

The logo for Liquid Intelligent Technologies, featuring the word "LIQUID" in a large, bold, white sans-serif font, with "INTELLIGENT TECHNOLOGIES" in a smaller, white sans-serif font directly below it.

LIQUID
INTELLIGENT TECHNOLOGIES

Q3 23 Results

26 January 2023



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Presenters and agenda



Hardy Pemhiwa
Chief Executive Officer

1. Strategic update



Lorraine Harper
Deputy Chief Financial Officer

2. Financial review

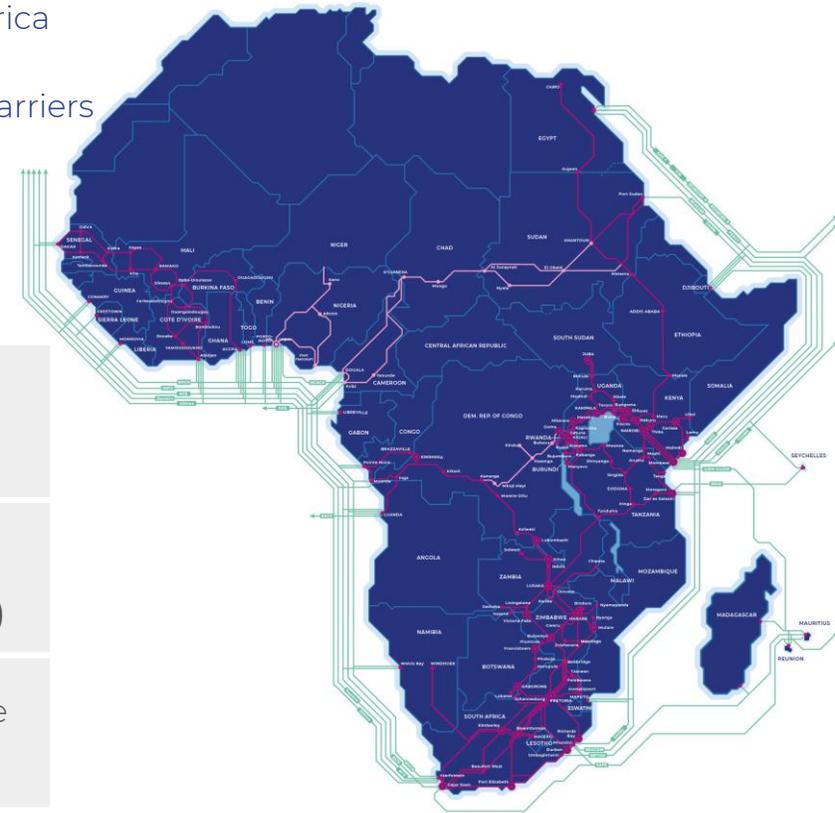
Hardy Pemhiwa

1. Strategic update

Snapshot of the Group

Overview

- A technology solutions group that provides customised digital solutions to public and private sector enterprises and SMEs in more than 20 countries across Africa
- High-speed, reliable connectivity and digital services to consumers, mobile carriers and blue-chip enterprise customers, local, pan-African and international
- Extensive metropolitan and last-mile access networks



Financial metrics for Q3 23 YTD

Revenue
USD 444m

Adjusted EBITDA¹
USD 156m

Net Leverage²
3.68x

Key macro and industry metrics

GDP³
~USD 600b

Urbanisation growth
~48% (up 208m)

SSA internet users
~480m (from 270m)

Key performance indicators at Q3 23⁴

Total fibre network
103,794km

Average churn rate
0.83%

Monthly rec. revenue
92.7%

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

¹ Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, fair value gain on derivatives, gain on disposal of investments at fair value through other comprehensive income, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

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

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

⁴ See slide 17 for definitions

The Pan-African Fibre Broadband and Digital Solutions Champion

Key investment highlights

1

Digital Enabler for Businesses Underpinned by Strong Macroeconomic and Sector Trends

2

Most Expansive Independent Pan-African Fibre Network with Digital Solutions Offerings

3

Diversified Product Portfolio that Serves a Blue-Chip Customer Base

Google Microsoft FACEBOOK vodacom MTN orange airtel

4

Low Risk Business Model with High Operating Leverage, Well Positioned for Digital Growth

5

Established Track Record of Sustained and Profitable Growth

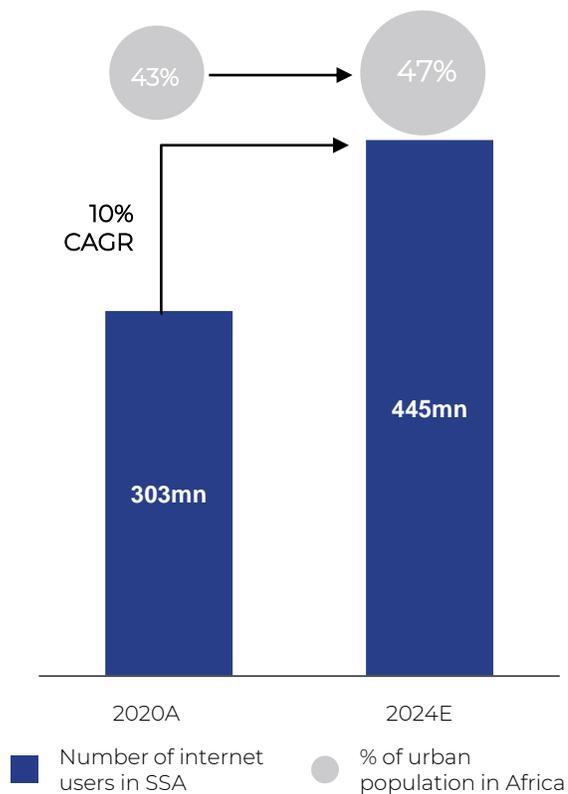
6

Prudent Capital Structure with a Strong Shareholder Base and Well-Established Board

1

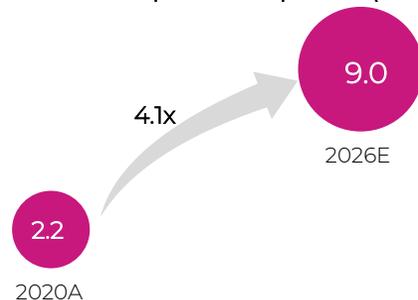
Digital Enabler for Businesses Underpinned by Strong Macroeconomic and Sector Trends

Rapid urbanisation and surging demand for internet in Africa...



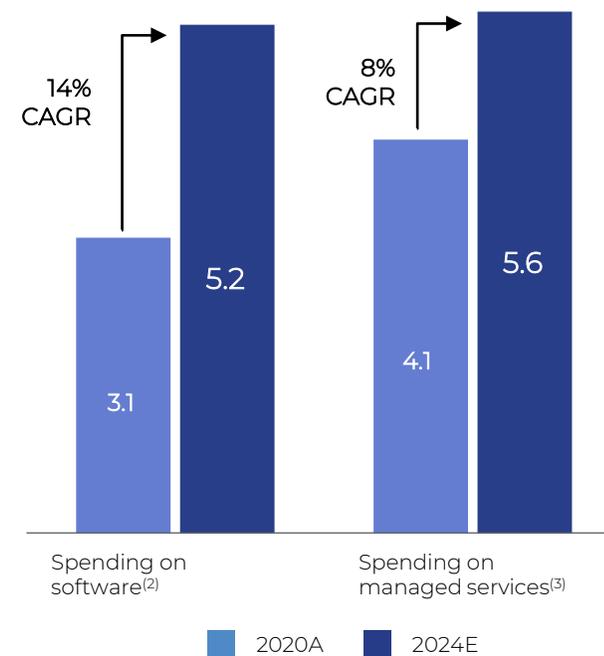
...has resulted in unprecedented growth in mobile data traffic...

SSA data traffic per smartphone (GB/month)



...with SSA enterprises spending ever more on communication and digital services

SSA enterprise spending on communication services⁽¹⁾, 2020A-2024E CAGR (\$bn)



2

Most Expansive Independent Pan-African Fibre Network with Digital Solutions Offerings

➤ Unprecedented Network Scale

Cross-border fibre network stretching more than 100,000 kms spanning 11 countries in SSA and 3 countries outside of SSA⁽¹⁾

➤ Well-Invested Platform to Leverage

Future-proof network, highly redundant and resilient (99.999% Service Level Agreement) to leverage to provide value added services such as Cloud and Cyber Security

➤ High Barriers to Entry

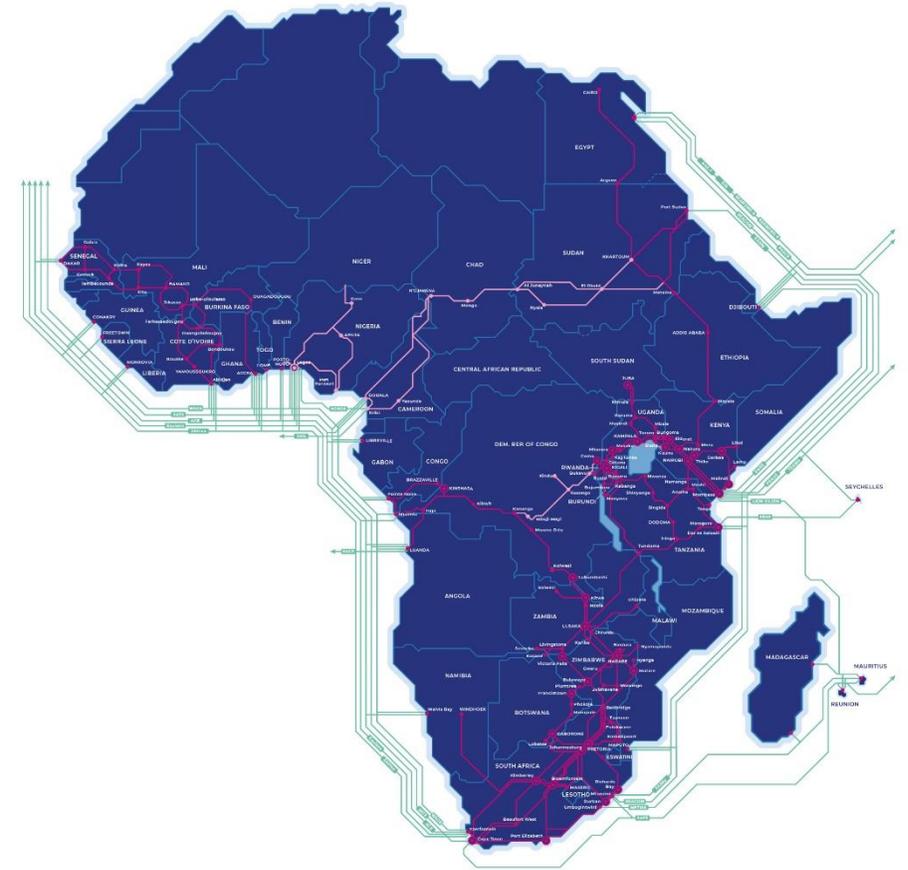
Network cannot be replicated inexpensively and/or quickly and/or easily (40+ licenses across footprint, thousands of authorisations)

➤ Cost-Effective Infrastructure

Full control of majority-owned network allows price competitiveness and limited downtime

➤ First Mover Advantage

Long-term secured tenants across the continent and amplified structural reliance by MNOs given increasing capital constraints



3

Diversified Product Portfolio that Serves a Blue-Chip Customer Base

Liquid Network

Services / Principal Customers

- IP transit and 2G/3G/4G connectivity
- FTTH and FTTB
- Extensive high capacity fibre NW
- **Customers** - ISPs, MNOs, large corporates, Govt., Non-profit

Key Clients / Partners



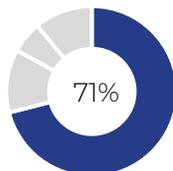
Contracts

- Contract terms: Typically, 1-5 years, roaming 15-20 years
- Monthly recurring and one-off connection /hardware

Q3 23 YTD Revenue / Currencies

USD 313m

Pricing: SA & Zim LC, RoA ~50% USD, RoW largely USD



Liquid C2

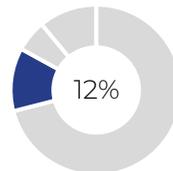
- Cloud incl. comprehensive suite of Microsoft products
- Cyber security sols: Cyber Defence, Secure Access, Secure Data
- **Customers** - Large corporates, SMEs, Govt



- Contract terms: 0-1 year
- Monthly recurring and one-off connection /hardware

USD 51m

Pricing: LC but priced monthly



Liquid Dataport

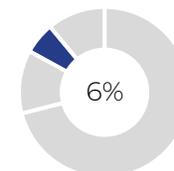
- International leased lines
- Subsea capacity
- Satellite services
- **Customers** - MNOs, large corporates, SMEs



- Contract terms: from 1-15yrs

USD 28m

Pricing: Predominantly USD



Liquid Voice

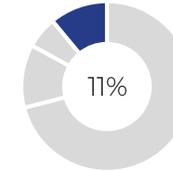
- International wholesale voice services
- **Customers** - National and international Telcos and MNOs



- Contract terms: Multi-year

USD 51m

Pricing: Predominantly USD

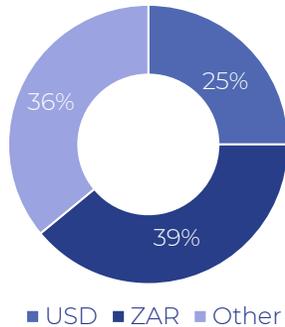


4

Low Risk Business Model with High Operating Leverage, Well Positioned for Digital Growth

Stable and FX resilient revenues...

Q3 23 YTD Revenue contribution by currency (%)



... with a high degree of visibility...

Revenue split by top 5 clients (%)



...secured by long-term contracts...

Average monthly churn Q3 23 YTD

0.79%



Diverse range of contracts which range in tenor; rolling 12-month contracts up to 15-20 year roaming tenors depending on the service provided

...serving a prime customer base comprised of global, pan-African and local clients

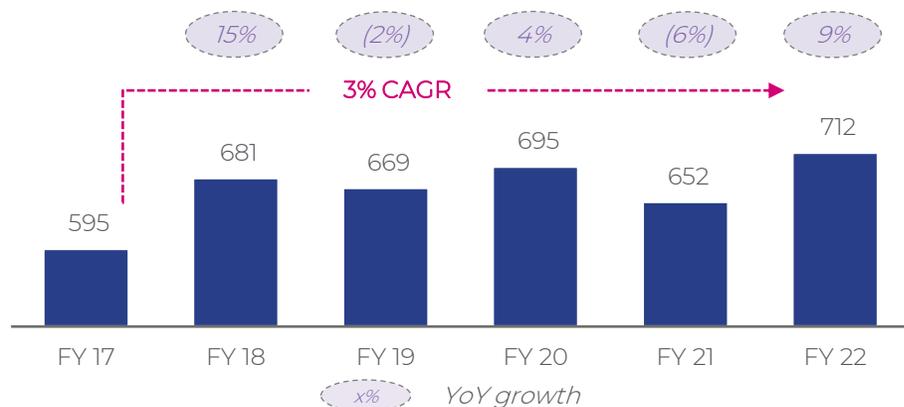
No.	Customer	Cumulative % of revenue	Billing currencies	Segments
1.	African Telco	17.8%	USD, ZAR & ZWL	Network, Voice & Dataport
2.	International Telco	24.3%	ZAR, USD & GBP	Voice & Network
3.	African Telco	28.6%	ZAR & USD	Network & Dataport
4.	African Telco	32.0%	GBP	Voice
5.	International Telco	35.1%	USD & KES	Voice
6.	African Telco	37.8%	ZAR & USD	Voice
7.	SA Govt. Institution	40.3%	ZAR	Network
8.	SA Govt. Institution	42.7%	ZAR	Network
9.	African Telco	44.4%	USD	Network
10.	US Hyperscaler	46.0%	USD & ZAR	Network

5

Established Track Record of Sustained and Profitable Growth

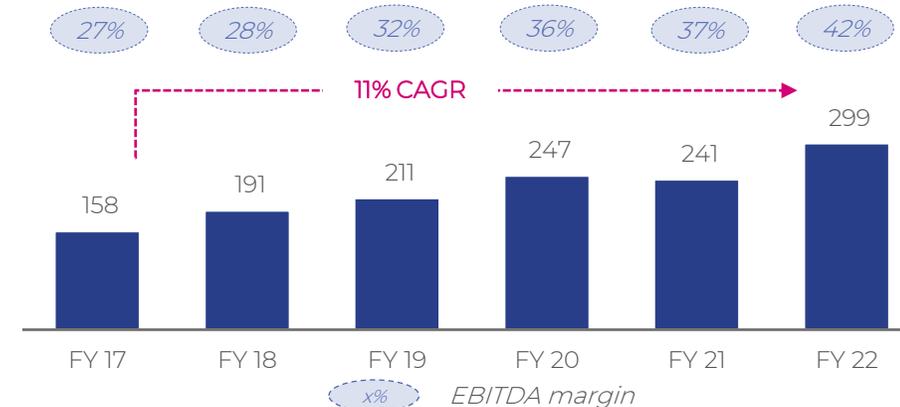
Revenue (USD m)

Top-line resilient despite various macroeconomic challenges



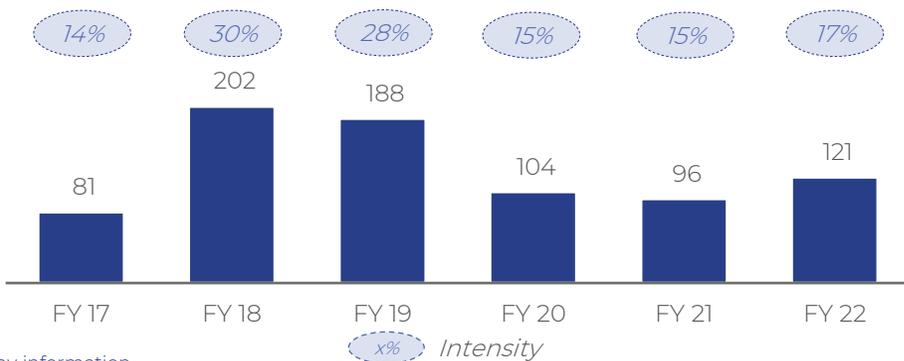
Adjusted EBITDA (USD m)

Strong EBITDA growth and expansion despite FX headwinds



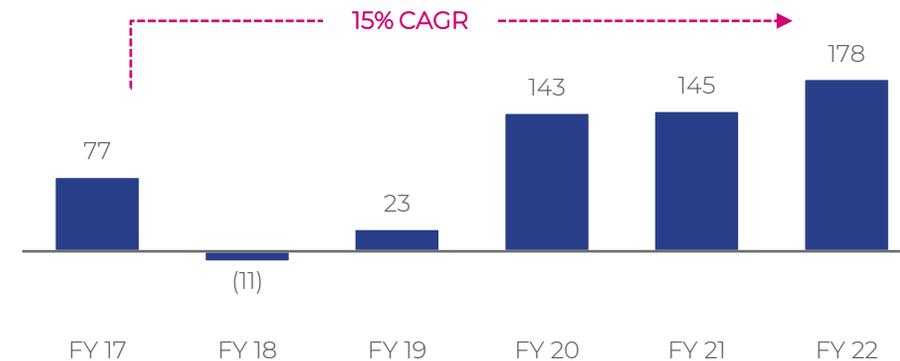
Capex (USD m)

Capital-intensity peaking



AFCF (Adj. EBITDA less Capex, USD m)

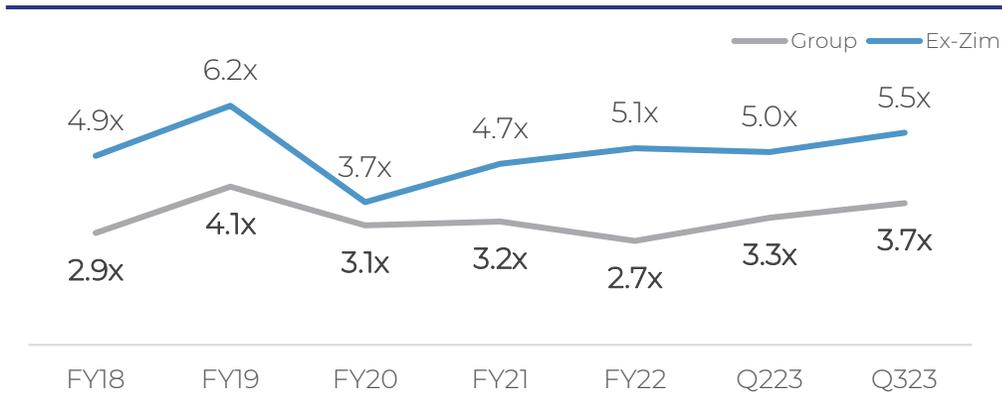
Strong improvement in operating cash flow



6

Prudent Capital Structure

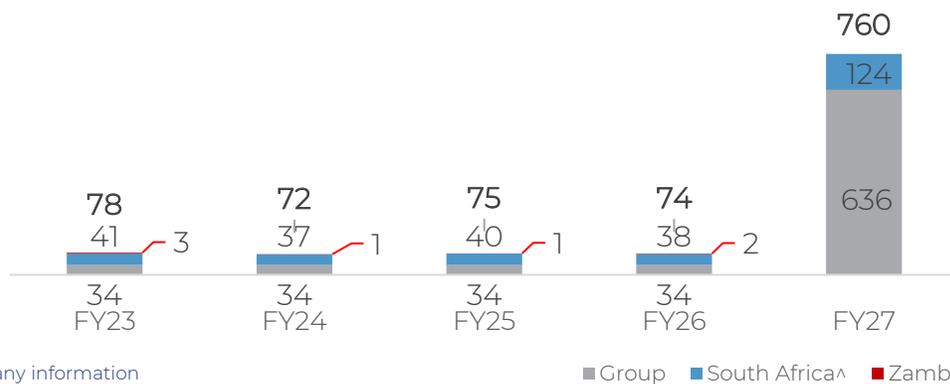
Net Leverage Profile



Capitalisation Table (USD m)

	As at 28 th Feb 2022	As at 30 th Nov 2022
USD 620m 5.5% Senior Secured Notes due Sep. 2026	624.0	617.6
USD ~147m 11.29% equivalent ZAR Term Loan due Feb. 2026: (Tranche A)	143.0	128.2
USD ~73m 11.79% equivalent ZAR Term Loan due Feb. 2026: (Tranche B)	68.4	55.1
USD 23.3m 23.50% equivalent Zambian Kwacha Term Loan due 2025	7.0	5.1
Other Indebtedness (incl. lease liabilities and unamortised fees)	114.2	96.8
Total Indebtedness	956.6	903.2
Cash and Cash Equivalents	154.6	60.7
Net Leverage	802.0	842.5
LTM Adjusted EBITDA	299.4	229.0
Net Leverage Ratio	2.68x	3.68x

Debt Maturity Profile (USD m)



Key Takeaways

- As at end Q3 23, USD 121m of liquidity:
 - Including undrawn USD 60m RCF
 - USD 61m of unrestricted cash, of which USD 20m in Zimbabwe
- Stable net leverage ratio
 - FY22 drop due to spike in Zimbabwean EBITDA
 - Medium term goal of 2.0x – 3.0x net leverage
- South African and Zambian Term Loan amortisations leads to deleverage in near term

6

Strong Shareholder Base and Well-Established Board

Shareholders



Gateway | Partners

ECONET



Board of Directors (Independent)

Eric Venpin (Chair)^{ARC}

Hardy Pemhiwa

Chris Hyman^{ARC}

Nic Rudnick

Omobola Johnson^{ARC*}

Eric Thompson

Richard Wilson

Gaetan Lan

ARC: Audit and Risk Committee. *Omobola Johnson as Chair of ARC

The Pan-African Fibre Broadband and Digital Solutions Champion

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Prudent Capital Structure with a Strong Shareholder Base and Well-Established Board

Lorraine Harper

2. Financial review

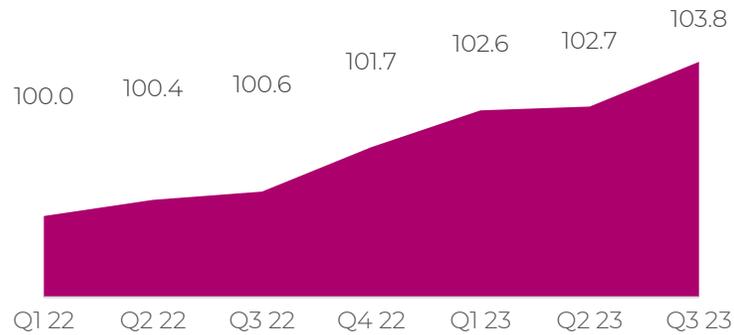
Q3 23 Financial highlights

Good Q3 sales growth excluding the impact of exchange rate movements

- **Underlying revenue growth of 7.5% excluding the impact of adverse FX rates in South Africa and Zimbabwe**
- **Reported revenue of USD 156.4 million, down 8.9% year-on-year due to the FX headwinds as well as the ongoing decline in Voice, partly offset by strong growth in Rest of Africa**
- **Adjusted EBITDA of USD 59.8 million, down 22.5% year-on-year, driven by the FX impacts, partly mitigated by improved performances in Rest of Africa and Rest of World**
- **Net debt at the end of the period was USD 842.5 million, giving a net debt to Adjusted EBITDA ratio of 3.68x against the 4.0x covenant threshold**

Q3 23 key performance indicators

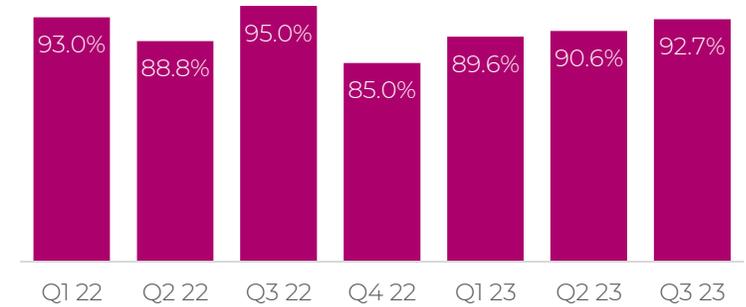
Total fibre network (kms 000)¹



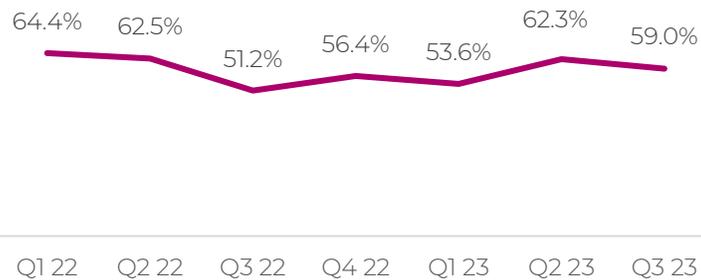
Average churn rate²



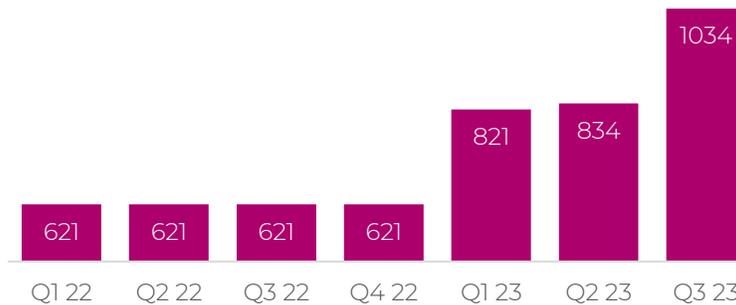
Monthly recurring revenue³



Cloud seats growth⁴



Subsea capacity (Gbps)⁵



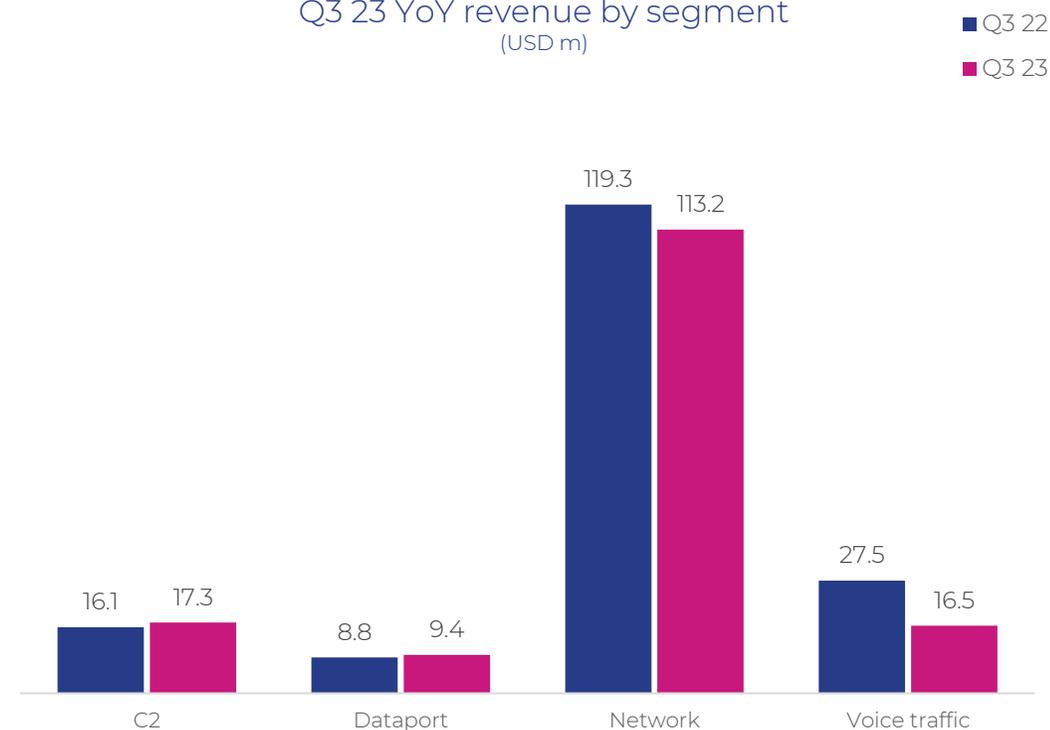
Source: Company information

¹ Total fibre network in kilometres (incl. backbone, metro and FTTX) through which fibre is installed. Multiple kilometres of fibre cables or ducts within the same trench/overhead line are counted individually. Includes both owned and leased capacity through partnerships. ² Average churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non-renewals, divided by the total revenue for the month. ³ Monthly recurring revenue is the total of all recurring revenue in the period normalised into a monthly amount and expressed as a percentage of total revenue in the same period. ⁴ Year-on-year growth for the equivalent period in the number of paid for Cloud license seats. ⁵ Capacity, in gigabits per second, purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (incl. IRUs).

Q3 23 YoY revenue by segment

- **C2, which largely encompasses Cloud and Cybersecurity, grew its revenue by 7.5% YoY to USD 17.3 million with good growth in Rest of Africa and Rest of World**
- **Dataport revenue grew 6.8% YoY to USD 9.4 million driven by the strong performance in Rest of World including a new contract win**
- **In Network, excluding the exchange rate impact in South Africa and Zimbabwe, revenue increased by 22.7%. On a reported basis, revenue declined 5.1% to USD 113.2 million**
- **Voice revenue declined 40.0% YoY to USD 16.5 million in line with global volume trends. The decline was exacerbated by a particularly strong prior year comparator**

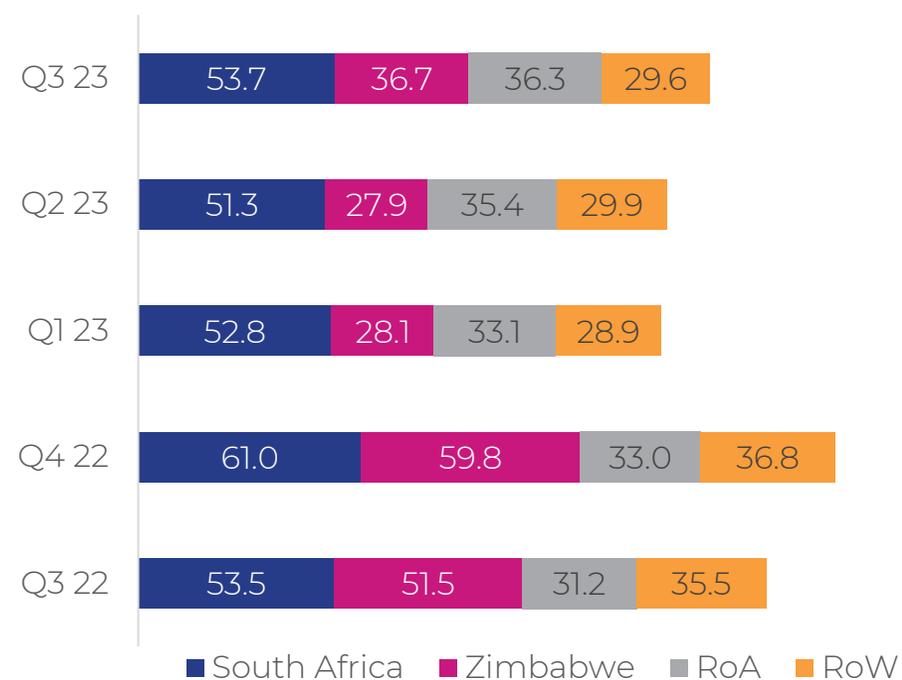
Q3 23 YoY revenue by segment
(USD m)



Quarterly revenue by geography

- **In South Africa, excluding the USD 9.7 million FX headwind, underlying revenue grew 18.5%**
- **Zimbabwe declined due to the adverse exchange rate movement. Encouragingly, the currency and inflation rate have stabilised more recently**
- **Rest of Africa revenue grew strongly, up 16.1% YoY, due to strong Network and Cloud growth particularly in Kenya, Zambia and the DRC**
- **Rest of World decreased due to the ongoing decline in Voice**

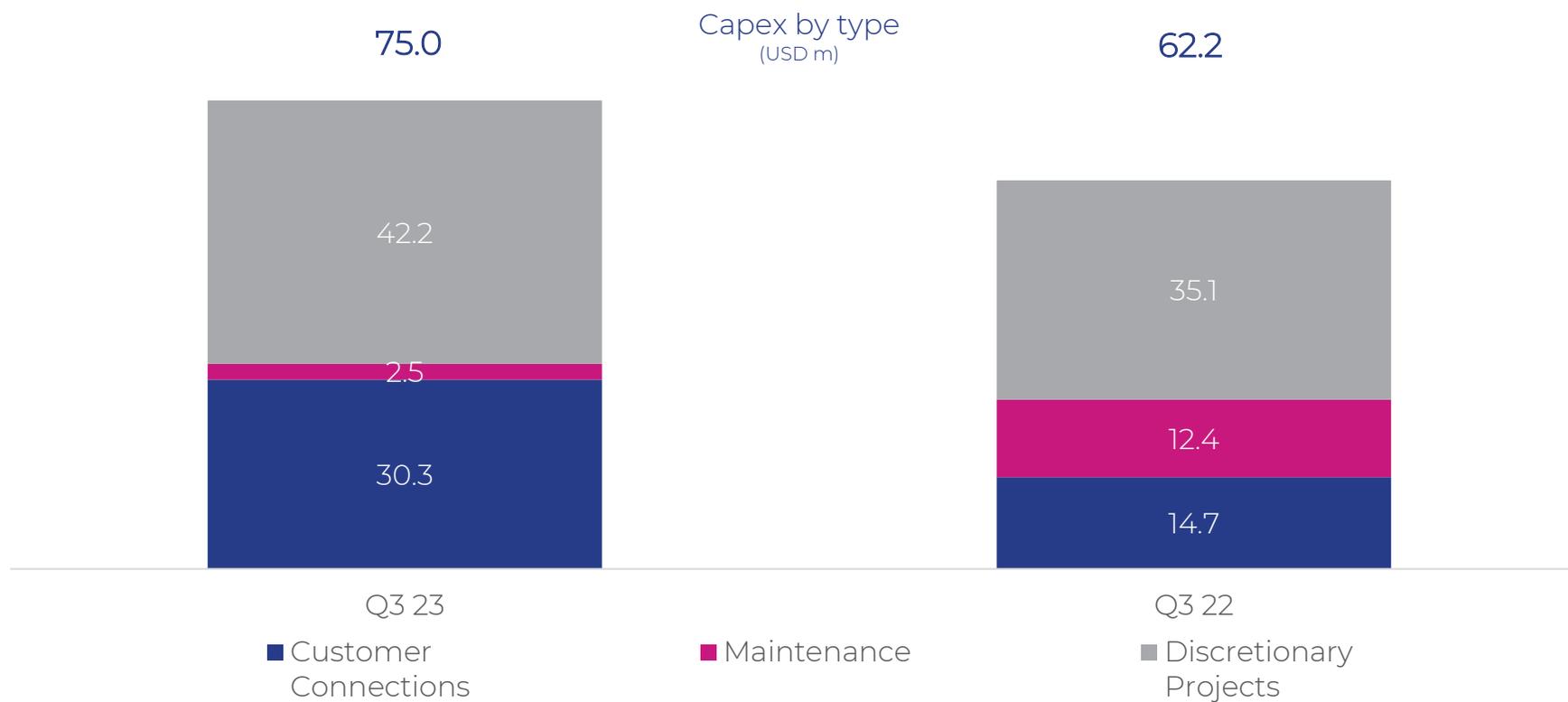
Quarterly revenue progression by geography
(USD m)



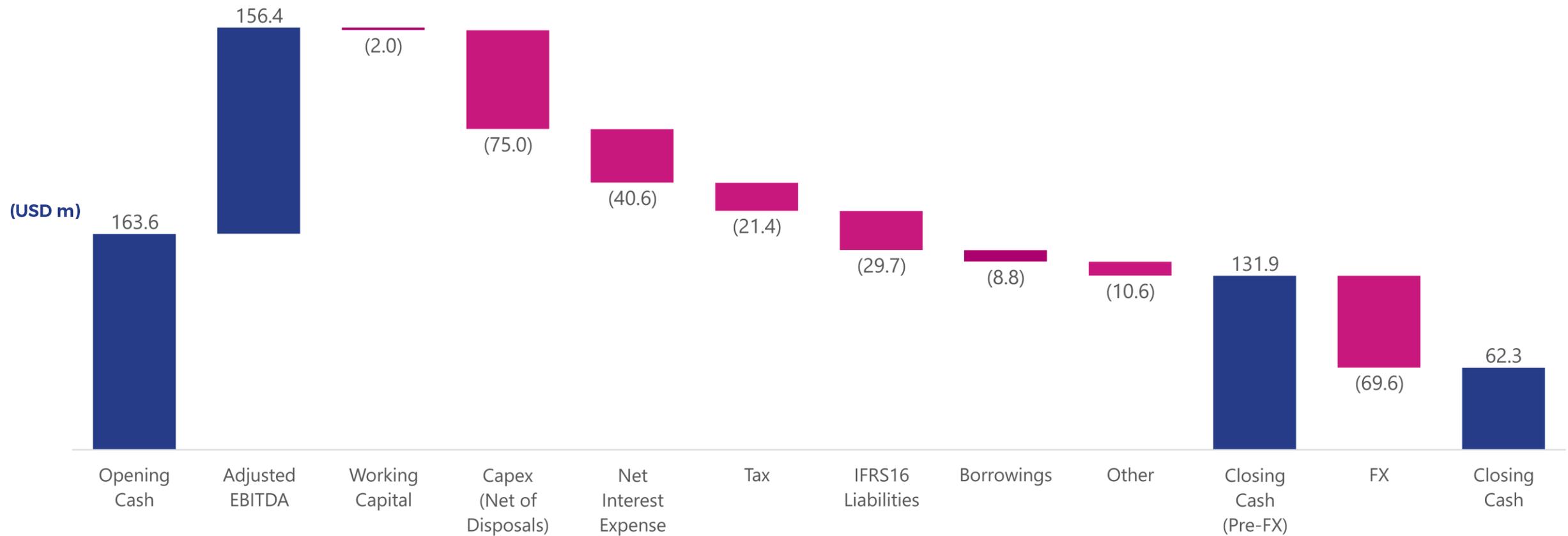
Adjusted EBITDA

All figures USD m unless stated	Q3 23	Q3 22	YoY
Revenue	156.4	171.7	(8.9)%
Gross profit	111.2	123.4	(9.9)%
<i>Gross profit margin (%)</i>	<i>71.1%</i>	<i>71.9%</i>	<i>(0.8)pp</i>
Overheads and other income	(51.4)	(46.2)	(11.3)%
Adjusted EBITDA	59.8	77.2	(22.5)%
<i>Adjusted EBITDA margin (%)</i>	<i>38.2%</i>	<i>45.0%</i>	<i>(6.8)pp</i>

Capex Q3 23 YTD

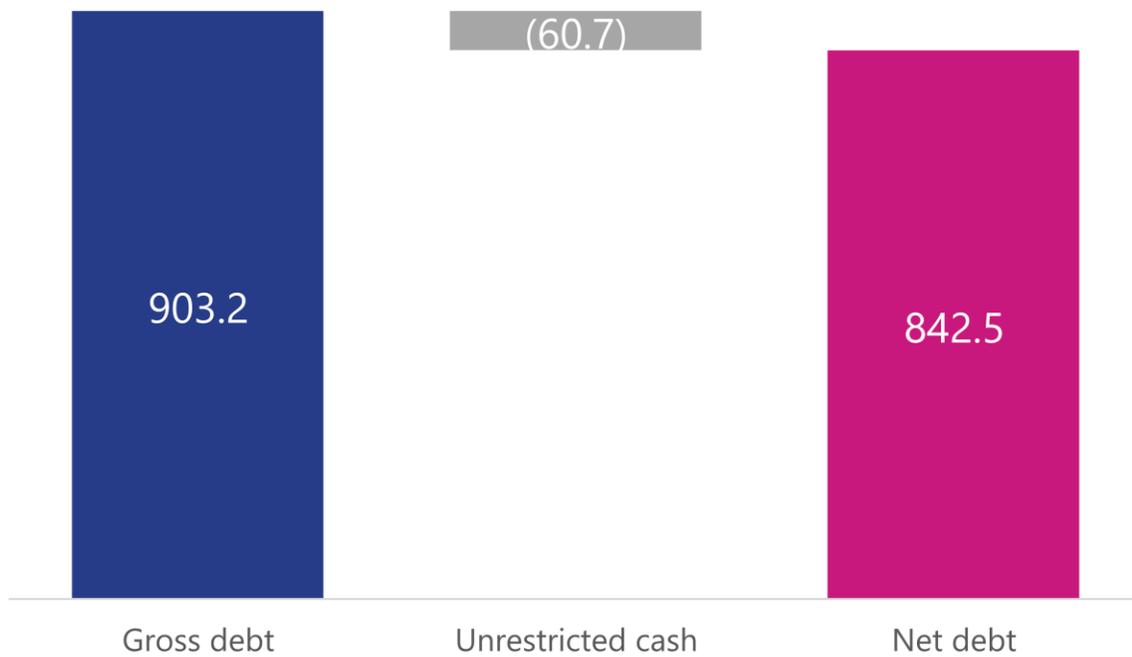


Cash flow Q3 23 YTD



Debt and leverage

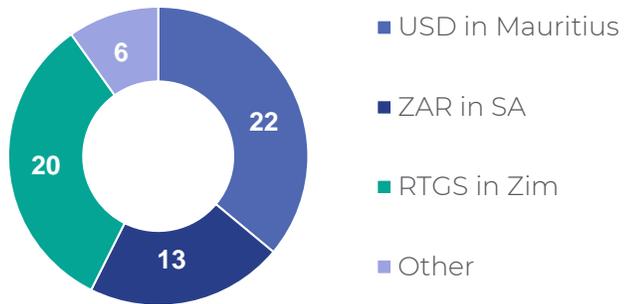
Gross and net debt as at Q3 23
(USD m)



Reported leverage	3.68x
Covenant threshold	4.00x

Cash and Capitalisation

Cash holdings as at end of Q3 23 (USDm)



USD 620m Senior Secured Notes

- Covenants is incurrence and on a gross basis
- Debt incurrence ratio of 4.25x throughout life

USD 220m equivalent Term Loan (and Undrawn RCF)

- Covenants are maintenance and on a net basis
 - Net Leverage not exceeding 3.5x until Feb-24, then stepping down to 3.0x by Aug-25
 - Interest Cover to be greater than 2.25x to Feb-23, then 2.50x
 - Cumulative Debt Service Coverage Ratio not less 1.30x
- Tranche B amortising, instalments:
 - @ 18 and 24 months: 8.75%
 - @ 30 and 36 months 11.25%
 - @ 42, 48 & 54 months 15.00%
 - Final maturity @ 60 months

All covenants tested quarterly on a 12 months trailing basis on consolidated financials at the LTH Group level

FY23 Outlook considerations

Revenue & Adjusted EBITDA

- **Internal focus on USD revenue**
- **Further exchange rate volatility across Africa**
- **A lower contribution from Zimbabwe**

Capex

- **We now expect an investment of ~USD 100 million (previously ~USD 120 million)**



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Q&A

Revenue classification by new segment

USDm	Q1 22	Q2 22	Q3 22	Q4 22	FY 22	Q1 23	Q2 23	Q3 23
Network	118.3	140.6	119.4	142.3	520.6	99.7	100.5	113.2
C2	15.2	16.2	16.1	11.7	59.2	16.1	17.7	17.3
Dataport	6.0	7.0	8.8	12.1	33.9	8.9	10.0	9.4
Voice	22.4	23.5	27.5	24.5	97.9	18.3	16.2	16.5
Total revenue	161.9	187.3	171.8	190.6	711.6	143.0	144.4	156.4

Q323 YTD and Q323 Income statement

All figures USD m unless stated	Q3 23 YTD	Q3 22 YTD	YoY %	Q3 23 QTD	Q3 22 QTD	YoY %
Revenue	443.8	521.1	(14.8)	156.4	171.7	(8.9)
Adjusted EBITDA ¹	156.4	226.9	(31.1)	59.8	77.2	(22.5)
Adjusted EBITDA margin %	35.2%	43.6%	(8.4)pp	38.2%	45.0%	(6.8)pp
Depreciation, amortisation and impairment	(82.8)	(93.1)	11.1	(25.7)	(31.2)	17.6
Operating profit	73.6	133.9	(45.0)	34.2	46.0	(25.7)
Finance costs	(54.2)	(51.6)	(5.0)	(17.7)	(17.3)	(2.3)
Net foreign exchange loss	(229.9)	(67.0)	(243.1)	(11.6)	(65.2)	82.2
Hyperinflation monetary adjustment	138.9	80.6	72.3	(24.3)	26.2	(192.7)
Other ²	15.2	(13.4)	213.4	18.7	(16.7)	212.0
(Loss) / profit for the period	(56.4)	82.5	(168.4)	(1.1)	(27.0)	(95.9)

Source: Company information

¹ Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, fair value gain on derivatives, gain on disposal of investments at fair value through other comprehensive income, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate

² Includes restructuring costs, acquisition and other investment costs, fair value gain on derivatives, interest income, share of profit of associate and tax expense

Aged debtor analysis

Aged debtor analysis by quarter
(USD m)

