa) and are referred to as "Econet Infracore 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 Infracore (Pty) Ltd (South Africa) and are referred to as "Liquid (Jersey) other related group of companies"; and
- 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. During the year, the group and company entered into the following trading transactions with related parties:

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Sales of goods and services:				
Econet Global Related Group Companies	76,751	80,887	-	-
Africa Data Centres related group companies	324	173	-	-
Liquid (Jersey) other related group of companies	26,705	307	-	-
	103,780	81,367	-	-
Purchase of goods and services:				
Econet Global Related Group Companies	22,555	22,826	-	-
Africa Data Centres related group companies	3,794	541	-	-
Liquid (Jersey) other related group of companies	20,847	3,544	-	-
	47,196	26,911	-	-
Management fees expense (note 5.1):				
Econet Global Related Group Companies	510	240	-	-
Liquid Telecommunications Limited	-	-	23,012	13,432
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	1,463
Liquid Telecommunications Uganda Limited	-	-	-	107
Raha Limited	-	-	46	9
Liquid Telecommunications International FZE	-	-	1,318	1,249
	510	240	24,376	16,260

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32. Related party transactions (continued)

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Management fees income (note 5.2):				
Econet Global Related Group Companies	76	177	-	-
Africa Data Centres related group companies	620	397	-	397
Liquid (Jersey) other related group of companies	2,990	1,895	2,990	1,895
Liquid Telecommunications Operations Limited	-	-	8,526	8,962
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	5,766	5,511
Liquid Telecommunications Kenya Limited	-	-	2,589	2,205
Liquid Telecommunications South Africa (Pty) Limited	-	-	7,912	8,690
Transaction Payment Solutions International Limited	-	-	1,475	675
Liquid Telecommunications Botswana (Pty) Limited	-	-	210	-
Liquid Telecommunications Sahara Holdings Limited	-	-	268	358
Liquid Telecommunications Uganda Limited	-	-	-	592
Liquid Telecommunications Rwanda Limited	-	-	197	212
Liquid Telecom DRC S.A.	-	-	2,938	3,589
Zanlink Limited	-	-	10	10
	3,686	2,469	32,881	33,096
Dividend income:				
Liquid Telecommunications Rwanda Limited	-	-	840	700
Worldstream (Pty) Limited	-	-	283	346
	-	-	1,123	1,046
Dividend paid:				
Other shareholders (net of taxes)	496	441	-	-
	496	441	-	-
Finance costs:				
Liquid Telecommunications Financing Plc	-	-	29,149	29,149
Liquid (Jersey) other related group of companies	332	219	332	219
	332	219	29,481	29,368
Administration fees paid:				
DTOS Limited	398	321	118	88
Interest income:				
Econet Global Related Group Companies	621	419	560	407
Liquid Telecommunications Zambia Limited	-	-	640	488
Liquid Telecom DRC S.A.	-	-	5,796	4,426
Liquid Telecommunications Operations Limited	-	-	1,826	3,488
Africa Digital Networks S.A.S	-	-	1,274	947
Liquid Telecommunications Uganda Limited	-	-	1,395	1,046
Liquid Telecommunications International FZE	-	-	614	793
Liquid Telecommunications Kenya Limited	-	-	7,692	7,725
Liquid Telecommunications Sahara Holdings Limited	-	-	359	271
Liquid Telecommunications Rwanda Limited	-	-	262	195
Raha Tanzania Holdings Limited	-	-	594	450
Kenya Employee Benefit Trust	-	-	224	168
Africa Data Centres related group companies	17,933	15,110	1,392	371
Liquid Intelligent Technologies Egypt	-	-	101	-
Liquid (Jersey) other related group of companies	1,028	162	1,028	162
	19,582	15,691	23,757	20,937
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	529,990	529,990

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 5.5% and is repayable in September 2026.

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32. Related party transactions (continued)

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 18):				
Liquid Telecommunications Sahara Holdings Limited	-	-	4,096	4,365
Liquid Telecommunications Kenya Limited	-	-	66,730	60,096
Africa Digital Networks S.A.S	-	-	15,029	13,755
Liquid Telecommunications Rwanda Limited	-	-	3,220	2,958
Liquid Telecommunications Uganda Limited	-	-	17,624	16,436
Liquid Telecommunications International FZE	-	-	4,689	9,184
Raha Tanzania Holdings Limited	-	-	6,213	5,572
Liquid Telecom DRC S.A.	-	-	55,381	49,584
Liquid Telecommunications Zambia Limited	-	-	7,752	7,411
Liquid Intelligent Technologies Egypt	-	-	1,956	-
Kenya Employee Benefit Trust	-	-	2,721	2,528
Liquid (Jersey) other related group of companies	11,838	2,794	3,395	2,794
Africa Data Centres related group companies	128,095	129,771	2,910	3,274
Econet Global Related Group Companies	-	671	-	-
	139,933	133,236	191,716	177,957

The long term intercompany receivable from Liquid Telecommunications Sahara Holdings Limited is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Africa Digital Networks S.A.S Limited is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of SOFR plus 3.75%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of SOFR plus 5.5% and is repayable in February 2026.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of SOFR plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

The long term intercompany receivable from Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) is unsecured, denominated in USD, bears interest at the rate of SOFR plus 6.5% and is repayable in February 2026.

The long term intercompany receivable from Liquid Telecommunications Zambia Limited is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Liquid Intelligent Technologies Egypt is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

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32. Related party transactions (continued)

The long term intercompany receivable from Liquid Intelligent Technologies Limited (Nigeria) is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Kenya Employee Benefit Trust is unsecured, denominated in USD, bears interest at the rate of SOFR plus 3.75% and is repayable in February 2026.

The long term intercompany receivables from Africa Data Centres related group companies are unsecured, denominated in USD, bear interest at the rate of SOFR plus 3.75% and are repayable in February 2026.

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Short term intercompany payables (note 25):				
Liquid Telecommunications Mozambique Limitada	-	-	1	1
Liquid (Jersey) other related group of companies	-	-	4,668	4,336
Liquid Telecommunications Financing PLC	-	-	20,841	25,836
	<u>-</u>	<u>-</u>	<u>25,510</u>	<u>30,173</u>

The short term intercompany payable to Liquid Telecommunications Financing PLC represents the interest accrued on the long term intercompany payable.

The short term intercompany payable to Liquid Technologies Infrastructure Finance SARL is the current remaining payable balance of the USD 13 million investment.

Short term intercompany and other related party receivables (note 20):

Econet Global Related Group Companies	1,827	1,327	1,827	1,327
Liquid (Jersey) other related group of companies	25,440	3,355	18,463	-
Liquid Telecommunications Operations Limited	-	-	-	48,691
Africa Data Centres related group companies	21,547	17,119	16,389	14,333
Sasai Related Group Companies	1,480	-	-	-
Econet Infracore related group companies	743	12	-	-
Strive Masiyiwa*	461	-	461	-
	<u>51,498</u>	<u>21,813</u>	<u>37,140</u>	<u>64,351</u>

Short term intercompany receivables bear interest at the rate of SOFR plus 2.5%, are unsecured and are to be repaid within 12 months.

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

Payable balance to affiliated entities (note 25):

Econet Global Related Group Companies	774	1,045	-	-
Africa Data Centres related group companies	7,839	10,313	-	-
Telrad Networks Ltd	351	-	-	-
Liquid (Jersey) other related group of companies	7,891	4,421	135	-
Liquid Intelligent Technologies Egypt	-	-	155	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	13,740	3,011
Sasai Related Group Companies	954	-	-	-
	<u>17,809</u>	<u>15,779</u>	<u>14,030</u>	<u>3,011</u>

Amounts payable to affiliated entities and related company are unsecured, interest free and have no fixed date of repayment.

Equity loans due to:

Liquid Telecommunications Botswana (Pty) Limited	-	-	3,105	3,105
	<u>-</u>	<u>-</u>	<u>3,105</u>	<u>3,105</u>

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of the borrower.

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32. Related party transactions (continued)

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties (note 20):				
Econet Global Limited (Mauritius)	4,999	4,999	4,999	4,999
Econet Global Related Group Companies	20,327	27,072	5,162	3,659
Africa Data Centres related group companies	4,235	-	4,101	-
Telrad Networks Ltd	-	2,697	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	31,550	21,487
Liquid Telecommunications Zambia Limited	-	-	1,027	1,027
Liquid Telecommunications Rwanda Limited	-	-	2,102	1,792
Econet Infraco related group companies	7	12	-	-
Vaya Related Group Companies	436	338	-	-
Liquid Telecom DRC S.A.	-	-	9,934	5,942
Liquid Telecommunications South Africa (Pty) Limited	-	-	29,686	10,238
Raha Limited	-	-	1,608	1,495
Liquid (Jersey) other related group of companies	3,032	318	5,447	303
Liquid Intelligent Technologies Egypt	-	-	13	-
Liquid Telecommunications Operations Limited	-	-	26,053	22,290
Liquid Telecommunications Kenya Limited	-	-	7,685	4,282
Africa Digital Networks S.A.S	-	-	401	401
Liquid Telecommunications Uganda Limited	-	-	1,105	1,977
Transaction Payment Solutions International Limited	-	-	1,183	69
Liquid Telecommunications Sahara Holdings Limited	-	-	1,418	845
Liquid Telecommunications International FZE	-	-	-	73
Zanlink Limited	-	-	81	137
Worldstream (Pty) Limited	-	-	1	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	389	-
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	62	45
Strive Masiyiwa*	2,616	1,140	2,616	1,140
	35,652	36,576	136,623	82,201

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 typical payment terms. In certain circumstances, payment terms extend beyond this where the group provides financial support to its subsidiaries.

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

33. Compensation of key management personnel

The remuneration of the directors and other key management personnel during the year is as follows:

Short-term employee benefits	6,533	4,160	1,385	536
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The key management personnel are the directors who have authority and responsibility for planning, directing and controlling the activities of the group, whether directly or indirectly.

34. Commitments

34.1 Capital commitments

At 29 February 2024, the group committed to the following capital commitments:

Authorised and contracted

Intangible assets	1,507	1,542	-	-
Property, plant and equipment	24,925	31,459	-	-
	26,432	33,001	-	-

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

34.2 Other

The group continues to provide support to its subsidiaries, where appropriate, to ensure they are able to continue their operations and meet their liabilities as and when they fall due.

35. Events after the reporting date

New currency in Zimbabwe

On 5 April 2024, the Reserve Bank of Zimbabwe issued a new structured currency, known as the Zimbabwe Gold (ZiG). This structured currency is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets. The ZiG replaced the current hyperinflationary currency, the Zimbabwe Dollar (ZWL). The new currency is envisaged to bring about economic stability and growth. The impact of the new currency structure has been included in our going concern assessment, refer to note 42 for more details.

Corporate credit rating

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

Spectrum pooling

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

Cost savings programme

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

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

36. Financial instruments

36.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's policy is to borrow centrally, principally using Senior Secured Notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its interest cover, net debt to EBITDA ratio, gross debt to EBITDA ratio and debt service cover ratio ("DSCR") to comply with its Senior Secured Notes and other borrowing facilities covenants. The group complied with its maintenance covenants throughout the financial year and the overall strategy remains unchanged from prior years.

The capital structure of the group and company consist of net debt (which includes borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued share capital, convertible preference shares, reserves and retained earnings. The group and company are not subject to any externally imposed capital requirement. Management reviews the capital structure of the group and company on a periodic basis, including the cost of capital and the risks associated with each class of capital.

36.2 Material accounting policy information

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
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36. Financial instruments (continued)

36.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Debt (i)	960,484	933,063	575,760	533,296
Cash and cash equivalents (net of restricted cash)	(56,654)	(88,393)	(14,582)	(7,525)
Net debt	903,830	844,670	561,178	525,771
Equity (ii)	123,674	179,913	441,622	453,643
Net debt to equity ratio	7.3:1	4.7:1	1.3:1	1.2:1

(i) Debt is defined as long and short-term borrowings and lease liabilities, as detailed in notes 23, 24 and 29.

(ii) Equity includes all capital and reserves of the group and the company, as detailed in the statement of changes in equity.

36.4 Categories of financial assets and liabilities

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Financial assets				
Amortised cost	421,070	424,248	372,881	332,990
<i>Investments at amortised cost</i>	41	45	-	-
<i>Long-term receivables</i>	143,074	133,236	186,543	177,957
<i>Trade and other receivables (excluding Prepayments and VAT receivable)</i>	220,879	202,149	171,744	147,393
<i>Cash and cash equivalents</i>	56,654	88,393	14,582	7,525
<i>Restricted cash and cash equivalents</i>	422	425	12	115
Fair Value Through Other Comprehensive Income (FVTOCI)				
<i>Investments at Fair Value Through Other Comprehensive Income (FVTOCI)</i>	15,362	15,314	15,310	15,310
Total financial assets	436,432	439,562	388,191	348,300
Financial liabilities				
Amortised cost	1,149,053	1,114,166	619,207	572,121
<i>Long term borrowings</i>	742,252	763,373	-	-
<i>Short term portion of long term borrowings</i>	80,987	34,687	42,665	201
<i>Long term lease liabilities</i>	116,804	103,661	-	-
<i>Short term portion of long term lease liabilities</i>	20,441	31,342	-	-
<i>Long term intercompany borrowings</i>	-	-	533,095	533,095
<i>Trade and other payables (excluding Staff payables and Transaction taxes due in various jurisdictions)</i>	188,569	181,103	43,447	38,825
Total financial liabilities	1,149,053	1,114,166	619,207	572,121

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36. Financial instruments (continued)

36.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

36.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see notes 36.7 and 36.8) and interest rates (see notes 36.9 and 36.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk where appropriate.

36.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The group constantly reviews its foreign exchange rate exposures and enters into foreign currency hedging contracts when appropriate.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follows:

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	7,151	8,822	-	-
Currency of United States (USD)	176,207	119,365	388,191	348,300
Currency of Zimbabwe (ZWL\$)	27,060	52,093	-	-
Currency of South Africa (ZAR)	152,139	183,173	-	-
Currency of Botswana (BWP)	2,334	1,741	-	-
Currency of Kenya (KES)	51,061	51,475	-	-
Currency of Zambia (ZMK)	11,729	13,293	-	-
Currency of Rwanda (RWF)	3,876	5,068	-	-
Currency of Nigeria (NGN)	35	88	-	-
Currency of Uganda (UGX)	1,930	2,199	-	-
Currency of Egypt (EGP)	396	-	-	-
Currency of Tanzania (TZS)	2,514	2,245	-	-
	436,432	439,562	388,191	348,300
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
Liabilities				
Currency of the United Kingdom (GBP)	12,002	5,457	289	40
Currency of United States (USD)	821,285	716,335	607,660	572,081
Currency of Zimbabwe (ZWL\$)	22,598	31,741	-	-
Currency of South Africa (ZAR)	233,618	303,555	11,258	-
Currency of Botswana (BWP)	934	748	-	-
Currency of Kenya (KES)	31,646	24,343	-	-
Currency of Zambia (ZMK)	14,451	20,098	-	-
Currency of Rwanda (RWF)	4,136	3,521	-	-
Currency of Nigeria (NGN)	1	2	-	-
Currency of Uganda (UGX)	4,400	3,161	-	-
Currency of Egypt (EGP)	94	-	-	-
Currency of Tanzania (TZS)	3,888	5,205	-	-
	1,149,053	1,114,166	619,207	572,121

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36. Financial instruments (continued)

36.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP), Zimbabwean dollar (ZWL\$), South Africa (ZAR), Kenyan Shilling (KES), Rwandan Franc (RWF) and Zambian Kwacha (ZMK).

The following table details the group's sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

	Group		Company	
	29/02/24	28/02/23	29/02/24	28/02/23
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(485)	336	-	-
ZWL\$ Currency impact	446	2,035	-	-
ZAR Currency impact	(8,148)	(12,038)	-	-
KES Currency impact	1,941	2,713	1	-
RWF Currency impact	(26)	155	-	-
ZMK Currency impact	(272)	(680)	-	-
	(6,544)	(7,479)	1	-

36.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see note 36.12 below). Interest rates have been disclosed in the respective notes where applicable.

36.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant;

- Profit for the year ended 29 February 2024 for the group and the company respectively would increase by USD 0.3 million (2023: increase by USD 0.3 million) and decrease by USD 3.6 million (2023: decrease of USD 3.1 million). This is mainly attributable to the group's limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
- There would be no increase or decrease in other equity reserves for the year ended 29 February 2024 (2023: no increase or decrease).

36.11 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with financial institutions which are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information. The group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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36. Financial instruments (continued)

36.11 Credit risk management (continued)

Note 18 and 20 detail the group's and the company's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

Other than those disclosed in the notes to the financial statements, the group and company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group and company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit loss, represents the group's maximum exposure to credit risk.

36.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 year USD'000	2 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Group - 2024					
Financial liabilities	7.07%	<u>448,596</u>	<u>884,395</u>	<u>41,651</u>	<u>1,374,642</u>
Group - 2023					
Financial liabilities	6.96%	<u>397,730</u>	<u>851,397</u>	<u>65,572</u>	<u>1,314,699</u>
Company - 2024					
Financial liabilities	5.09%	<u>82,049</u>	<u>537,158</u>	<u>-</u>	<u>619,207</u>
Company - 2023					
Financial liabilities	5.50%	<u>34,908</u>	<u>537,213</u>	<u>-</u>	<u>572,121</u>

36.13 Fair values

The directors consider the financial assets and financial liabilities stated at amortised cost in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

36.14 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.

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36. Financial instruments (continued)

36.14 Net settled: Embedded derivatives (continued)

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 USD'000	1 to 2 years USD'000	2 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Group - 2024					
Net settled: Embedded derivatives	-	-	-	-	-
Group - 2023					
Net settled: Embedded derivatives	-	-	-	-	-

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

37. Dividend

Year ended 29 February 2024:

- Liquid Telecommunications Rwanda Limited, a subsidiary of the group, declared and paid a dividend of USD 1.2 million. USD 0.4 million is attributable to the non-controlling interests of the subsidiary.
- Worldstream (Pty) Limited, a subsidiary of the group, declared a dividend of USD 0.4 million during the period. USD 0.1 million is attributable to the non-controlling interests of the subsidiary.

Year ended 28 February 2023:

- Liquid Telecommunications Rwanda Limited, a subsidiary of the group, paid a dividend of USD 1.0 million during the period. USD 0.3 million is attributable to the non-controlling interests of the subsidiary.
- Worldstream (Pty) Limited, a subsidiary of the group, paid a dividend of 0.4 million during the period. USD 0.1 million is attributable to the non-controlling interests of the subsidiary.

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38. 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	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
29 February 2024				
Investments at FVTOCI (note 15)	-	-	15,362	15,362
Total	-	-	15,362	15,362
28 February 2023				
Investments at FVTOCI (note 15)	-	-	15,314	15,314
Total	-	-	15,314	15,314

39. Earnings per share

	Group	
	29/02/24	28/02/23
Basic earnings / (loss) per share (Cents per share)	4.51	(70.13)

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

	Group	
	29/02/24	28/02/23
	USD'000	USD'000
Earnings / (loss) attributable to owners of the company	5,631	(87,565)
Weighted average number of ordinary shares for the purpose of basic profit per share	124,857,914	124,857,914

See note 22 for number of shares.

40. 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.

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41. Non-cash transactions

41.1 Transactions excluded from statements of cash flows

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

During the year ended 29 February 2024:

- Purchase of property, plant and equipment of the group included a non cash portion of USD 4.2 million.
- Purchase of property, plant and equipment of the company included a non cash portion of USD 0.1 million.
- Purchase of intangible assets acquisitions of the company included a non cash portion of USD 4.3 million.

During the year ended 28 February 2023:

- The long term intercompany receivable from Data & Control System (Private) Limited (as disclosed in note 32) has been capitalised as an equity loan. The equity loan is unsecured and is repayable at the discretion of each respective borrower.
- Purchase of property, plant and equipment of the group included a non cash portion of USD 5.7 million.
- Purchase of intangible assets acquisitions of the company included a non cash portion of USD 2.1 million.

41.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

29 February 2024: Group

	01/03/2023	Non-cash	Cash	29/02/2024
	USD'000	USD'000	USD'000	USD'000
Short term portion of long term borrowings (note 23b)	34,687	18,386	27,914	80,987
Long term borrowings (note 23a)	763,373	(21,809)	688	742,252
Lease liabilities (note 29)	135,003	54,151	(51,909)	137,245

28 February 2023: Group

	01/03/2022	Non-cash	Cash	28/02/2023
	USD'000	USD'000	USD'000	USD'000
Short term portion of long term borrowings (note 23b)	33,093	15,919	(14,325)	34,687
Long term borrowings (note 23a)	809,516	(46,143)	-	763,373
Lease liabilities (note 29)	97,429	84,312	(46,738)	135,003
Long term intercompany borrowings (note 32)	428	(835)	407	-

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41. Non-cash transactions (continued)

41.2 Reconciliation of liabilities arising from financing activities (continued)

The non-cash portion consists of the following:

	29 February 2024	28 February 2023
Short term portion of long term borrowings and long term borrowings:	Finance arrangement fees, interest accrued and foreign exchange on translation of	Finance arrangement fees, interest accrued and foreign exchange on translation of
Long term lease liabilities and short term portion of long term lease liabilities:	Interest on leases under IFRS 16 and foreign exchange on translation of foreign leases.	Interest on leases under IFRS 16 and foreign exchange on translation of foreign leases.
Increase in long term intercompany loan:	Foreign exchange on translation of foreign long term intercompany loan.	Foreign exchange on translation of foreign long term intercompany loan.

29 February 2024: Company	01/03/2023	Non-cash	Cash	29/02/2024
	USD'000	USD'000	USD'000	USD'000

Short-term portion of long-term borrowings (note 23b)	201	23	42,441	42,665
Long term intercompany borrowing (note 24)	533,095	-	-	533,095

28 February 2023: Company	01/03/2022	Non-cash	Cash	28/02/2023
	USD'000	USD'000	USD'000	USD'000

Short-term portion of long-term borrowings (note 23b)	198	868	(865)	201
Long term intercompany borrowing (note 24)	532,852	243	-	533,095

42. Going concern

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

In making their assessment, the directors have considered a number of geographic, economic and operational risks. These include the potential impact of the instability of financial markets, volatility of currency markets, particularly the South African Rand, the economic situation in Zimbabwe (refer to note 35 - *Events after the reporting date* for more details on the new currency), the inability of customers to pay and supply chain shortages on the operations, the achievability of the business plan, the completion of in-flight equity investment and funding projects and the available cashflow for the twelve months from the date of signing of the consolidated financial statements. Based on the base case consolidated cashflow projections of the group and company, and after assessing these factors the directors have assessed that the group and company have sufficient liquidity and headroom on their covenants and have prepared the financial statements on the going concern basis. The directors however recognise there are key assumptions around trading and growth which are dependent on the success of certain strategic initiatives.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), a USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), of which USD 42.7 million was outstanding at 29 February 2024, a USD 220 million equivalent South African Rand term loan (maturity March 2026), of which USD 144.9 million was outstanding at 29 February 2024 and USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 3.5 million was outstanding at 29 February 2024. Refer to note 23 - *Short term portion of long term borrowings and long term borrowings* for more details.

42. Going concern (continued)

Cash position

As at 29 February 2024, the group had an unrestricted cash position of USD 56.7 million (28 February 2023: USD 88.4 million). Of this amount, USD 11.2 million (28 February 2023: USD 28.3 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the Group has translated the ZWL\$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL\$:USD exchange rate of 14,912.8:1 (28 February 2023: 892.6:1). Cash held in Zimbabwe is mainly used to locally fund operating expenses and capital expenditure.

Operational performance

For the year ended 29 February 2024, the group reported an operating profit of USD 142.2 million (28 February 2023: 73.7 million) and a net cash inflow from operating activities of USD 124.6 million (28 February 2023: USD 216.4 million). This supports the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency changes in Zimbabwe and South Africa.

Re-financing

In parallel, the group is in discussions to re-finance the remaining USD 144.9 million of the USD 220 million equivalent South African Rand term loan ("ZAR term loan" - see note 23a and 23b for more details on this facility). Based on current discussions with selected existing lenders, the directors consider the group to be making good progress and is working towards concluding this refinancing in the coming months.

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

Equity Capital Funding

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

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

Material uncertainty related to going concern

The group and company have prepared business and cashflow forecasts in accordance with their usual process and governance procedures. These base case forecasts include both revenue growth and cost saving initiatives, leading to strong year-on-year Adjusted EBITDA (as defined in note 4.1 - *Segment revenue and results*) 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.

42. Going concern (continued)

Material uncertainty related to going concern (continued)

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.

43. Immediate 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.