LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(“the Group”, “Liquid” or “Liquid Intelligent Technologies”)
FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MAY 2021

Good start to the year with growth delivered across all regions

15 July 2021

Leading pan-African technology solutions group Liquid Intelligent Technologies, a subsidiary of Econet Global Limited, today announces its financial results for the first quarter ended 31 May 2021.

Strategic highlights:

- Completed the rebrand to Liquid Intelligent Technologies in all operating territories
- Our fibre network surpassed 100,000 kilometres at the end of the quarter
- Delivered strong growth in new digital solutions such as Cloud and Cybersecurity

Financial highlights:

- Revenue of USD 162.0 million, up 14.3% year-on-year, with good growth across the Group
- Adjusted EBITDA[1] of USD 59.1 million, up 25.7% year-on-year, benefiting from the revenue growth and improved gross margin, up 7.3pp to 73.4%
- Cash generated from operations of USD 19.4 million (Q1 2020-21: USD 37.1 million) as the Group took advantage of prepayment opportunities and incurred some upfront payment obligations in the DRC
- Net debt[2] at the end of the quarter was USD 821.4 million, giving a net debt to adjusted EBITDA[1,3] ratio of 3.25x, flat quarter-on-quarter and comfortably within the new threshold of 4.50x

	Q1 2021-22 (USDm)	Q1 2020-21 (USDm)	YoY (%)
Revenue	162.0	141.7	14.3
Adjusted EBITDA	59.1	47.0	25.7
Cash generated from operations	19.4	37.1	(47.7)
Net debt	821.4	765.0	7.4
Net debt / adjusted EBITDA (x)	3.25	3.09	0.16

[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, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.
[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.
[3] Adjusted EBITDA for the last twelve months.

Group Chief Executive Officer, Nic Rudnick, commented:
"We have delivered a good first quarter and it is particularly pleasing that this was broad based with growth achieved in every region and almost all countries. Furthermore, not only has the growth been delivered across the Group at both revenue and EBITDA levels, but this was in spite of the ongoing reduction in voice revenues and the sale of the data centre business to the new group holding company. It is also highly encouraging that we continue to see such strong growth in both newer markets and digital solutions.

We are mindful however, of the impact in South Africa of the rising infection rates and the recently imposed, more stringent COVID-19 related restrictions, as we drive transformation in our largest territory.

Finally, it was fantastic that we strengthened our position as Africa's largest independent fibre network provider as we surpassed 100,000 kilometres at the end of the quarter following further expansion of our key East to West route in the DRC."

Group Chairman, Strive Masiyiwa, added:
"It is still early in the year but it has been a good start for Liquid and reflects the strong operating footprint of the Group, however, we need to retain some caution due to the near term uncertainties resulting from escalating cases of COVID-19 in South Africa, which has recently re-entered lockdown.

It was pleasing that the rebrand to Liquid Intelligent Technologies was completed during the quarter as the Group executes on its plan to be at the forefront of digital transformation across Africa and it is encouraging that the response, internally and externally, has been very positive."

There will be an investor call at 14:00 BST today, further details can be found on our website.

For further information please contact:
Mark Reynolds, Head of Investor Relations
M: +447468 846195 **E:** mark.reynolds@liquid.tech

About Liquid Intelligent Technologies

Liquid Intelligent Technologies is a pan-African technology business with capabilities across 14 countries, primarily in Sub-Saharan Africa. Established in 2005, Liquid has firmly established itself as the leading pan-African digital infrastructure provider with an extensive network of more than 100,000kms. Liquid Intelligent Technologies is redefining Network, Cloud and Cyber Security offerings through strategic partnerships with leading global players, innovative business applications, intelligent cloud services and world-class security to the African continent. Liquid Intelligent Technologies is a full one-stop-shop technology business that provides tailor-made digital solutions to businesses in the public and private sectors across the continent. https://liquid.tech/

OPERATIONAL AND FINANCIAL REVIEW

Liquid Intelligent Technologies is a technology and digital solutions provider across 14 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. We have built Africa's largest independent fibre network of more than 100,000 kms.

Key performance indicators (KPIs)

The following table sets out the Group's key performance indicators for Q1 2021-22:

Key performance indicators	Q1 2020-21	Q2 2020-21	Q3 2020-21	Q4 2020-21	FY 2020-21	Q1 2021-22
Total fibre network (Kms) [1]	90,922	92,120	93,196	96,620	96,620	100,017
Average churn rate (%) [2]	0.69%	1.60%	0.73%	0.50%	0.88%	0.79%
Monthly recurring revenue (%) [3]	93.8%	89.0%	97.1%	83.4%	90.4%	93.0%
Total capacity on subsea assets (Gbps) [4]	582	582	582	582	582	621

[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] Capacity, in gigabit per second, purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (incl. IRUs).

We were delighted to pass the milestone of 100,000 kilometres during the first quarter of the year, with the majority of the fibre network increase being completed in the DRC.

The average churn rate remained low at 0.79% versus the 0.88% in FY 2020-21.

Following a drop in the final quarter of the prior year which resulted from IRUs related to the completion of large project builds, monthly recurring revenue returned to more normal levels in the quarter at 93.0%.

Capacity on subsea assets increased 6.7% to 621 Gbps in the quarter driven by additional customer requirements on the western coast of Africa, in addition to higher demand as a result of our deployment in the DRC.

Segments

We present our revenue in the following categories:

Network is at the core of the company and includes revenue from all our owned and leased fibre infrastructure, including the long-haul Cape to Cairo, East to West and South Africa NLD routes.

Data Technologies[1] includes revenue from agreements with subsea cable providers, hosting of landing stations and providing the gateway to large, global network provision agreements as well as network roaming and managed services revenue. In time this segment will expand to include other innovations and new technologies in Africa.

[1] Due to the overlap between the offerings and the amount of revenue reported in Undersea Cables and Technologies we have combined these into one Data Technologies segment.

Digital Solutions encompasses our Cloud and Cybersecurity products, as this segment grows it will include other complementary digital products.

Voice Traffic is aligned with our previous segment and includes all revenue from voice interconnect agreements.

Data Centre is revenue generated from the Data Centres which in prior periods were held within the Liquid Telecommunications Holdings Group, but from the start of the current financial year are no longer part of this Group following its sale to the new group holding company.

Revenue

Revenue per segment	Q1 2021-22 (USDm)	Q1 2020-21 (USDm)	YoY (%)
Network	108.0	85.6	26.2
Data Technologies	16.4	13.0	26.2
Digital Solutions	15.2	11.2	35.7
Voice	22.4	27.1	(17.2)
Data Centre	-	4.9	(100.0)
Total revenue	**162.0**	**141.7**	**14.3**

Total revenue in the first quarter was USD 162.0 million (Q1 2020-21: USD 141.7 million), a strong increase of 14.3% year-on-year driven by growth across all African regions, furthermore we experienced a return to more normal, higher levels of MRR in the quarter. In Kenya and the DRC in particular, we experienced good year-on-year growth driven by sales to mobile operators. Group growth was also achieved despite the prior year including USD 4.9 million of Data Centre revenue, with the lack of revenue in the current year reflecting the sale of the Data Centre business as part of the wider Liquid Group restructuring.

The average rate of the South African Rand in Q1 of the current year was ZAR:USD 14.47 compared to an average rate of ZAR:USD 17.72 in Q1 of the prior year. As a result, our South Africa operations benefited year-on-year from an FX driven revenue tailwind of USD 10.6 million in the quarter. However, the economic challenges in Zambia have continued and the Kwacha fell to an average rate of ZWM:USD 22.17 in Q1 of the current year compared to an average rate of ZWM:USD 17.60 in Q1 of the prior year, this resulted in an FX driven headwind year-on-year of USD 1.6m in the quarter.

Network

Network revenue for the first quarter increased by 26.2% year-on-year to USD 108.0 million (Q1 2020-21: USD 85.6 million), as new connections in Kenya and the DRC went live and Zimbabwe benefited from strong Enterprise growth as the wider economy continued to experience a steady operating environment with relatively stable exchange rates and inflation levels. The segment also reflected an increasing contribution from South Sudan, which is in its first full year of operation.

Data Technologies

Q1 revenue for Data Technologies increased 26.2% year-on-year to USD 16.4 million (Q1 2020-21: USD 13.0 million) driven by additional customer requirements on the western coast of Africa including higher demand as a result of our deployment in the DRC as well as a full quarter of the roaming contracts in the current year and favourable foreign exchange movements.

Digital Solutions

The Digital Solutions category also reflected strong growth in the first quarter against the same period of the prior year, up 35.7% to USD 15.2 million (Q1 2020-21: USD 11.2 million). This increase resulted from partnerships with a number of new resellers and an increase in the number of 'seats' sold. Within this segment we are experiencing good growth in Cybersecurity; though small at present, this is a new and exciting offering for the Group. Digital Solutions is a key focus area for Liquid over the coming periods as we work to become a one-stop-shop for digital transformation.

Voice

Voice revenue of USD 22.4 million (Q1 2020-21: USD 27.1 million) was down 17.2% against the first quarter of the prior year as new ways of working and alternative means of communication resulting from the COVID-19 pandemic have exacerbated the ongoing decline in global voice traffic. The margin, however, has improved on the traffic that remains, leading to a less dilutive impact on the gross profit.

Data Centres

Following the sale of the Data Centre business to the new group holding company, revenue will no longer be reported within the Liquid Telecommunications Holdings Group.

Gross profit

Gross Profit	Q1 2021-22 (USDm)	Q1 2020-21 (USDm)	YoY (% / pp)
Revenue	162.0	141.7	14.3
Costs per quarterly financial statements	(43.1)	(48.0)	10.2
Gross profit	**118.9**	**93.7**	**26.9**
Gross profit margin (%)	73.4%	66.1%	7.3pp

Gross profit in the first quarter improved by 26.9% year-on-year to USD 118.9 million (Q1 2020-21: USD 93.7 million) largely due to the revenue improvements outlined above. Gross profit margin consequently improved by 7.3 percentage points to 73.4% versus 66.1% in Q1 of the prior year. This included a cost re-allocation to overheads of approximately USD 1.7 million as we took a strategic decision to insource some network and IT costs, in particular costs related to maintenance of our network and other highly specialised technical support.

Total overheads and other income

Total overheads and other income	Q1 2021-22 (USDm)	Q1 2020-21 (USDm)	YoY (% / pp)
Other income	0.9	0.1	800.0
Selling, distribution and marketing costs	(6.8)	(5.1)	(33.3)
Administrative costs	(26.8)	(17.8)	(50.6)
Staff costs	(27.1)	(24.2)	(12.0)
Dividend received	0.0	0.3	n/a
Total overheads and other income	**(59.8)**	**(46.7)**	**(28.1)**
% of total revenue	36.9%	33.0%	-4.0pp

As commercial activity has begun to ramp up with some lockdowns lifting and travel corridors being put in place, Q1 reflected an increase in the costs associated with the partial opening up of businesses.

In addition, overheads included the cost reallocation mentioned above and favourable exchange rates and inflationary impacts. As a result total overheads and other income in the first quarter totalled USD 59.8 million (Q1 2020-21: USD 46.7 million).

Selling, distribution and marketing costs increased by USD 1.7 million year-on-year to USD 6.8 million (Q1 2020-21: USD 5.1 million) and included the marketing costs associated with the re-branding of the Group to Liquid Intelligent Technologies.

Administrative costs of USD 26.8 million increased by USD 9.0 million against the prior year (Q1 2020-21: USD 17.8 million) resulting from increases in legal fees, office and network related expenses and inflationary impacts.

Staff costs, at USD 27.1 million, increased by USD 2.9 million versus the prior year (Q1 2020-21: USD 24.2 million). As referenced above, we took a strategic decision to insource some of our critical network maintenance work and more specialised technical support. In addition to this, more favourable exchange rates, in particular in South Africa, has resulted in an increase in payroll related costs.

Adjusted EBITDA and profit

Adjusted EBITDA	Q1 2021-22 (USDm)	Q1 2020-21 (USDm)	YoY (%)
Adjusted EBITDA	**59.1**	**47.0**	25.7
Depreciation, impairment and amortisation	(29.8)	(26.1)	(14.2)
Dividend received	-	(0.3)	n/a
Operating profit	**29.3**	**20.6**	42.2
Dividend received	-	0.3	n/a
Interest income	2.6	0.6	333.3
Finance costs	(17.3)	(19.7)	12.2
Foreign exchange (loss) / gain	(6.9)	(111.0)	93.8
Monetary adjustment - IAS 29	16.9	189.5	(91.1)
Profit before tax	**24.6**	**80.3**	**(69.4)**
Tax expense	11.3	(13.8)	181.9
Profit for the period	**35.9**	**66.5**	**(46.0)**

Adjusted EBITDA for the quarter increased 25.7% year-on-year to USD 59.1 million (Q1 2020-21: USD 47.0 million), as the improved gross profit margin described above more than offset the higher operating costs.

Stronger exchange rates in South Africa, together with the new NLD route going live, resulted in a 14.2% higher year-on-year depreciation, impairment and amortisation charge for Q1 of USD 29.8 million (Q1 2020-21: USD 26.1 million).

Finance costs for the first quarter of USD 17.3 million (Q1 2020-21: USD 19.7 million) reflected the benefit of the new funding structure, with a lower coupon rate on the new Bond relative to the prior year.

Foreign exchange losses in the period were significantly reduced compared to the same quarter of the prior year as the exchange rate in Zimbabwe stabilised. The exchange loss for Q1 of the current year was USD 6.9 million (Q1 2020-21: USD 111.0 million), reflecting a closing rate of ZWL$:USD 84.7:1 (Q4 2020-21: ZWL$:USD 83.9, Q1 2020-21 ZWL$:USD 25.0:1). Similarly, the CPI in Zimbabwe has remained relatively steady at 2,874.84 (Q4 2020-21: 2,698.89, Q1 2020-21: 953.4) and therefore the monetary adjustment in Q1 at USD 16.9 million was significantly lower than Q1 of the prior year (Q1 2020-21: USD 189.5 million).

Cash generated from operations

Cashflow	Q1 2021-22 (USDm)	Q1 2020-21 (USDm)	YoY (%)
Cash generated from operations	**19.4**	**37.1**	(47.7)
Tax paid	(5.6)	(1.9)	(194.7)
Net cash generated from operating activities	**13.8**	**35.2**	**(60.8)**
Net cash used in investing activities	(15.0)	(21.1)	28.9
Net cash used in financing activities	(14.7)	28.6	151.4
Net (decrease) / increase in cash and cash equivalents	**(15.9)**	**42.7**	**(137.2)**

In the first quarter, cash generated from operations was USD 19.4 million (Q1 2020-21: USD 37.1 million). Within this, there was a USD 50.2 million outflow in working capital, largely incurred in Zimbabwe, where local practices are moving towards prepayments and shorter payment terms. This has the benefit of allowing us to secure more advantageous pricing in an hyperinflationary environment. We also made some upfront payments in the DRC as part of the project build to secure the availability of key items of equipment.

Investing activities were focused on capital expenditure and totalled USD 15.0 million in the first quarter (Q1 2020-21: USD 21.1 million), mainly in South Africa and the DRC.

The Q1 financing activities cash outflow was USD 14.7m million (Q1 2020-21: inflow USD 28.6 million), comprising interest costs on the Bond and term loan as well as lease payments.

Capital investment and network developments

First quarter capital expenditure was USD 16.0 million (Q1 2020-21; USD 21.9 million) and was incurred on completing certain long distance routes and access infrastructure in South Africa, fibre infrastructure in Zimbabwe and the DRC and initial spend on additional smaller projects which are now underway as COVID-19 restrictions ease.

Gross and net debt

Gross and net debt (Post IFRS16)	Q1 2021-22 (USDm)
Total gross debt	**972.1**
Long-term borrowings including interest accrued	843.4
Short-term portion of long-term borrowings incl. interest accrued	11.5
Unamortised arrangement fees	18.6
Long-term leases	62.1
Short-term leases	36.5
Less: Unrestricted cash	**150.7**
Net debt	**821.4**
Last twelve months adjusted EBITDA	**253.0**
Last twelve months interest	**75.8**
Covenants:	
Gross debt / LTM EBITDA (x)	3.84
Net Debt / LTM EBITDA (x)	3.25
Interest / LTM EBITDA (x)	3.34
Debt Service Cover Ratio (DSCR)	2.46

Total cash at the end of the period was USD 160.6m (Q4 2020-21: USD 172.6 million), of which USD 150.7 million was unrestricted, reflecting a healthy liquidity position. Cash balances held in Zimbabwe at the quarter end totalled USD 47.2 million, a sign of the improving economy and we continue to explore means of expatriating and re-investing this cash.

Gross debt of USD 972.1 million now includes USD 620.0 million Senior Secured Notes, USD 232.1 million South African Rand term loan, higher due to the strengthening of the South Africa Rand, and USD 8.4 million Zambian debt, together with USD 98.6 million of lease liabilities.

The medium-term policy of the Group is to have a net debt to EBITDA ratio of between 2.0x and 3.0x.

Strive Masiyiwa
Group Chairman

Nic Rudnick
Chief Executive Officer

Kate Hennessy
Chief Finance Officer

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

(trading as)

LIQUID

INTELLIGENT TECHNOLOGIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MAY 2021

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 3 months ended 31 May 2021

		3 months ended	
	Notes	**31/05/2021**	**31/05/2020**
		USD'000	**USD'000**
		(Unaudited)	**(Unaudited)**
Revenue	3,28	161,986	141,740
Interconnect related costs		(15,657)	(22,738)
Data and network related costs		(36,335)	(32,500)
Other income		861	84
Selling, distribution and marketing costs		(6,813)	(5,138)
Administrative expenses		(17,922)	(10,497)
Staff costs		(27,066)	(24,182)
Depreciation, impairment and amortisation		(29,786)	(26,095)
Operating profit		**29,268**	**20,674**
Dividend received		-	292
Restructuring costs	4	(22)	-
Acquisition and other investment costs		(23)	(21)
Interest income	5	2,583	580
Finance costs	6	(17,297)	(19,693)
Foreign exchange loss	2.2	(6,903)	(111,000)
Hyperinflation monetary gain	2.2	16,851	189,470
Share of profits of associate		5	1
Profit before taxation		24,462	80,303
Tax credit / (expense)	7	11,340	(13,782)
Profit for the period		**35,802**	**66,521**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Translation gain / (loss) on accounting for foreign entities		37,656	(67,555)
Impact of application of Hyperinflation accounting on opening balances	2.2.2	1,225	5,772
Other comprehensive income / (loss)		38,881	(61,783)
Profit and other comprehensive income for the year		**74,683**	**4,738**
Profit attributable to:			
Owners of the company		35,438	66,344
Non-controlling interest		364	177
		35,802	**66,521**
Profit and other comprehensive income attributable to:			
Owners of the company		74,267	4,528
Non-controlling interest		416	210
		74,683	**4,738**
Earnings per share			
Basic (Cents per share)	24	28.38	54.28

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 May 2021

	Notes	31/05/2021	28/02/2021
		USD'000	USD'000
		(Unaudited)	(Audited)
Non-current assets			
Goodwill	8	140,667	129,364
Intangible assets	9	133,627	131,594
Property, plant and equipment	10	722,254	679,626
Right-of-Use assets	11	89,045	86,767
Investment in associate		680	615
Investments	22	23,814	23,814
Deferred tax assets		34,587	31,595
Investments at amortised cost		49	49
Long-term receivables from affiliated entities	18	212,965	-
Other Long-term receivables		-	13
Total non-current assets		1,357,688	1,083,437
Current assets			
Inventories		26,437	25,288
Trade and other receivables	13	208,610	186,764
Taxation		3,270	2,798
Cash and cash equivalents	12	150,711	163,898
Restricted cash and cash equivalents	12	9,943	8,740
Assets classified as held for sale	25	-	126,838
Total current assets		398,971	514,326
Total assets		1,756,659	1,597,763
Equity and liabilities			
Capital and reserves			
Share capital		3,716	3,716
Share premium		276,714	276,714
Convertible preference shares		180,000	180,000
Retained earnings / (Accumulated losses)		5,769	(121,379)
Foreign currency translation reserve		32,813	(6,016)
Total equity attributable to owners of the parent		499,012	333,035
Non-controlling interests		2,417	2,001
Total equity		501,429	335,036
Non-current liabilities			
Long term borrowings	14	843,363	823,246
Long term lease liabilities	15	62,107	59,948
Long-term payable to affiliated entities	18	750	-
Other long-term payables		8,957	9,027
Deferred revenue	17	62,979	48,295
Deferred tax liabilities		9,395	26,281
Total non-current liabilities		987,551	966,797
Current liabilities			
Short term portion of long-term borrowing	14	11,538	2,859
Short term portion of long-term lease liabilities	15	36,479	36,711
Trade and other payables	16	147,870	160,469
Short-term provisions		30,597	22,784
Deferred revenue	17	31,267	44,219
Taxation		9,928	8,796
Liabilities directly associated with assets classified as held for sale	25	-	20,092
Total current liabilities		267,679	295,930
Total equity and liabilities		1,756,659	1,597,763

Approved by the Board of Directors and authorised for issue on 14 July 2021.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 3 months ended 31 May 2021

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD	USD'000	USD'000	USD'000	USD'000
At 1 March 2020 (Audited)		3,638	251,446	180,000	(15,560)	(56,607)	2,026	364,943
Change in ownership		-	-	-	-	-	(167)	(167)
Profit for the period		-	-	-	-	66,344	177	66,521
Impact of application of Hyperinflation accounting on opening balances		-	-	-	5,772	-	-	5,772
Translation (loss) / gain on accounting for foreign entities		-	-	-	(67,588)	-	33	(67,555)
At 31 May 2020 (Unaudited)		**3,638**	**251,446**	**180,000**	**(77,376)**	**9,737**	**2,069**	**369,514**
At 1 March 2021 (Audited)		3,716	276,714	180,000	(6,016)	(121,379)	2,001	335,036
Profit on disposal of subsidiaries under common control	25	-	-	-	-	91,710	-	91,710
Profit for the period		-	-	-	-	35,438	364	35,802
Impact of application of Hyperinflation accounting on opening balances		-	-	-	1,225	-	-	1,225
Translation gain on accounting for foreign entities		-	-	-	37,604	-	52	37,656
At 31 May 2021 (Unaudited)		**3,716**	**276,714**	**180,000**	**32,813**	**5,769**	**2,417**	**501,429**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 3 months ended 31 May 2021

	Notes	3 months ended 31/05/2021 USD'000 (Unaudited)	3 months ended 31/05/2020 USD'000 (Unaudited)
Cash flows from operating activities:			
Profit before tax		24,462	80,303
Adjustments for:			
Depreciation, impairment and amortisation		29,786	26,095
Dividend received		-	(292)
Bad debts provision		3,875	3,167
Increase / (decrease) in provisions		6,958	(2,165)
Foreign exchange loss		6,737	112,753
Hyperinflation monetary gain		(16,851)	(189,470)
Profit on disposal of fixed assets		(2)	(1)
Interest income	5	(2,583)	(580)
Finance costs	6	17,297	19,693
Share of profit from associate		(5)	(1)
		69,674	49,502
Working capital changes:			
Increase in inventories		(970)	(1,286)
Increase in trade and other receivables		(10,418)	(12,137)
Decrease in trade and other payables		(36,666)	(12,825)
(Decrease) / increase in deferred revenue		(2,119)	8,392
Increase in accruals		105	5,586
Decrease in unfavourable contracts		(172)	(147)
Cash generated from operations		19,434	37,085
Income tax paid		(5,556)	(1,892)
Net cash generated from operating activities		13,878	35,193
Cash flows from investing activities:			
Interest income		2,584	581
Dividend received		-	292
Purchase of property, plant and equipment	10	(15,083)	(19,287)
Proceeds on disposal of property, plant and equipment		303	36
Purchase of intangible assets	9	(835)	(2,686)
Proceeds on disposal of intangible assets		16	-
Decrease in other Long-term receivables		13	-
Increase in long-term receivables from affiliated entities		(1,990)	-
Net cash used in investing activities		(14,992)	(21,064)
Cash flows from financing activities:			
Finance costs paid		(5,884)	(2,089)
Decrease in lease liabilities		(8,815)	(9,540)
(Decrease) / increase in borrowings		(797)	40,224
Increase in long-term payable to affiliated entities		748	-
Net cash (used in) / generated from financing activities		(14,748)	28,595
Net (decrease) / increase in cash and cash equivalents		(15,862)	42,724
Cash and cash equivalents at beginning of the period		172,638	85,003
Translation of cash with respect to foreign subsidiaries		3,878	(9,000)
Cash and cash equivalents at end of the period	12	**160,654**	**118,727**
Represented by:			
Cash and cash equivalents	12	150,711	117,343
Restricted cash and cash equivalents	12	9,943	1,384
		160,654	**118,727**

1. General information

Liquid Telecommunications Holdings Limited (trading as Liquid Intelligent Technologies), is a private company incorporated in Mauritius on the 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. On 29 June 2021, an application was submitted to convert the current licence to a Global Business Company licence. 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, 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 period.

These consolidated interim financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, United Arab Emirates Dirham and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

ADC restructure

A new holding company for the Liquid group was formed during the year ended 28 February 2021 (Liquid Telecommunications (Jersey) Limited) which now holds both Liquid Telecommunications Holdings Limited ("Liquid Group") and Africa Data Centre Holdings Limited ("ADC Group'') (a new Data centre holding company).

In line with the strategy outlined in the prior year, the group has transferred the assets and liabilities of the Data centre line of business from the Liquid Group to the ADC group. The disposal took place on the 4 March 2021. See *note 25 - Assets Held for Sale* for more details.

Refinancing of USD 730 million 8.5% Senior Secured Notes

As outlined in the prior year, the refinancing of the USD 730 million 8.5% Senior Secured Notes was completed on 4 March 2021. Full details of the transaction can be found in note 14.

Response to COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments.

The group's top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic. The group believes that 'every individual on the African continent has the right to be connected'. This enduring belief is guiding the group's response to the current crisis. The health and safety of our people and those of our customers, suppliers and other business partners is paramount. The group has implemented robust contingency planning across the business to protect the health of our people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources.

As the situation evolves, the group continues to work closely with our employees, partners and suppliers to support ongoing business operations and serve our customers' needs.

As a strategic supplier to our customers, the group has been executing plans to ensure network and system continuity as the situation evolves. The group has remote working capability in place for all major processes and systems for our key personnel. All personnel are able to work remotely at short notice when necessary while maintaining full business functionality.

For the purposes of the consolidated interim financial statements for the 3 months ended 31 May 2021, the group has performed an assessment of the impact of COVID-19 on the financial position of the group and results of operations for the period, and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 May 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

2. Accounting policies (continued)

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the condensed consolidated interim financial statements. Taking into account the available cash position as of 31 May 2021, including the economic conditions in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2022. Although the longer term impact of the pandemic is not yet known, the potential impact of the following factors have been taken into account: instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a ZAR 3.3 billion term loan (maturity March 2026) and USD 23.3 million of locally provided term loans (maturity in the financial years 2022 and 2025) in Zambia, of which USD 8.5 million is outstanding at 31 May 2021. Securing the new funding has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

Cash position

As at 31 May 2021, the group has an unrestricted cash position of USD 150.7 million (28 February 2021: USD 163.9 million). Of this amount, USD 47.2 million (28 February 2021: USD 44.0 million) is held 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 84.7:1 (28 February 2021: 83.9:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

Operational performance

For the year ended 31 May 2021 the group reported an operating profit of USD 29.3 million (31 May 2020: 20.7 million) and a net cash inflow from operating activities of USD 13.9 million (31 May 2020: USD 35.2 million). This demonstrates 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 devaluation in Zimbabwe.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the period ended 31 May 2021 is appropriate.

2.2 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now 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 period ended 31 May 2021, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

More details on the currency changes and the adoption of hyperinflation accounting are set out in note 2.2.1 and 2.2.2 below.

2.2.1 Zimbabwean currency

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the US dollar represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5. The Zimbabwean currency is now denominated as the Zimbabwean Dollar (ZWL$).

2. Accounting policies (continued)

2.2 Zimbabwean currency and hyperinflation accounting (continued)

2.2.1 Zimbabwean currency (continued)

During the period ended 31 May 2021, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 84.7:1 (28 February 2021: ZWL$:USD 83.9:1) to translate both the statement of profit or loss and the statement of financial position at 31 May 2021. Of the USD 6.9 million (31 May 2020: USD 111.0 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 7.5 million (31 May 2020: USD 104.7 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

2.2.2 Hyperinflation accounting

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 29 February 2020, the group observed that the conditions in Zimbabwe have been 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. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has continued the application the requirements of IAS 29 in its consolidated financial statements for the period to 31 May 2021, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2021 of USD 1.2 million (31 May 2020: USD 5.8 million) have been recognised directly in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 31 May 2021.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index (“CPI”) as the general price index. The gain on the net monetary position of USD 16.9 million (31 May 2020: gains of USD 189.5 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 2,874.84 (31 May 2020: 953.4).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 84.7:1 has been used.

The directors continue to monitor the economic conditions in Zimbabwe.

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2021.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements and critical estimates applied by the group in the preparation of these condensed consolidated interim financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2021. In addition, the following significant accounting judgements and critical estimates have also been made:

Material judgements

Revenue Recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 *Revenue from Contracts with Customers* and whether the group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current period is appropriate.

Classification and measurement of financial instruments

• Classification of financial assets: The group uses judgement in the assessment of the business models within which the non-equity financial assets are held and the assessment of whether the contractual terms of such financial assets are solely payments of principal and interest on the principal amounts outstanding.

• Valuation of investments: IFRS 9 *Financial instruments* observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

2. Accounting policies (continued)

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

Material judgements (continued)

Classification and measurement of financial instruments (continued)

• Impairment: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Identification of leases and lease term

In making their judgement, the directors considered the detailed criteria for the recognition of leases as set out in IFRS 16 *Leases* . The group, at the inception of the contract, assesses whether the contract contains a lease by considering if the contract conveys a right of control to use the identified asset for a period of time in exchange for consideration. The group considers whether the contract involves the use of an identified asset, whether the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and also if the group has the right to direct the use of the asset.

Further, judgements are made when determining the appropriate lease term and whether it is reasonably certain that a termination or extension option will be exercised, and in relation to any incremental borrowing rate used.

The directors are satisfied that leases have been appropriately identified and that the lease terms have been correctly measured.

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. Refer to note 26 for *Contingent liabilities* disclosure.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the company to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of the recoverable amount.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values which, in compliance with IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Segment information

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Following the group's strategic re-positioning during the year ended 28 February 2021, the group categorises its revenue streams as shown below:

New revenue streams:

- Network - primarily revenue from long haul and metro networks;
- Digital solutions - primarily revenue from cloud services, managed services and cybersecurity services;
- Data technologies - primarily revenue from roaming services and other innovations;
- Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
- Data centre - primarily revenue from the group's data centres.

For comparison, the previous revenue streams were:

- Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
- Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
- Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
- Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

The new revenue streams have also been reflected in the comparatives.

The measure of reporting profit for each operating segment, which also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

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

- Restructuring costs
- Acquisition and other investment costs
- Net foreign exchange loss
- Hyperinflation monetary gain (see note 2.2.2)
- Share of profits of associate

A reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA (see above) is shown in *note 27.1 - Reconciliation.*

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 May 2021.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	36,533	44,245	26,367	7,259	-	(6,458)	107,946
Digital solutions	10,107	3,378	1,373	1,877	-	(1,513)	15,222
Data technologies	8,815	418	2,634	15,683	-	(11,167)	16,383
Voice traffic	2,356	42	1	20,382	-	(346)	22,435
Data centre	-	-	-	-	-	-	-
Inter-segmental revenue	(1,675)	(286)	(1,806)	(15,717)	-	19,484	-
Group External Revenue	**56,136**	**47,797**	**28,569**	**29,484**	**-**	**-**	**161,986**
Adjusted EBITDA	17,518	26,569	7,511	17,378	(6,599)	(3,323)	59,054
Depreciation, impairment and amortisation							(29,786)
Restructuring costs							(22)
Acquisition and other investment costs							(23)
Interest income							2,583
Finance costs							(17,297)
Foreign exchange loss							(6,903)
Hyperinflation monetary gain							16,851
Share of profits of associate							5
Profit before taxation							**24,462**
Tax credit							11,340
Profit for the period							**35,802**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 May 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Network	31,129	29,550	21,748	9,284	-	(6,148)	85,563
Digital solutions	8,249	2,234	612	982	-	(894)	11,183
Data technologies	6,431	21	3,952	13,133	-	(10,552)	12,985
Voice traffic	1,616	-	1	26,269	-	(815)	27,071
Data centre	3,611	35	1,340	77	-	(125)	4,938
Inter-segmental revenue	(2,001)	(784)	(2,308)	(13,441)	-	18,534	-
Group External Revenue	**49,035**	**31,056**	**25,345**	**36,304**	**-**	**-**	**141,740**
Adjusted EBITDA	15,223	8,424	7,269	15,824	(3,573)	3,894	47,061
Depreciation, impairment and amortisation							(26,095)
Acquisition and other investment costs							(21)
Interest income							580
Finance costs							(19,693)
Foreign exchange loss							(111,000)
Hyperinflation monetary gain							189,470
Share of profits of associate							1
Profit before taxation							**80,303**
Tax expense							(13,782)
Profit for the period							**66,521**

4. Restructuring costs

During the 3 month period to 31 May 2021, the group continued to restructure its operations, primarily in Liquid Telecommunications Ltd, due to the development of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	3 months ended	
	31/05/2021	31/05/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)
Redundancy costs	20	-
Legal fees	2	-
	22	-

5. Interest income

	3 months ended	
	31/05/2021	31/05/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	836	367
Interest received - inter-group (note 18)	1,747	213
	2,583	**580**

6. Finance costs

	3 months ended	
	31/05/2021	31/05/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest on bank overdraft and loans	6,076	1,204
Finance cost on Senior Secured Notes	8,241	15,513
Finance arrangement fees amortised	873	885
Interest on lease liabilities	2,068	2,091
	17,297	**19,693**

7. Taxation

	3 months ended	
	31/05/2021	31/05/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)
Current taxation	4,384	2,498
Deferred taxation (credit) / charge	(17,728)	10,453
Withholding taxation	2,004	831
Total tax (credit) / expense	**(11,340)**	**13,782**

	3 months ended	
	31/05/2021	31/05/2020
	USD'000 (Unaudited)	USD'000 (Unaudited)
Profit before taxation	24,462	80,303
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(24,345)	18,588
Tax effect of non-deductible expenses	17,227	39,473
Tax effect of non-taxable income	(25)	(645)
Tax effect of foreign tax credit	(1,581)	(1,395)
Effect of tax losses not recognised as deferred tax assets	734	2,990
Tax effect of utilised unrecognised tax losses	(1,317)	(53)
Tax effect on IAS 29 adjustments	(4,037)	(46,007)
Withholding taxation	2,004	831
	(11,340)	**13,782**

7. Taxation (continued)

The company, being the holder of a GBL2 licence is not liable to income tax in Mauritius. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

	31/05/2021 USD'000 (Unaudited)	31/05/2020 USD'000 (Unaudited)
Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

8. Goodwill

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Cost		
Opening balance	129,364	125,771
Foreign exchange gain	11,063	765
Adjustments - IAS 29	240	2,828
Closing balance	**140,667**	**129,364**

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

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,872	3,669
Liquid Telecommunications Holdings South Africa (Pty) Limited	124,474	113,374
Liquid Telecommunications Zambia Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	140,667	**129,364**

Goodwill is tested at least annually for impairment. 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.

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

• 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 5.0%.
• Discount rates: discount rates ranged from 11.0% to 14.4%. The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

9. Intangible assets

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Data centres	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:								
At 1 March 2020 (Audited)	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries	-	176	-	-	-	-	-	176
Purchases during the year	2,749	3,424	7,431	-	501	-	-	14,105
Disposals during the year	-	(151)	(1,823)	-	(42)	-	-	(2,016)
Transfers	250	320	-	-	(570)	-	-	-
Transfers from Property, plant and equipment (note 10)	294	(676)	-	-	-	-	8,712	8,330
Impairment	-	(471)	-	-	-	-	-	(471)
Write off	-	-	(1,791)	-	-	-	-	(1,791)
Transfer to Assets classified as held for sale (note 25)	-	-	-	-	-	(23)	-	(23)
Foreign exchange differences	(5,463)	(111)	(2)	1,513	-	(1)	31	(4,033)
Adjustments - IAS 29	5,264	1,053	-	-	-	-	-	6,317
At 28 February 2021 (Audited)	31,465	44,926	116,260	34,465	2,975	-	50,215	280,306
Purchases during the year	-	222	488	-	125	-	-	835
Disposals during the year	-	(42)	-	-	-	-	-	(42)
Foreign exchange differences	1,522	3,451	1,515	4,413	-	-	2,444	13,345
Adjustments - IAS 29	445	199	-	-	-	-	-	644
At 31 May 2021 (Unaudited)	33,432	48,756	118,263	38,878	3,100	-	52,659	295,088
Accumulated amortisation:								
At 1 March 2020 (Audited)	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Acquisition of subsidiaries (note 23)	-	104	-	-	-	-	-	104
Amortisation	1,749	3,933	7,325	3,086	-	-	438	16,531
Disposals during the year	-	(151)	(132)	-	-	-	-	(283)
Transfers from fixed assets (note 10)	-	(676)	13	-	-	-	428	(235)
Write offs	-	-	(1,420)	-	-	-	-	(1,420)
Transfer to Assets classified as held for sale (note 25)	-	-	-	-	-	(2)	-	(2)
Impairment	-	(153)	-	-	-	-	-	(153)
Foreign exchange differences	(1,784)	38	69	484	-	-	390	(803)
Adjustments - IAS 29	1,865	721	-	-	-	-	-	2,586
At 28 February 2021 (Audited)	11,347	37,329	58,860	15,044	-	-	26,132	148,712
Amortisation	465	1,043	1,616	855	-	-	109	4,088
Disposals during the year	-	-	(26)	-	-	-	-	(26)
Foreign exchange differences	600	3,074	1,249	1,119	-	-	2,384	8,426
Adjustments - IAS 29	186	75	-	-	-	-	-	261
At 31 May 2021 (Unaudited)	12,598	41,521	61,699	17,018	-	-	28,625	161,461
Carrying amount:								
At 28 February 2021 (Audited)	20,118	7,597	57,400	19,421	2,975	-	24,083	131,594
At 31 May 2021 (Unaudited)	20,834	7,235	56,564	21,860	3,100	-	24,034	133,627

During the year ended 28 February 2021, Computer software was impaired by USD 0.3 million relating to redundant technology.

10. Property, plant and equipment

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Data centres	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:									
At 1 March 2020 (Audited)	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Acquisition of subsidiaries	-	52	206	-	47	2,241	(2,241)	-	305
Additions during the year	211	362	1,206	2,335	1,884	38,727	1,042	41,980	87,747
Disposals during the year	-	(1)	(139)	(5)	(59)	(372)	-	(4,693)	(5,269)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 25)	(36,118)	-	-	-	-	(20,246)	(90,708)	-	(147,072)
Transfers	(129)	-	74	3,887	-	(18,739)	2,289	12,618	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	(294)	676	(8,712)	(8,330)
Transfer from Inventory	-	-	2	-	-	(58)	-	-	(56)
Foreign exchange differences	(2,951)	(3,229)	(1,700)	(10,410)	(5,485)	(7,249)	(6,827)	(306,006)	(343,857)
Adjustments - IAS 29	2,896	2,881	1,827	5,220	4,193	7,024	-	275,493	299,534
At 28 February 2021 (Audited)	21,540	12,252	33,812	95,560	11,399	57,933	-	1,087,506	1,320,002
Additions during the year	-	61	309	541	203	10,986	-	2,983	15,083
Disposals during the year	-	(5)	(6)	(13)	-	(1)	-	(467)	(492)
Transfer from Right-of-Use assets (note 11)	-	16	-	-	-	-	-	-	16
Transfers	-	2	178	1,470	-	(12,030)	-	10,380	-
Transfer to inventory	-	-	-	(64)	-	-	-	-	(64)
Foreign exchange differences	1,647	246	1,825	3,440	(34)	5,052	-	47,892	60,068
Adjustments - IAS 29	245	403	223	839	472	627	-	23,703	26,512
At 31 May 2021 (Unaudited)	23,432	12,975	36,341	101,773	12,040	62,567	-	1,171,997	1,421,125
Accumulated depreciation									
At 1 March 2020 (Audited)	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Acquisition of subsidiaries	-	48	186	-	32	-	-	-	266
Depreciation	1,109	652	3,303	8,227	686	-	6,668	53,943	74,588
Disposals during the year	-	-	(97)	(5)	(35)	-	-	(1,007)	(1,144)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 25)	(14,149)	-	-	-	-	-	(26,006)	-	(40,155)
Transfers	7,195	(4)	-	(7)	-	-	(7,184)	-	-
Transfer to Intangible assets (note 9)	-	-	-	-	-	-	676	(441)	235
Foreign exchange differences	263	(2,663)	(1,167)	(9,315)	(5,050)	-	(1,711)	(141,777)	(161,420)
Adjustments - IAS 29	-	1,484	1,019	4,896	3,161	-	-	61,826	72,386
At 28 February 2021 (Audited)	7,342	9,675	28,646	88,170	8,575	(2,257)	-	500,225	640,376
Depreciation	89	235	866	2,043	246	-	-	15,071	18,550
Disposals during the year	-	(3)	(4)	-	-	-	-	(182)	(189)
Transfers	-	2	(2)	-	-	-	-	-	-
Foreign exchange differences	724	229	1,636	1,739	(23)	-	-	26,673	30,978
Adjustments - IAS 29	-	360	217	260	394	-	-	7,925	9,156
At 31 May 2021 (Unaudited)	8,155	10,498	31,359	92,212	9,192	(2,257)	-	549,712	698,871
Carrying amount:									
At 28 February 2021 (Audited)	14,198	2,577	5,166	7,390	2,824	60,190	-	587,281	679,626
At 31 May 2021 (Unaudited)	15,277	2,477	4,982	9,561	2,848	64,824	-	622,285	722,254

Refer to note 14 for details of security over property, plant and equipment.

11. Right-of-Use assets

	Land and buildings USD'000	Computer equipment USD'000	Furniture and fittings USD'000	Network equipment USD'000	Motor vehicles USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:							
At 1 March 2020 (Audited)	70,382	23	-	38,481	1,678	18,061	128,625
Additions during the year	29,429	-	16	9,958	57	4,829	44,289
Disposals during the year	(373)	(22)	-	(1,721)	-	-	(2,116)
Transfer to Assets classified as held for sale (note 25)	(10,481)	-	-	-	-	-	(10,481)
Foreign exchange differences	(11,078)	(1)	-	(23)	37	490	(10,575)
Adjustments - IAS 29	(1,629)	-	-	-	-	-	(1,629)
At 28 February 2021 (Audited)	76,250	-	16	46,695	1,772	23,380	148,113
Additions during the year	1,002	-	-	4,926	191	-	6,119
Transfer to Property, plant and equipment (note 10)	-	-	(16)	-	-	-	(16)
Foreign exchange differences	3,221	-	-	(334)	146	1,552	4,585
Adjustments - IAS 29	1,211	-	-	-	-	-	1,211
At 31 May 2021 (Unaudited)	81,684	-	-	51,287	2,109	24,932	160,012
Accumulated depreciation:							
At 1 March 2020 (Audited)	10,902	-	-	12,767	566	7,048	31,283
Depreciation	10,215	-	-	11,971	517	7,489	30,192
Disposals during the year	(8)	(1)	-	(72)	-	-	(81)
Transfer to Assets classified as held for sale (note 25)	(696)			-	-	-	(696)
Foreign exchange differences	(111)	1	-	(5)	35	717	637
Adjustments - IAS 29	11	-	-	-	-	-	11
At 28 February 2021 (Audited)	20,313	-	-	24,661	1,118	15,254	61,346
Depreciation	2,981	-	-	2,831	117	1,251	7,180
Foreign exchange differences	1,150	-	-	(114)	79	1,278	2,393
Adjustments - IAS 29	48	-	-	-	-	-	48
At 31 May 2021 (Unaudited)	24,492	-	-	27,378	1,314	17,783	70,967
Carrying amount:							
At 28 February 2021 (Audited)	55,937	-	16	22,034	654	8,126	86,767
At 31 May 2021 (Unaudited)	57,192	-	-	23,909	795	7,149	89,045

12. Cash and cash equivalents, and restricted cash and cash equivalents

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Cash and bank balances	150,237	163,419
Money market deposits	474	479
Cash and cash equivalents	**150,711**	**163,898**
Restricted cash and cash equivalents	**9,943**	**8,740**
Total cash and cash equivalents	**160,654**	**172,638**

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

Cash and cash equivalents include USD 47.2 million (28 February 2021: USD 44.0 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 84.7:1 (28 February 2021: ZWL$:USD 83.9:1). See note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.

The group has restricted cash for the following purposes:

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Guarantees	7,501	7,502
Customer deposits held	2,442	1,238
	9,943	**8,740**

13. Trade and other receivables

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Trade receivables	150,514	157,755
Allowance for doubtful debts	(52,724)	(46,950)
Affiliated entities (note 18)	26,804	15,045
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**124,594**	**125,850**
Short-term inter-company receivables (note 18)	1,342	910
Sundry debtors	34,456	29,392
Deposits paid	4,724	5,525
Prepayments	43,494	25,087
	208,610	**186,764**

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

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

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within six months.

	Ageing of past due but not impaired	
	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
31 - 60 days	23,455	12,429
61 - 90 days	11,621	6,162
91 - 120 days	14,999	4,335
121 + days	40,999	37,266
Total ageing of past due but not impaired	**91,074**	**60,192**
Current items	33,520	65,658
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**124,594**	**125,850**

In addition to the current items not yet due of USD 33.5 million (28 February 2021: USD 65.7 million) for the group, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

Included in the above amounts past due but not impaired are amounts due from customers totaling USD 34.6 million (28 February 2021: USD 46.2 million) to whom longer credit terms have been contractually extended. Due to the timing of these contracts, these amounts fall across all ageing categories.

14. Long term borrowings and short term portion of long-term borrowings

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Long term borrowings:		
Stanbic Bank of Zambia Limited	5,372	6,817
USD 620 million 5.5% Senior Secured Notes	605,869	605,219
ZAR 3.3 billion term loan	232,122	211,210
	843,363	**823,246**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,083	2,859
USD 620 million 5.5% Senior Secured Notes	8,241	-
USD 60 million revolving credit facility	214	-
	11,538	**2,859**

On 22 February 2021, Liquid Telecommunications Financing Plc ("LTF'') launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered will be redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021, Liquid Telecommunications Financing Plc announced the issue of USD 620 million of new 5.5NC2 Senior Secured Notes. Settlement for both transactions took place on 4 March 2021.

The new Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The Notes are issued by Liquid Telecommunications Finaning Plc 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 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.

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 is 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.

In addition to the new bond and 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) and Standard Chartered Bank (Mauritius) 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 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 LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

Liquid Telecommunications Zambia Limited has USD 23.3 million of term loans denominated in local currency (Zambian Kwacha). As at 31 May 2021, the outstanding balance on all term loans is USD 8.5 million.

15. Lease liabilities

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Long term portion of lease liabilities	62,107	59,948
Short term portion of lease liabilities	36,479	36,711
	98,586	**96,659**

16. Trade and other payables

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Trade accounts payable	51,397	65,100
Payable balance to affiliated entities (note 18)	4,027	3,111
Short-term inter-company payables (note 18)	11,324	14,380
Accruals	63,742	61,081
Staff payables	3,967	3,106
Transaction taxes due in various jurisdictions	5,387	5,370
Unfavourable contracts	735	706
Other short term payables	7,291	7,615
	147,870	**160,469**

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.

Amount 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 expenditures for on-going fibre related projects.

17. Deferred revenue

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Long term portion of deferred revenue	62,979	48,295
Short term portion of deferred revenue	31,267	44,219
	94,246	**92,514**

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

18. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group:

• Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet South Africa (Pty) Limited, Steward Bank Limited and Omni Broadcast Limited (Uganda) 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) and East Africa Data Centre Limited (Kenya) and are referred to as ''Africa Data Centres related group companies''; and

• Liquid Technologies Infrastructure Finance SARL.

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 transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the year, the group and company entered into the following trading transactions with related parties:

18. Related party transactions and balances (continued)

	3 months ended	
	31/05/2021	31/05/2020
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Sales of goods and services		
Econet Global related group companies	27,890	17,074
Purchase of goods and services		
Econet Global related group companies	5,869	5,982
Management fees paid		
Econet Global related group companies	60	60
Management fees received		
Africa Data Centres related group companies	239	-
Econet Global related group companies	18	8
	257	**8**
Interest income		
Econet Global related group companies	53	213
Africa Data Centres related group companies	1,694	-
	1,747	**213**
Administration fees paid		
DTOS Limited	68	66

The group has the following balances at the period / year end:

	31/05/2021	28/02/2021
	USD'000	USD'000
	(Unaudited)	(Audited)
Short term intercompany receivables		
Africa Data Centres related group companies	834	459
Econet Global related group companies	508	451
	1,342	910
Short term intercompany payables		
Liquid Technologies Infrastructure Finance SARL	9,719	11,684
Africa Data Centres related group companies	1,605	2,696
	11,324	**14,380**
Receivables balances from affiliated entities		
Econet Global Limited (Mauritius)	4,999	4,998
Liquid Technologies Infrastructure Finance SARL	1,248	1,248
Econet Global Related Group Companies	20,239	8,799
Africa Data Centres related group companies	318	-
	26,804	**15,045**
Payable balance to affiliated entities		
Econet Global related group companies	4,027	3,103
Liquid Telecommunications (Jersey) Ltd	-	8
	4,027	**3,111**
Acquisition of controlling interest in subsidiary		
Econet Global Related Group Companies	-	8,974
Long-term receivables from affiliated entities		
Africa Data Centres related group companies	212,965	-
Long-term payable to affiliated entities		
Africa Data Centres related group companies	750	-

19. Capital commitments

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
At 31 May 2021 the group was committed to making the following capital commitments:		
Authorised and contracted	20,858	37,420

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

20. Post balance sheet events

There are no material events after the reporting date which would have a material impact on the group.

21. Dividend paid

No dividend has been declared or paid in the 3 month period ended 31 May 2021 (31 May 2020: Nil)

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

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

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31 May 2021				
Investments	-	-	23,814	23,814
Unfavourable contracts	-	-	9,692	9,692
Derivative assets	-	-	1,800	1,800
Total (Unaudited)	**-**	**-**	**35,306**	**35,306**
28 February 2021				
Investments	-	-	23,814	23,814
Unfavourable contracts	-	-	9,733	9,733
Derivative assets	-	-	1,800	1,800
Total (Audited)	**-**	**-**	**35,347**	**35,347**

Investments

Investments in equity instruments designated as at FVTOCI*	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
Opening balance	23,814	10,814
Additions	-	13,000
Closing balance	**23,814**	**23,814**

During the year ended 28 February 2021, the group acquired 1% of the share capital of Liquid Technologies Infrastructure Finance SARL for USD 13.0 million. Liquid Technologies Infrastructure Finance SARL will invest in fibre network infrastruture in the Democratic Republic of Congo.

*IFRS 9 "Financial Instruments" 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 the fair value. The directors have considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

No impairment was required following the review of the carrying value of the investments by the directors for the period ended 31 May 2021 (28 February 2021: Nil).

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

Unfavourable contracts

The group purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable 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 unfavourable 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.

	31/05/2021 USD'000 (Unaudited)	28/02/2021 USD'000 (Audited)
SEACOM Limited	9,692	9,733

Derivative assets

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

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

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

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 (3-month USD LIBOR).

	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 - 31 May 2021					
Net settled: Embedded derivates	-	-	1,800	-	1,800
Group - 28 February 2021					
Net settled: Embedded derivates	-	-	1,800	-	1,800

23. Non-cash transactions

In the current financial period, the non-cash portion of finance costs consists of USD 0.6 million (31 May 2021: USD 0.9 million) of amortised arrangement fees relating to the USD 620 million 5.5% Senior Secured Notes (31 May 2020: USD 730 million 8.5% Senior Secured Notes). Accrued interest of USD 8.2 million (31 May 2020 : USD 15.5 million) has been excluded from the borrowings as at 31 May 2021.

24. Profit per share

	3 months ended 31/05/2021 USD'000 (Unaudited)	 31/05/2020 USD'000 (Unaudited)
Basic profit per share (Cents per share)	28.38	54.28

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

Profit attributable to owners of the company	35,438	66,344
	31/05/2021 USD'000 (Unaudited)	**31/05/2020 USD'000 (Unaudited)**
Weighted average number of ordinary shares for the purpose of basic/ profit per share for the period ended	124,857,914	122,236,964

At 31 May 2021, the share capital of USD 3.7 million represents 124,857,914 ordinary shares (31 May 2020: 122,236,964 ordinary shares).

25. Assets held for sale

In line with the strategy outlined in the prior year, the group has transferred the assets and liabilities of the Data centre line of business from the Liquid Group to the ADC group. The group entered into a sale agreeement with Africa Data Centre Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited), which was completed on 4 March 2021, for the disposal of the ADC line of business carried out by the South African and Kenyan subsdiaries of the group for a consideration USD 193.0 million.

A profit of USD 91.7 million arose on the disposal of the ADC assets, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill upon the completion of the transaction in the subsequent reporting period. The profit has been disclosed in the consolidated statement of changes in equity.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31/05/2021 USD'000	31/05/2021 USD'000
Assets classified as held for sale		
Intangible assets	-	21
Property, plant and equipment	-	106,917
Right-of-Use assets	-	9,785
Inventories	-	154
Trade and other receivables	-	2,865
Foreign exchange	-	7,096
	-	126,838
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	7,231
Lease liabilities	-	11,267
Foreign exchange	-	1,594
	-	20,092
Net assets of disposal group	-	106,746

26. Contingent liability

Raha Limited - Fine

On 28 August 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS 11.9 billion (approximately USD 5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on 21 August 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited (the "company") (a subsidiary in Tanzania), which the company disagrees with. The findings and fines result from a hearing held on 25 August 2020. The company has made an appeal, on 23 October 2020, against the outcome of the hearing and the directors consider that the company has a robust position and as a result of the appeal process, do not consider that the full fines will be due and payable. The company has therefore not provided for these fines at this stage. The directors continue to keep the position under review.

27. Reconciliation

27.1 Reconciliation of Operating profit to Adjusted EBITDA

Below is a reconciliation of Operating profit, as shown in the consolidated statement of profit or loss, to Adjusted EBITDA reported in note 3 - *Segment information* .

	3 months ended 31/05/2021 USD'000 (Unaudited)	3 months ended 31/05/2020 USD'000 (Unaudited)
Operating profit	29,268	20,674
Add back:		
Depreciation, impairment and amortisation	29,786	26,095
Dividend received	-	292
Adjusted EBITDA (note 3)	**59,054**	**47,061**

27. Reconciliation (continued)

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

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

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

	Consolidated statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
3 months ended 31 May 2021:			
Revenue	161,986	-	161,986
Interconnect related costs	(15,657)	-	(15,657)
Data and network related costs	(36,335)	8,881	(27,454)
Gross Profit	109,994	8,881	118,875
Other income	861	-	861
Dividend received	-		-
Selling, distribution and marketing costs	(6,813)	-	(6,813)
Administrative expenses	(17,922)	(8,881)	(26,803)
Staff costs	(27,066)	-	(27,066)
Adjusted EBITDA	**59,054**	**-**	**59,054**
3 months ended 31 May 2020:			
Revenue	141,740	-	141,740
Interconnect related costs	(22,738)	-	(22,738)
Data and network related costs	(32,500)	7,266	(25,234)
Gross Profit	86,502	7,266	93,768
Other income	84	-	84
Dividend received	292		292
Selling, distribution and marketing costs	(5,138)	-	(5,138)
Administrative expenses	(10,497)	(7,266)	(17,763)
Staff costs	(24,182)	-	(24,182)
Adjusted EBITDA	**47,061**	**-**	**47,061**

28. Prior period restatement

During the year ended 28 February 2021, the accounting relating to the Roaming contracts and to the costs associated with them was subject to further review. This review concluded that the application of IFRS 16 *Leases* to certain items should be amended from that presented in the prior year consolidated financial statements. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* , the group has restated the prior period comparative figures for Data and network related costs and Revenue and categorised these as a prior period error.

The impact of the review in the prior year is a reduction in both Data and network related costs and Revenue of USD 24.9 million for the 3 months ended 31 May 2020. There is no impact to Operating profit/(loss), Adjusted EBITDA, profit after tax, the consolidated statement of financial position or the consolidated statement of cash flow.

The impact of this restatement on prior quarters is as follows:

	Revenue			Data and network related costs			Net Impact On Operating Profit
	Previously reported	IAS 8 Adjustment	As Restated	Previously reported	IAS 8 Adjustment	As Restated	
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Q1 FY21 - 31 May 2020	166,640	(24,900)	141,740	57,400	(24,900)	32,500	-
Q2 FY21 - 30 August 2020	179,901	(25,932)	153,969	53,664	(25,932)	27,732	-
Q3 FY21 - 30 November 2020	188,738	(27,203)	161,535	70,206	(27,203)	43,003	-
Q4 FY21 - 28 February 2021	224,188	(29,542)	194,646	76,357	(29,542)	46,815	-
FY21 - 28 February 2021	759,467	(107,577)	651,890	257,627	(107,577)	150,050	-