FY & Q4 2023-24 Results & Q1 2024-25 Update

27 June 2024

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Presenters and Agenda

Hardy Pemhiwa
Chief Executive Officer

1. Strategic Updates

Lorraine Harper
Chief Financial Officer

2. Financial Review

Hardy Pemhiwa

1. Strategic Updates

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New Equity Investment

- We have concluded our Group legal reorganisation process
- We are in legal documentation on the first tranche of USD 90 million in fresh equity, which includes an investment from the US International Development Finance Corporation
- 25% to flow into the bond perimeter

Cost Optimisation Programme

- We are pivoting from an OPCO led, to a Business Unit / Product led, operating model
- We have launched an organisational review, expected to deliver USD 25m in annualised overhead savings
- Estimate USD 10 million savings and some cash flow benefits during FY 2024-25

Strategic Highlights in FY 2023-24

Liquid Network

- IFC and RMB to provide funding for increased universal and affordable broadband in the Eastern Cape
- Partnered with Microsoft's Airband Initiative to bring connectivity to 20 million underserved people by 2025
- Launched the Gaborone metro ring, enabling better connectivity for enterprise customers in Botswana

Liquid C2

- Partnered with Google Cloud to bring Google's Cloud and Cyber Security technologies to Africa
- Launched a third Cyber Security Fusion Centre in Lusaka, Zambia
- Acquired a leading cloud and cyber security provider in Egypt
- Accelerated the deployment of the Microsoft Azure Stack infrastructure

Liquid Dataport

- Expanded the Group's presence in West Africa via a partnership agreement in Côte d'Ivoire
- Launched the first terrestrial data superhighway connecting Mombasa, to Johannesburg
- Deployed a new subsea cable enhancing connectivity between Mauritius and South Africa

Environmental, Social & Governance Updates

ENVIRONMENTAL

- **Climate Change Strategy Development Report** finalised, to be used to develop a carbon strategy and carbon targets
- Our first **Climate Disclosure Status Report** completed, this will be used as part of the financial climate disclosure report
- Our first full **Carbon Footprint Report** has been completed for FY24

SOCIAL

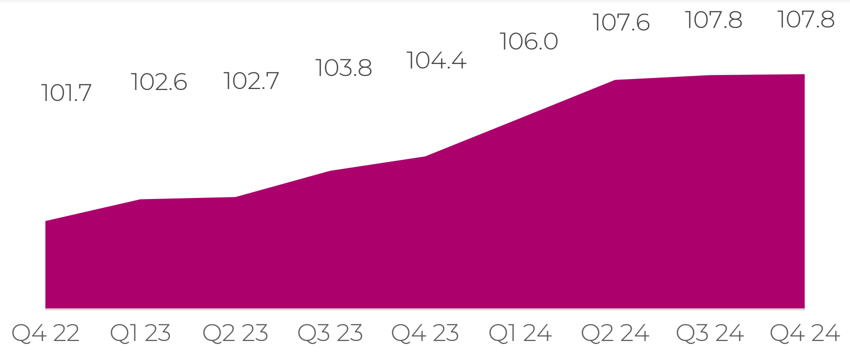
- Developed, trained and implemented the **Group's Responsible Sourcing Initiative**
- Developed and distributed a draft **Group Physical Security Policy** - inline with IFC requirements
- Developed and distributed a draft **Group CSI Policy**

GOVERNANCE

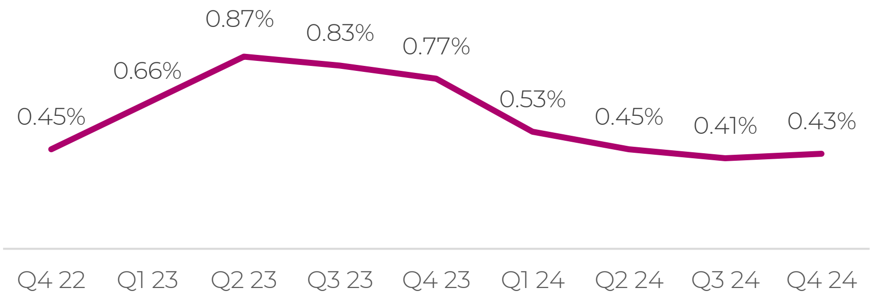
- Completed a first phase **Materiality Assessment** of the Group's Sustainability Strategy report
- Implemented extended **ESG data collection** initiative
- Annual **Management Data and Carbon Footprint Reports** submitted to relevant shareholders

Key Performance Indicators

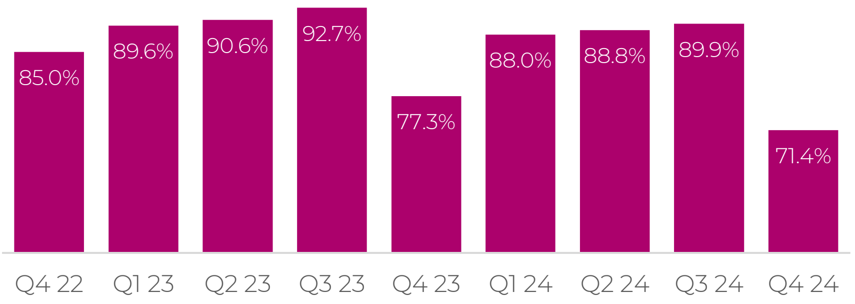
Total fibre network (kms 000)[1]



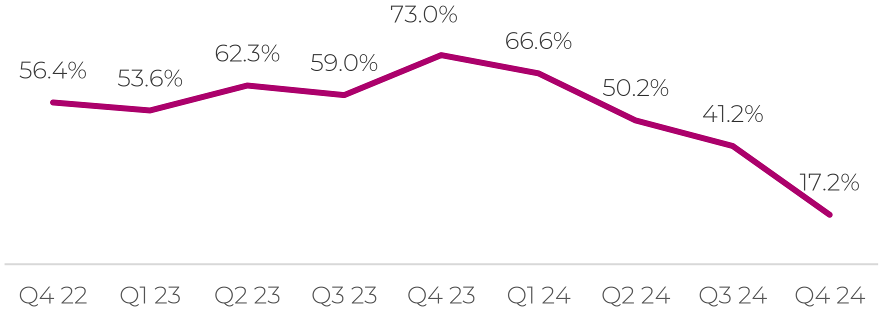
Average churn rate[2]



Monthly recurring revenue[3]



Cloud seats growth[4]



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 period following a price reduction or termination of service due to disconnections, downgrades, price reduction and non–renewals, divided by the total revenue for the period. [3] Monthly recurring revenue is the total of all recurring revenue 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).

Lorraine Harper

2. Financial Review

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2.1 FY & Q4 FY24 Update

FY 2023-24 Financial Highlights

Continued strong revenue growth excluding the impact of FX

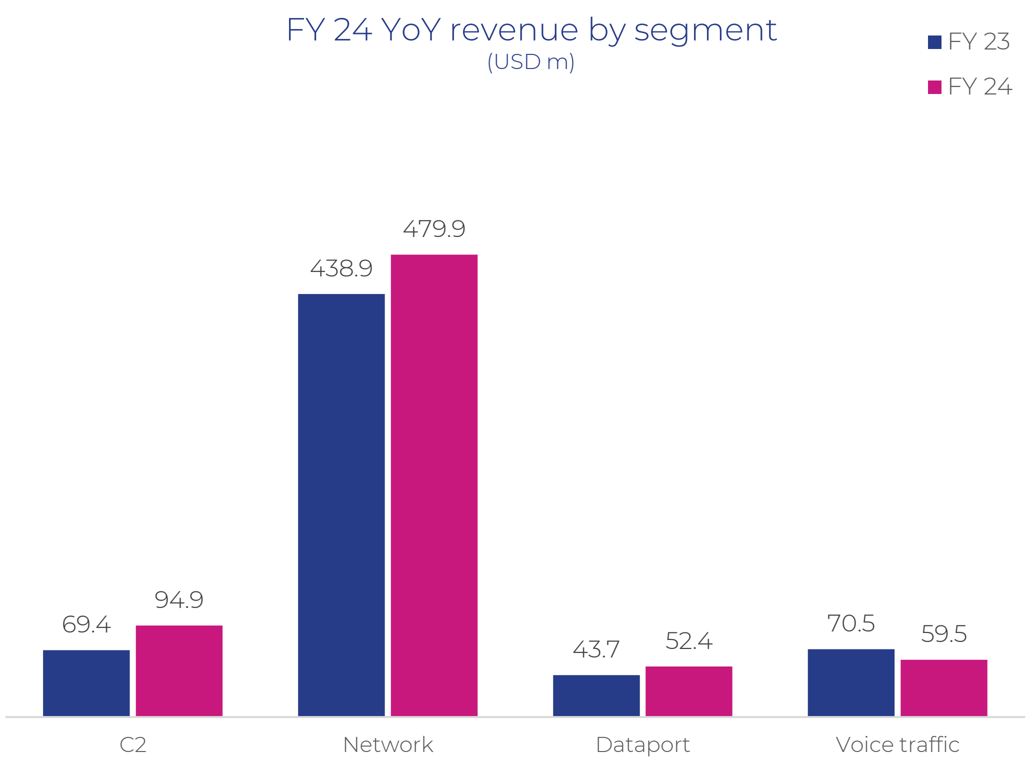
- Reported revenue YoY grew 10.3% in the year and 7.7% in Q4 driven by strong, broad-based, underlying growth across the Group
  - In South Africa, excluding FX, full year revenue grew 25.8% year-on-year and 39.1% year-on-year in Q4, including USD 26.3m as a “sale of infrastructure” benefit related to the ECG project
- Adjusted EBITDA[1] increased 8.2% YoY in FY 2023-24 to USD 257.3m driven by broad-based growth across the Group and declined 1.5% in Q4 due to the USD 8.4m lease adjustment benefit in the prior year
- Cash generated from operations decreased 35.4% YoY in the year to USD 155.6m due to increased prepayments to mitigate exchange rate deterioration, this impact was more pronounced in the final quarter
- Net debt[2] amounted to USD 893.3m, leading to a net debt to adjusted EBITDA[1,2,3] of 3.47x, compared to 3.50x covenant threshold

Source: Company information
[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented before recognising the following items: gain on bargain purchase, acquisition and other investment costs, fair value gain on derivative assets, net foreign exchange (loss)/gain , hyperinflation monetary gain and share of profits of associate..
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

FY 24 YoY Revenue by Segment

Good growth in all connectivity segments; Voice trend as expected

- C2 continued to grow strongly, up 36.7% YoY
  - Driven by an increase in Cloud seats and the benefit of rate increases across all geographies and strong performance in our indirect channel, Cloudmania, in Rest of World
- Reported Network revenue increased 9.3% YoY
  - South African Network revenue grew 14.2% YoY excluding the ECG asset sale and FX, driven by increased sites and upgrades on the ECG & WCG contracts and continued sales of IRUs
  - In Rest of Africa, Network revenue declined 12.3% YoY due to adverse FX, on a local currency basis we experienced strong growth in MRR, this was offset by the prior year benefiting from high NRR revenue
  - Zimbabwe benefited from tariff increases and an increased customer base
- Dataport revenue increased 19.9% YoY largely due to large NRR contracts
- Voice revenue declined 15.6% YoY in line with global trends



Source: Company information

FY 24 Summary Income Statement

Continued good momentum

All figures USD m unless stated	FY 24	FY 23	YoY
Revenue	686.7	622.5	10.3%
Gross profit	477.4	449.4	6.2%
Gross profit margin (%)	*69.5%*	*72.2%*	*(2.7)pp*
Overheads and Other Income	(220.1)	(211.5)	(4.0)%
Adjusted EBITDA	257.3	237.9	8.2%
Adjusted EBITDA margin (%)	*37.5%*	*38.2%*	*(0.7)pp*

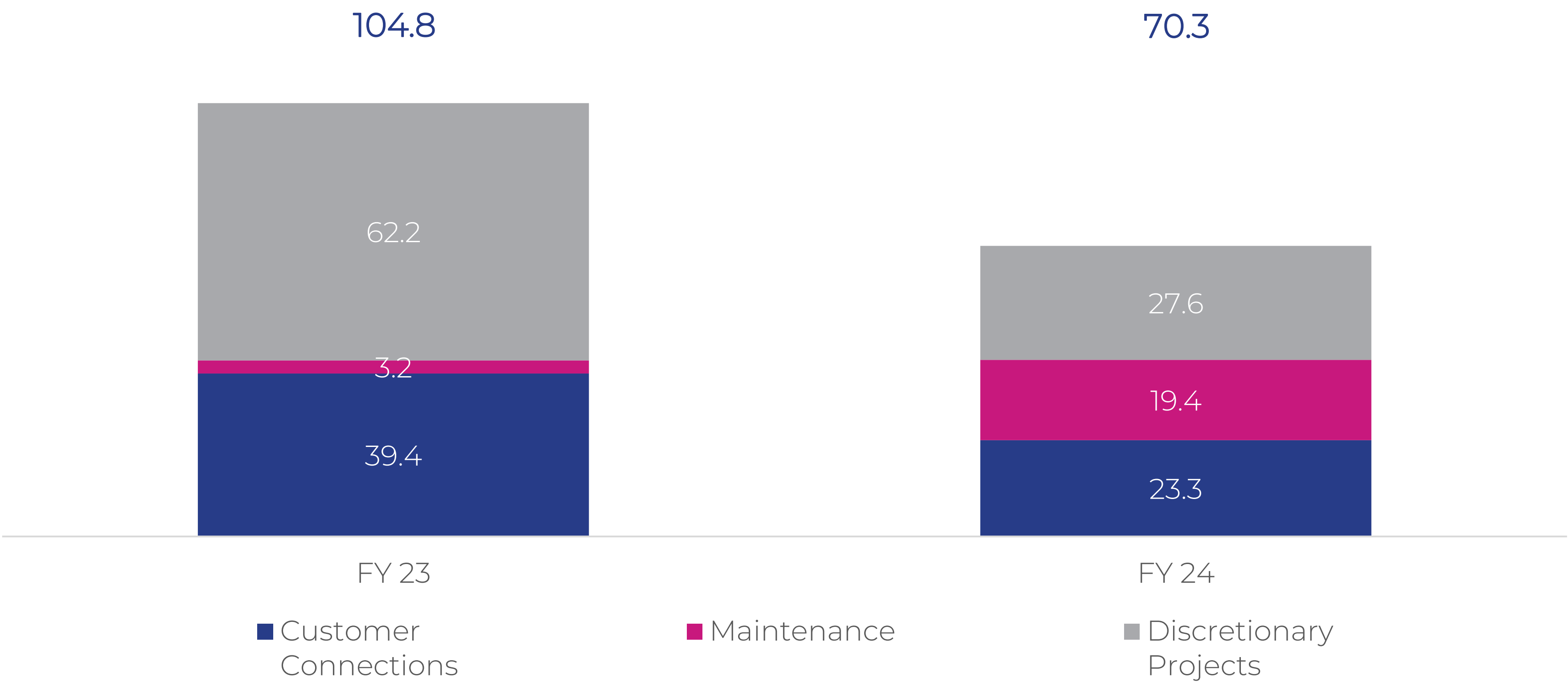
Source: Company information

Capex FY 24

Material reduction in discretionary capex

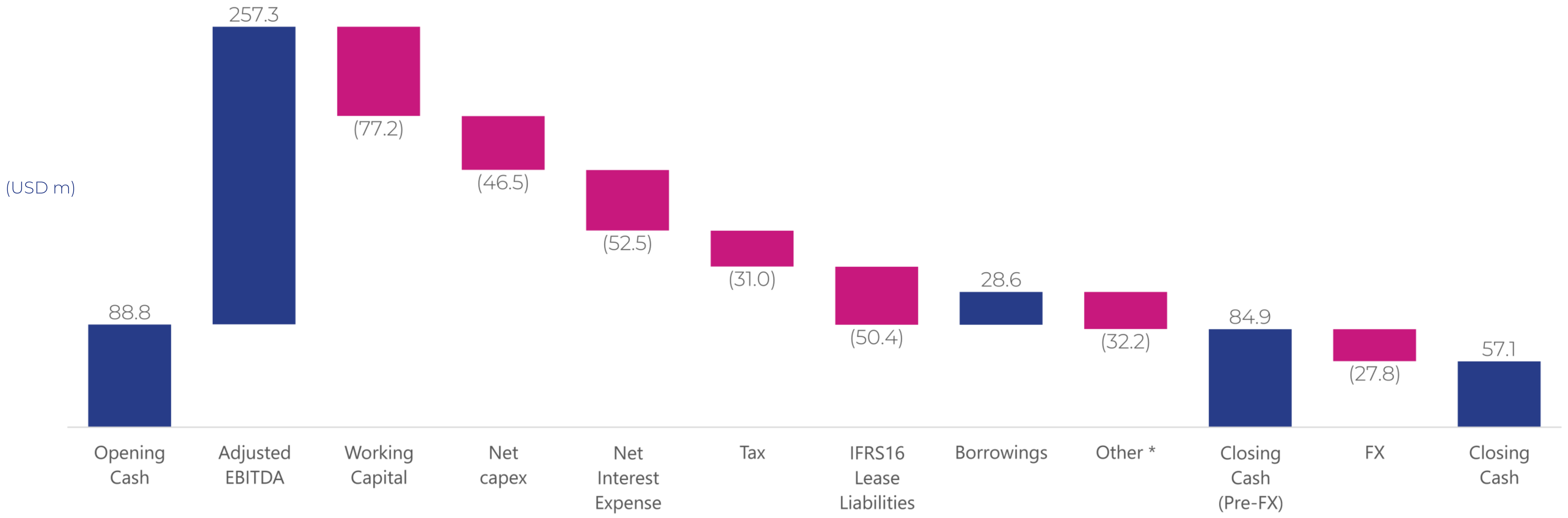
Capex by type

(USDm)



Source: Company information

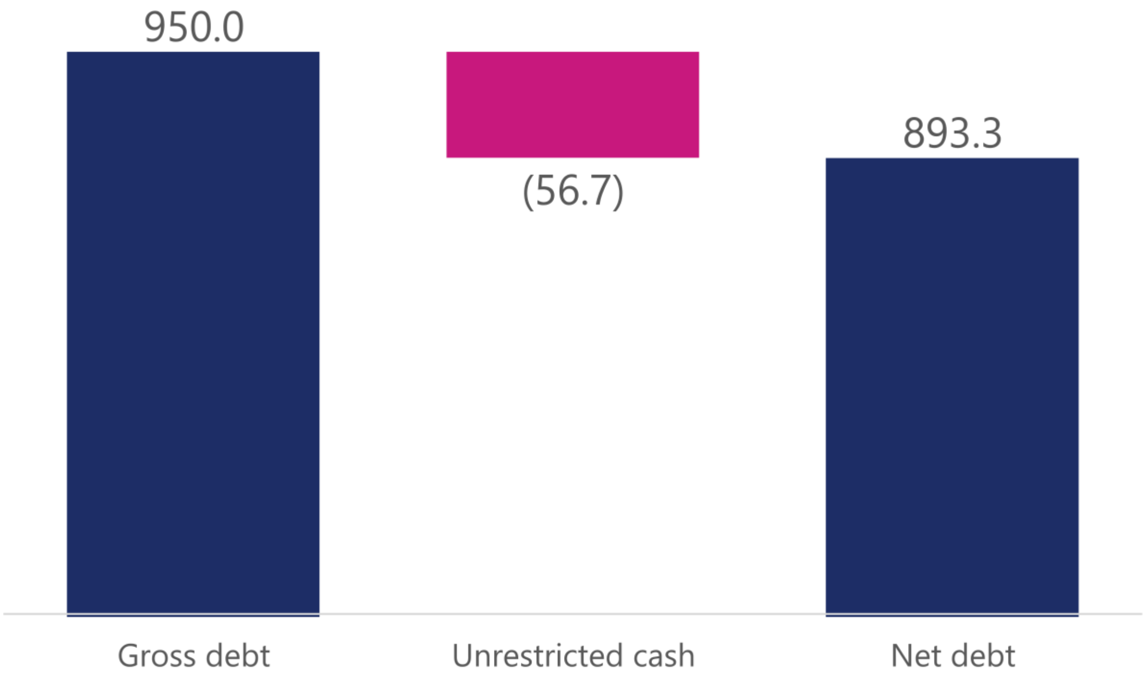
FY24 Cash Flow



Source: Company information
* Includes accrued interest income and receivable from related parties

Debt and Leverage

Gross and net debt as at February-24
(USD m)

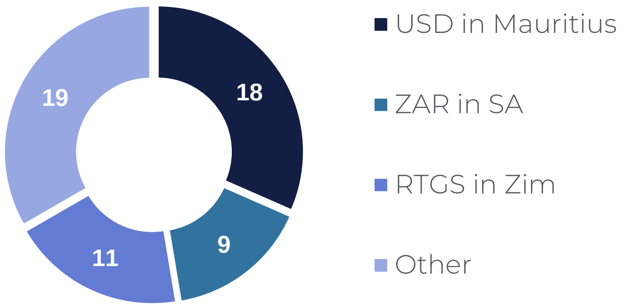


Reported leverage	3.47x
Covenant threshold	3.50x

Source: Company information

Cash and Borrowings

Cash holdings as at Q4 24 (USD m)



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 RCF

- Covenants are maintenance and on a net basis
  - Net Leverage not exceeding 3.5x, Aug-24 step down to 3.0x
  - Interest Cover to be greater than 2.50x
  - Cumulative Debt Service Coverage Ratio not less 1.30x
- Tranche B amortising, instalments:
  - 8.75% @ Sep-22 & Mar-23 [Paid]
  - 11.25% @ Sep-23 & Mar-24 [Paid]
  - 15.00% @ Sep-24, Mar-25, Sep-25 & Mar-26

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

Source: Company information

FY 25 Guidance

Revenue & Adjusted EBITDA	• Good growth in local currency and more stable exchange rate levels • Internal focus on USD revenue • Improved operating leverage and approximately USD 10 million reduction in overheads relative to FY24
Cash	• Capex of between USD 70 million and USD 80 million

Source: Company information

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2.2 Q1 FY25 Update

Q1 FY 25 Summary Financials

Strong revenue and EBITDA start to the year

All figures USD m unless stated	Q1 25	Q1 24	YoY
Revenue	183.7	174.5	5.3%
Adjusted EBITDA	82.7	71.0	16.5%
Cash generated from operations	48.5	40.8	18.9%
Net debt	930.7	849.7	9.5%
Net debt / adjusted EBITDA	3.46	3.24	-

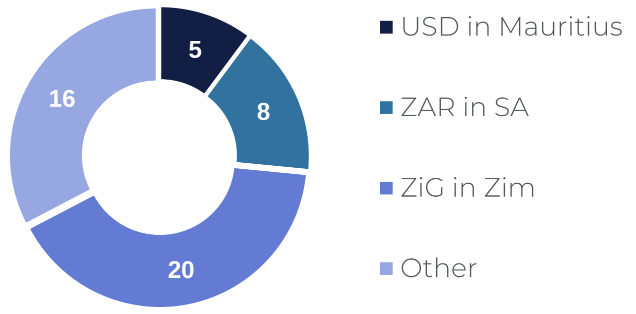
Source: Company information

Debt, Leverage and Cash

Gross and net debt as at May 24
(USD m)

Reported leverage	3.46x
Covenant threshold	3.50x

Cash holdings as at Q1 25 (USD m)



Source: Company information

2.3 Refinance Update

South Africa Term Loan Refinance

- Good progress on the refinance of the South African Term Loan
- In advanced discussions with selected existing lenders including the IFC
- Focus on a full refinance and move away from a single maturity, including a ten-year tranche with DFIs
- Possibility to upsize from the current level

Source: Company information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Q&A