

The logo for LIQUID INTELLIGENT TECHNOLOGIES. The word "LIQUID" is in a large, bold, white sans-serif font. Below it, the words "INTELLIGENT TECHNOLOGIES" are in a smaller, white sans-serif font. The logo is positioned inside a dark blue circular shape on the left side of the slide.

LIQUID
INTELLIGENT TECHNOLOGIES

Q4 23 Results

28 June 2023



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Presenters and agenda



Hardy Pemhiwa
Chief Executive Officer

1. Strategic update



Eric Thompson
Chief Financial Officer

2. Financial review

Hardy Pemhiwa

1. Strategic update

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

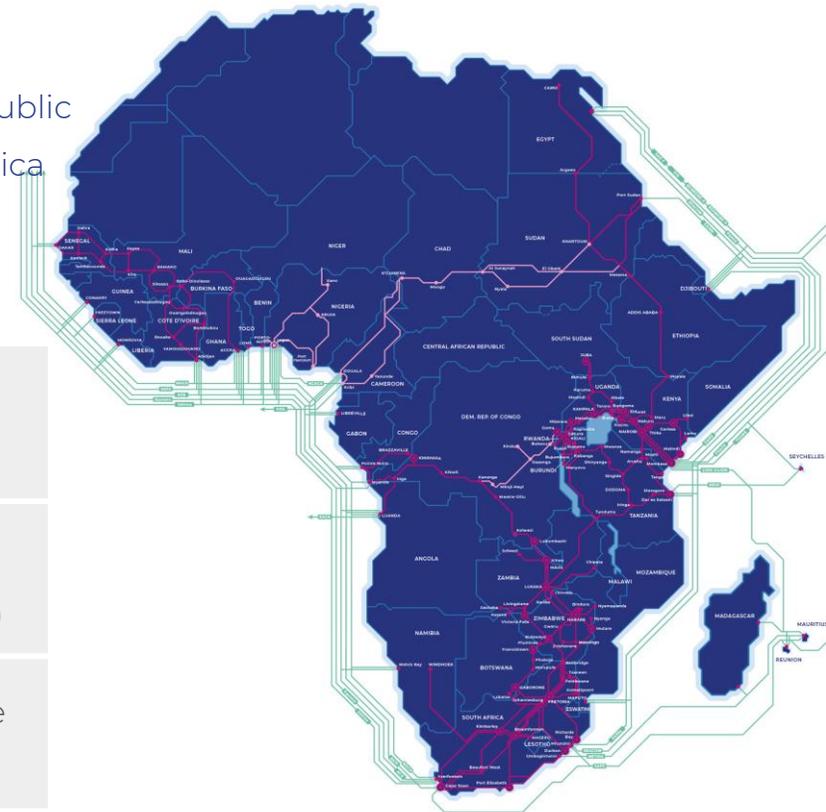
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Prudent Capital Structure with a Strong Shareholder Base and Well-Established Board

Snapshot of the Group

Overview

- High-speed, reliable connectivity and digital services to consumers, mobile carriers and blue-chip enterprise customers, local, pan-African and international
- A technology solutions group that provides customised digital solutions to public and private sector enterprises and SMEs in more than 25 countries across Africa
- Extensive metropolitan and last-mile access networks



Financial metrics for FY 2022-23	Revenue USD 623m	Adjusted EBITDA ¹ USD 238m	Net Leverage ² 3.59x
Key macro and industry metrics	GDP ³ ~USD 600b	Urbanisation growth ~48% (up 208m)	SSA internet users ~480m (from 270m)
KPIs FY 2022- 23⁴	Total fibre network 104,353km	Average churn rate 0.78%	Monthly rec. revenue 87.1%

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 18 for definitions

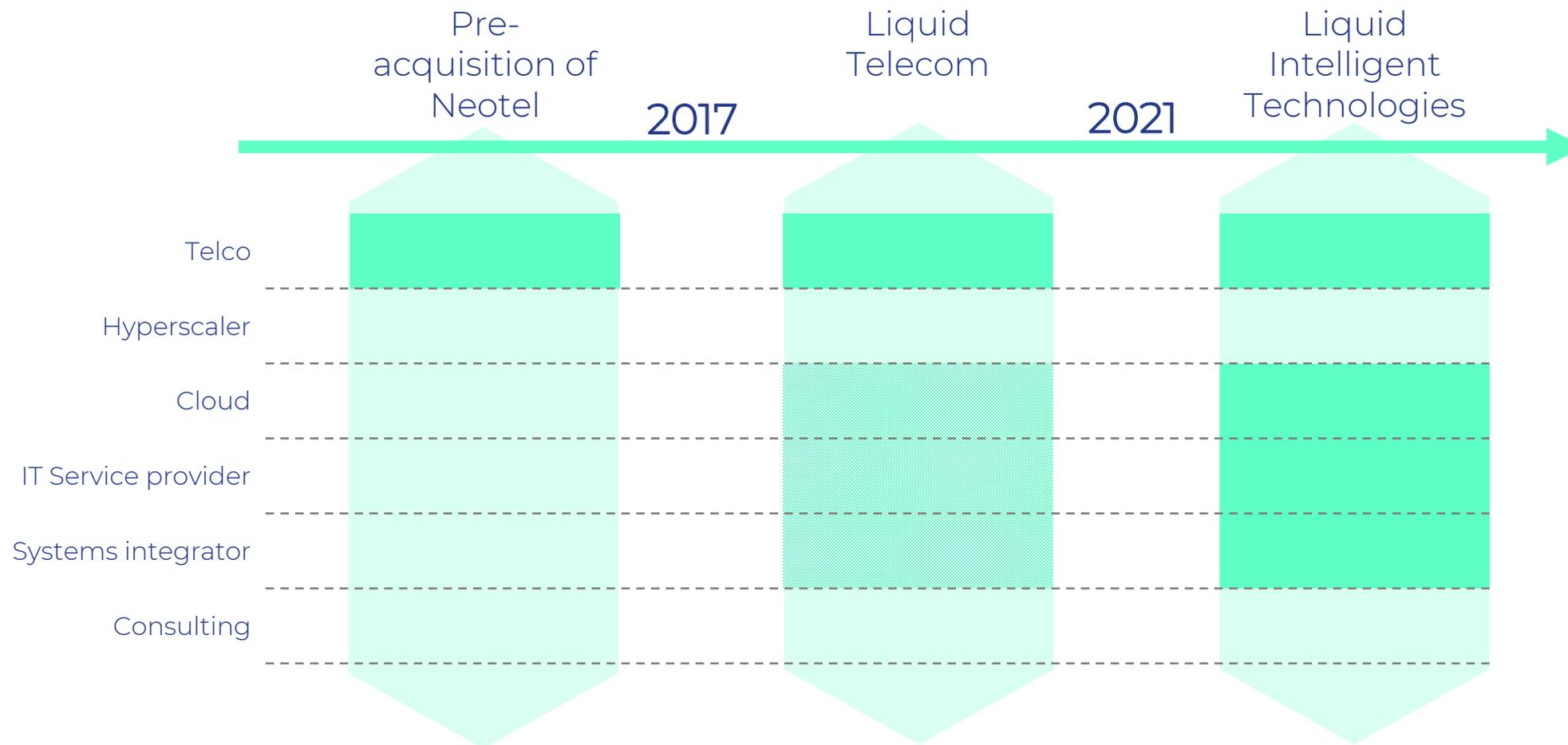
Diversified Product Portfolio that Serves a Blue-Chip Customer Base



	Liquid Network	Liquid C2	Liquid Dataport	Liquid Voice
Services / Principal Customers	<ul style="list-style-type: none"> IP transit and 2G/3G/4G connectivity FTTH and FTTB Extensive high capacity fibre NW Customers - ISPs, MNOs, large corporates, Govt., Non-profit 	<ul style="list-style-type: none"> Cloud incl. comprehensive suite of Microsoft products Cyber security sols: Cyber Defence, Secure Access, Secure Data Customers - Large corporates, SMEs, Govt, Hospitality 	<ul style="list-style-type: none"> International leased lines Subsea capacity Satellite services Customers - MNOs, large corporates, SMEs 	<ul style="list-style-type: none"> International wholesale voice services Customers - National and international Telcos and MNOs
Key Clients / Partners				
Contracts	<ul style="list-style-type: none"> Contract terms: Typically, 1-5 years, roaming 15-20 years Monthly recurring and one-off connection /hardware 	<ul style="list-style-type: none"> Contract terms: 0-1 year Monthly recurring and one-off connection /hardware 	<ul style="list-style-type: none"> Contract terms: from 1-15yrs 	<ul style="list-style-type: none"> Contract terms: Multi-year
FY 23 Revenue / Currencies	<p>USD 439m</p> <p>Pricing: SA & Zim LC, RoA ~50% USD, RoW largely USD</p>	<p>USD 69m</p> <p>Pricing: LC but priced monthly</p>	<p>USD 44m</p> <p>Pricing: Predominantly USD</p>	<p>USD 71m</p> <p>Pricing: Predominantly USD</p>

South Africa: Refocus

From wholesale telco to multi-product digital solutions provider...



South Africa: Refocus (cont.)

...to be more market focused, industry relevant and easy to do business with

Market

Systems integration

Fixed network operator

Internet service provider

Customers we focus on

Enterprise businesses

Wholesale businesses
and Government

Small and medium
enterprises, resellers &
partners

Our mission

Become more relevant to
customers needs by focusing on
specific verticals with turnkey
solutions

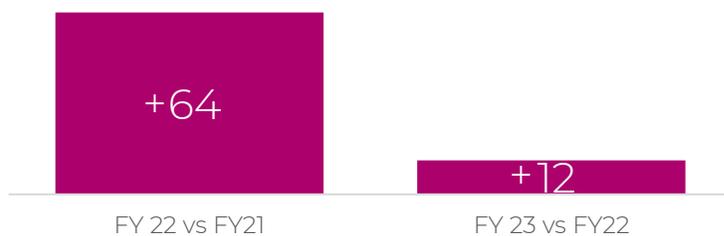
Leverage our on-net assets

Be easy to do business with
through hassle free digital
interaction

South Africa: KPIs

Improving operational and financial metrics

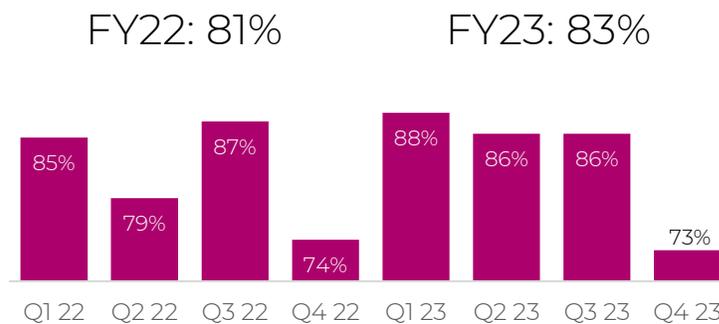
Net Promotor Score – YoY change (pts)



Order Intake YoY



Monthly recurring revenue



Average churn rate



Zambia

Evolution to Liquid Intelligent Technologies

1. Work Culture Shift

- Investment in people
- Job realignment

3. Support Structure Investment

- Investment in tech solutions
- New training for customer facing colleagues
- Updated internal SLAs to align to new customer SLAs

2. Introduction of New Segments

- Complex solutions requiring bespoke capabilities
- Talent acquisition and upskilling

4. Segment and Product Realignment

- Realign products to changing customer needs
- Right product fits for right segment
- Investment in new products

5. Reorganisation of Sales Structures

- Introduction of new sales structures aligned to new segments
- Updated and aligned commission structures

Zambia (cont.)

Strong revenue growth particularly in Cloud

	FY 22	FY 23
Total Revenue year-on-year growth	7%	18%
C2 Revenue year-on-year growth	302%	195%
C2 Revenue as % of Total Revenue	6%	10%

ESG Reporting and Sustainability journey

ESG REPORTING

ESG



ENVIRONMENTAL

Climate change strategy,
Biodiversity,
Water efficiency,
Energy efficiency,
Carbon intensity,
Environmental
management system



SOCIAL

Equal opportunities,
Freedom of association,
Health and safety,
Human rights,
Customer &
products responsibility,
Child labour



GOVERNANCE

Business ethics,
Compliance,
Board independence,
Executive compensation,
Shareholder democracy

DATA / PERFORMANCE

Liquid has been reporting on ESG requirements since 2019 and it remains a key focus area for the group. Reporting KPIs were guided by the IFC performance standards and legal compliance. Group policies and procedures were developed in line with these standards and continues to drive our group's ESG commitments.

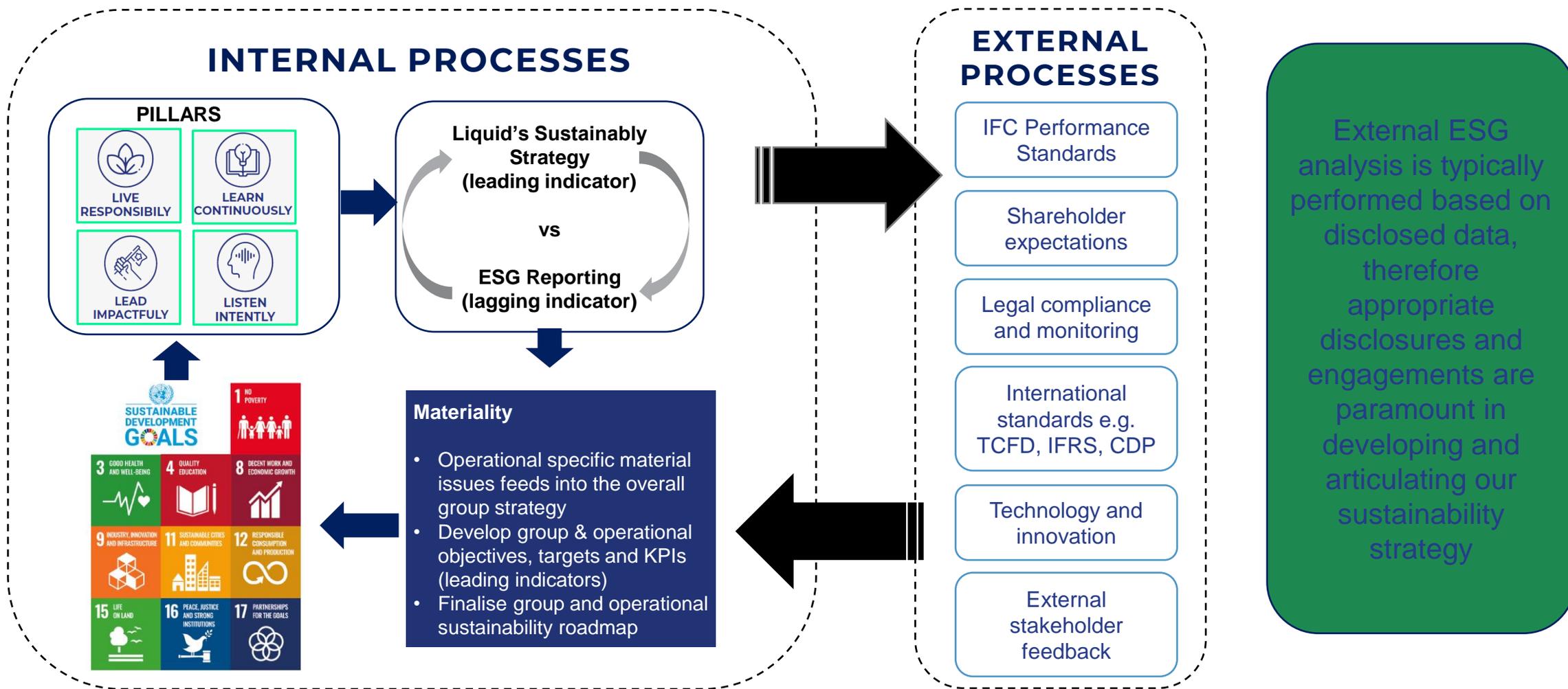
SUSTAINABILITY



STRATEGY

Developing a sustainability strategy will allow the group to use the ESG data to set key objectives and targets and identify relevant initiatives that will support the overall business strategy to sustain our financial, human, social, natural and intellectual capitals.

Sustainability strategy development



Three Year Sustainability Roadmap

E

S

G

FY24

FY25

FY26

- Develop Group Sustainability Policy
- Establish environmental baselines
- Develop draft environmental targets and KPI's
- Develop a draft carbon strategy
- Establish Executive ESG Committee

- Finalize Group/Operational targets
- Align regional policies with group Policies
- Incorporate all operations to Group ESG strategy
- Finalize carbon strategy and identify carbon reduction targets

- Ensure all group operations have fully embedded ESG strategies
- Review, update and report on ESG targets against 2024 baseline

- Develop Group CSI Policy
- Update and implement Stakeholder Engagement Framework
- Incorporate Human Rights aspects into supply chain contracts

- Integrate and implement Human Rights Framework
- Monitor Operational Stakeholder Engagement Plans
- Report on CSI impact

- Ensure appropriate communication and marketing of CSI initiatives
- Internally assure Stakeholder Framework implementation

- Review and update relevant charters for governance committees
- Compile GRI aligned external Sustainability Report
- Do ESG supplier survey on top 20 suppliers

- Implement sustainability controls on all projects
- Improve supplier ESG data and include their carbon footprint in strategy

- Obtain internal assurance on the effectiveness of the sustainability related committees
- Assess effectiveness of sustainability controls on all projects

Eric Thompson

2. Financial review

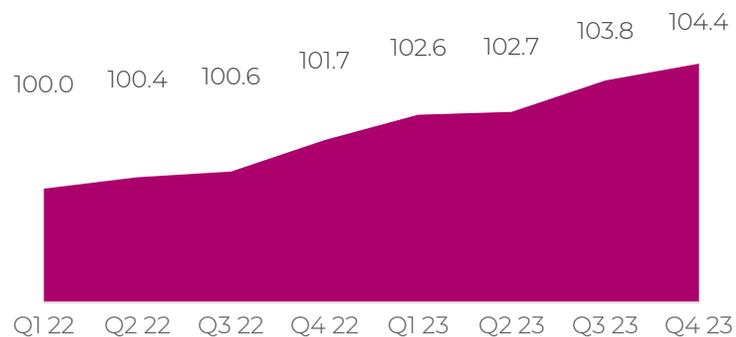
FY 23 Financial highlights

A year of strategic execution and operational and financial progress

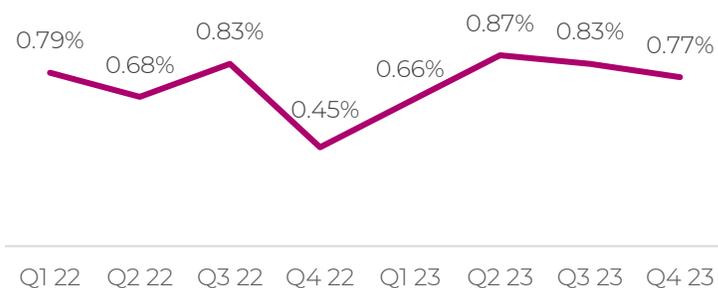
- Improvement in revenue growth to 16.7% in Q4, with growth of 6.0% in FY 23 excluding the impact of adverse exchange rate movements in our two largest markets
- Reported revenue of USD 178.7 million in Q4, down 6.3% YoY due to the exchange rate headwinds and ongoing decline in Voice, partly offset by growth in Liquid Network Rest of Africa, Liquid C2 and Liquid Dataport
- 12.3% year-on-year growth in adjusted EBITDA in the fourth quarter to USD 81.5 million, driven by higher operating margins in South Africa, including a lease adjustment gain of USD 8.4 million
- Operating profit includes a non-cash impairment charge of USD 36.1 million resulting from global inflationary trends
- Net debt of USD 855.1 million, resulted in a net debt to adjusted EBITDA ratio of 3.59x compared to the 4.00x covenant threshold and 3.68x at the end of Q3

Q4 23 key performance indicators

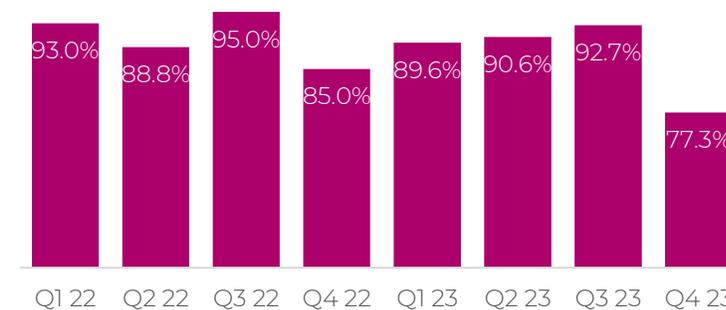
Total fibre network (kms 000)¹



Average churn rate²



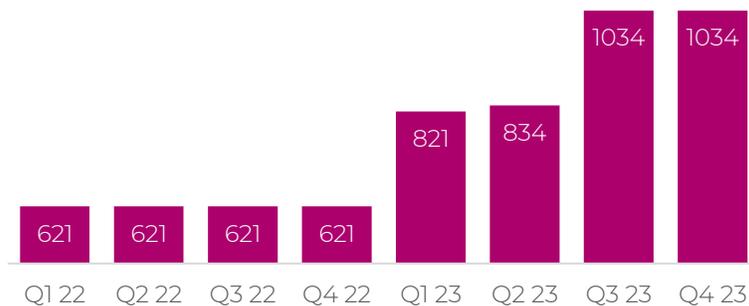
Monthly recurring revenue³



Cloud seats growth⁴



Subsea capacity (Gbps)⁵



Source: Company information

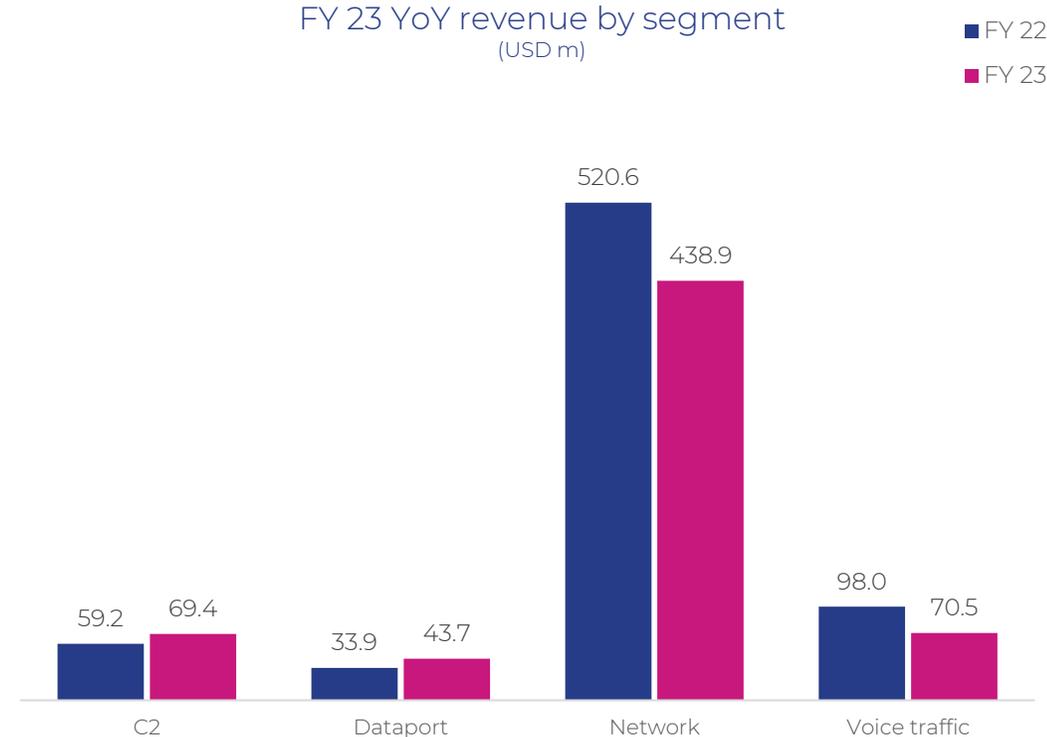
¹ Total fibre network in kilometres (incl. backbone, metro and FTTX) through which fibre is installed. Multiple kilometres of fibre cables or ducts within the same trench/overhead line are counted individually. Includes both owned and leased capacity through partnerships. ² Average churn rate represents 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).

FY 23 YoY revenue by segment

Good growth in C2 & Dataport; Network impacted by FX

- C2 revenue growth was driven by the 73.0% YoY increase in Cloud seats including a public sector win in Zambia, a strategic South African corporate and strong growth in Rest of World via indirect channels
- Dataport revenue grew 28.9% YoY to USD 43.7 million driven by growth in Rest of World from satellite services, large capacity links agreed with hyperscalers and a deal with a US Technology company
- In Network, excluding exchange rate impacts in our two largest markets, revenue increased 7.1% driven by dark fibre and IRU deals as well as good retail growth in Rest of Africa
- Voice revenue declined 28.1% YoY to USD 70.5 million in line with global volume trends

FY 23 YoY revenue by segment
(USD m)

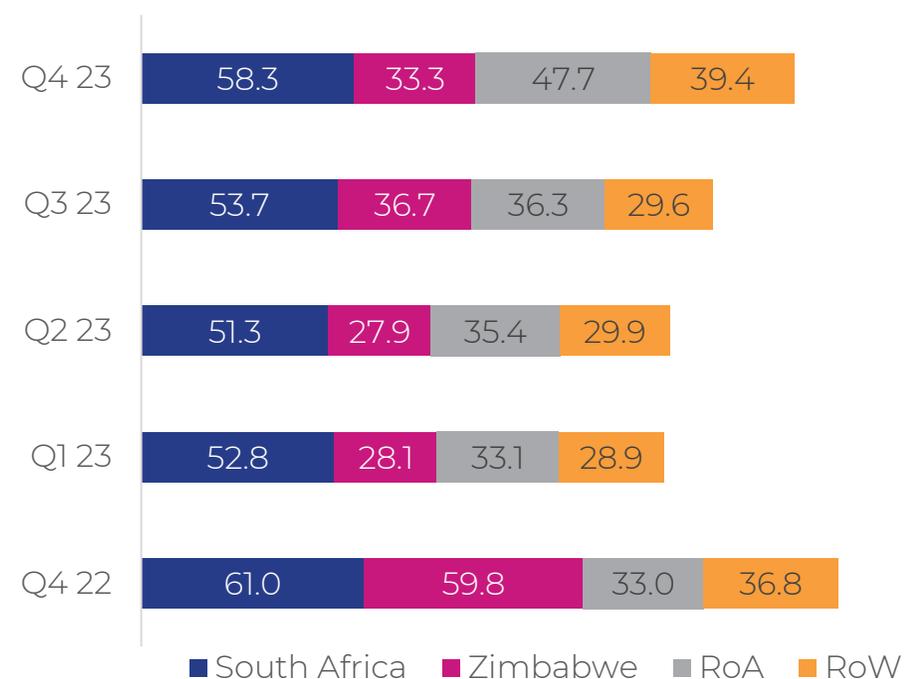


Quarterly revenue by geography

Sequential growth through the year excluding Zimbabwe

- In South Africa, excluding the USD 7.3 million FX headwind, underlying revenue grew 7.3% driven by a strong performance in C2
- Zimbabwe declined due to the adverse exchange rate movement
- Rest of Africa revenue grew strongly, up 44.6% YoY, due to strong Network growth particularly in the DRC, Zambia and Kenya
- Rest of World revenue increased 6.9% due to good Dataport and Network growth which more than offset the ongoing decline in Voice

Quarterly revenue progression by geography
(USD m)



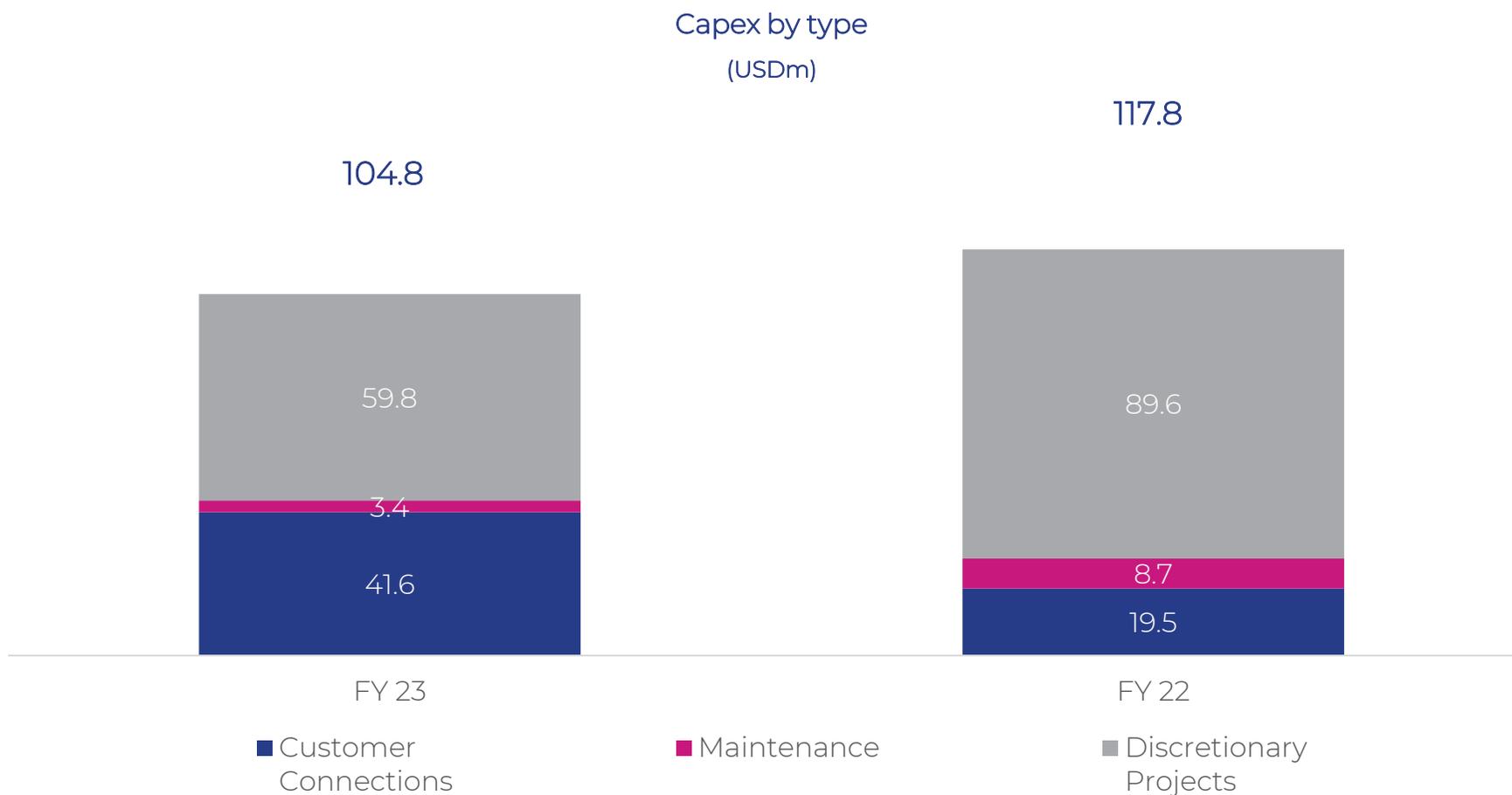
Summary Income Statement

Solid progression through the year including strong fourth quarter

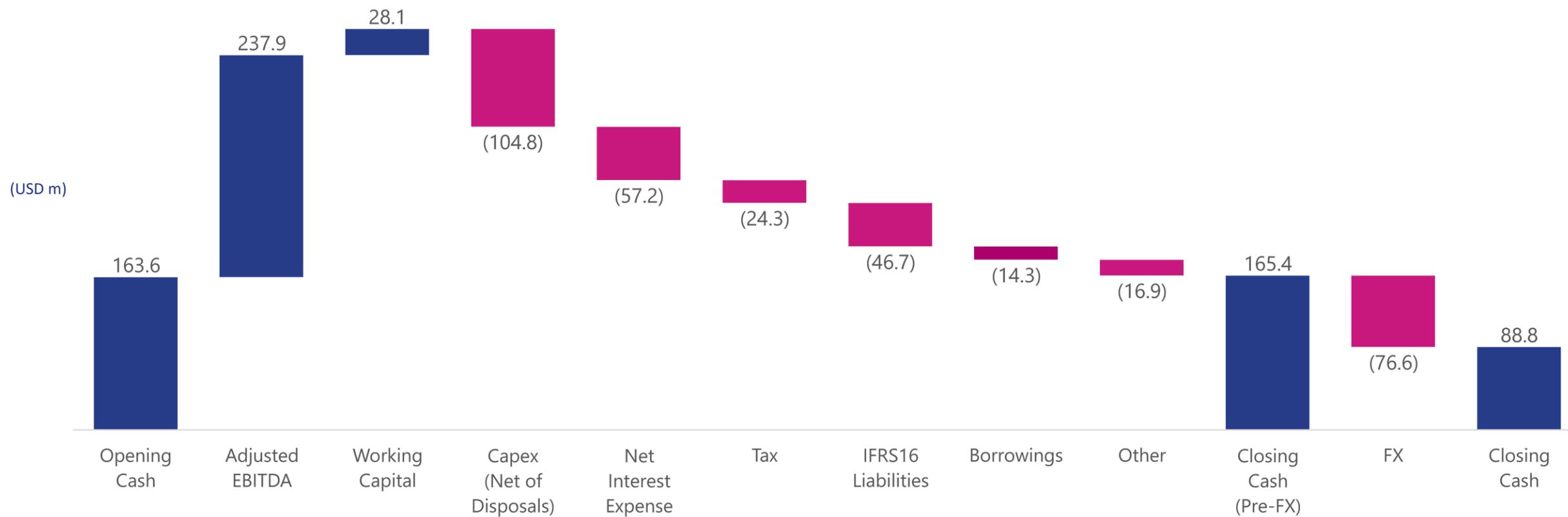
All figures USD m unless stated	FY 23	FY 22	YoY	Q4 23	Q4 22	YoY
Revenue	622.5	711.7	(12.5)%	178.7	190.7	(6.3)%
Gross profit	449.4	529.7	(15.2)%	131.6	142.5	(7.6)%
<i>Gross profit margin (%)</i>	72.2%	74.4%	(2.2)pp	73.6%	74.7%	(1.1)pp
Overheads and other income	(211.5)	(230.3)	8.2%	(50.1)	(70.0)	28.4%
Adjusted EBITDA	237.9	299.4	(20.5)%	81.5	72.6	12.3%
<i>Adjusted EBITDA margin (%)</i>	38.2%	42.1%	(3.9)pp	45.6%	38.1%	7.5pp

Capex FY 23

Significant reduction in discretionary capex



Cash flow FY 23



Debt and Leverage

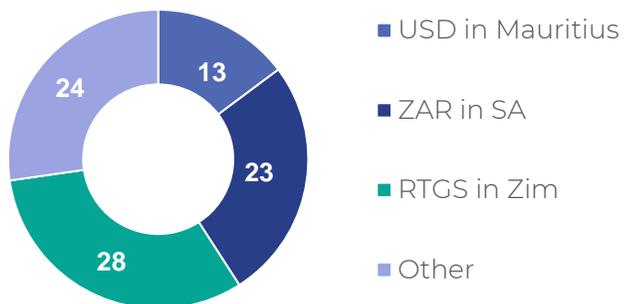
Gross and net debt as at Feb-23
(USD m)



Reported leverage	3.59x
Covenant threshold	4.00x

Cash and Capitalisation

Cash holdings as at end of Q4 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 4.0x until Feb-24, then stepping down to 3.0x by Aug-24
 - 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

FY24 Outlook considerations

Revenue & Adjusted EBITDA

- Internal focus on USD revenue
- Further exchange rate volatility across Africa

Cash

- Capex to be in the region of USD 80 million to USD 100 million
- Free cash flow positive on operational basis before FX movements



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Q&A