LIQUID TELECOMMUNICATIONS FINANCING PLC
(Company Registration No. 10759673)

Annual Financial Statements

28 February 2022

Company Information

Directors:	S Masiyiwa N T Rudnick H N Pemhiwa K E M Hennessy
Secretary:	H K Marsh
Registered office:	9th Floor 6 New Street Square London EC4A 3BF
Registered number:	10759673 (England and Wales)
Auditor:	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ

Strategic Report

The directors present the Strategic Report of Liquid Telecommunications Financing Plc (the "Company") and its subsidiary (collectively referred to as the "Group") for the year ended 28 February 2022. In preparing this Strategic Report, the directors have complied with section 414C of the Companies Act 2006.

Review of principal activity
The Group comprises the Company and its subsidiary company, Liquid Telecommunications Investments Limited (the "subsidiary"). The principal activity of the Group is to act as the financing vehicle for the parent undertaking Liquid Telecommunications Holdings Limited (the "parent").

The Company has issued Senior Secured Notes and lent the proceeds to its parent undertaking. The parent undertaking and certain subsidiaries will fully and unconditionally guarantee the payment of principal, interest and any other amounts due under the guaranteed debt securities issued by the Company.

Review of business activity
The Company was established in London on 8 May 2017 as a public limited company, limited by shares incorporated under the laws of England and Wales. It was formed as a finance company and on 13 July 2017 issued Senior Secured Notes for an amount of USD 550 million through the offering of 5 year Senior Secured Notes bearing a fixed coupon rate of 8.5%. The total net proceeds of this issue were lent to its parent company and invested in its subsidiary to refinance the existing debt within the group and invest in the African telecommunications business.

On 14 November 2017, the 8.5% 5 year Senior Secured Notes were tapped for a further USD 180 million bringing the total issuance to USD 730 million, under the same terms and conditions as the initial debt notes and were consolidated with the original Notes to form a single class of debt securities. From the tap the proceeds were lent to the parent company and invested in its subsidiary to refinance the existing debt within the group and invest in the African telecommunications business. Interest payments to the bondholders and in respect of the intercompany loans are made on semi-annual instalments, every January and July. The Group paid interest to bondholders during the year ended 28 February 2021 of USD 62.1 million.

On 22 February 2021, Liquid Telecommunications Financing Plc 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 were redeemed at par on 13 July 2021. The tender offer closed on 26 February 2021 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. The new Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. Settlement for both transactions took place on 4 March 2021.

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand 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.

Liquid Telecommunications South Africa (Pty) Limited used the proceeds of the USD 220 million equivalent South African Rand term loan to partly repay the amount due to the subsidiary. The subsidiary then performed a capital reduction of USD 224.8 million to repatriate the funds to the Company for the refinancing process described above.

Due to the fact that by the year ended 28 February 2021, the tender process had launched and closed, the Company's intentions regarding the old bond made clear and commitments made by investors on the new bond, the directors assessed (under *IAS 10 – Events after the reporting period*) that these events provide evidence that the re-financing conditions existed at the statement of financial position date and therefore the re-financing was treated as an adjusting post balance sheet event as at 28 February 2021.

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes, which had been capitalised at the time of the original transaction and not yet amortised, have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. See note 20 for a breakdown of the fees debited or credited in the consolidated statement of profit or loss.

The fees on the USD 620 million 5.5% Senior Secured Note have been capitalised and will be amortised over the tenors of the respective instruments.

The Group paid interest to bondholders during the year ended 28 February 2022 amounting to USD 17.1 million. Interest payments to the bondholders are made on semi-annual instalments, every March and September.

Review of results
As shown in the Group's consolidated statement of profit or loss and other comprehensive income, during the year ended 28 February 2022, the Group made a net loss of USD 6.7 million (2021: loss following the group refinancing reported in the prior year of USD 32.6 million) as interest income from the intercompany loan is offset by the finance payments to the bond holders. The consolidated statement of financial position shows the Group's net liabilities on 28 February 2022 were USD 61.0 million (2021: net liabilities of USD 56.2 million). The Group's key performance indicators are shown below:

	Year ended 28 February 2022 USD'million	Year ended 28 February 2021 USD'million
Finance income	29.0	53.5
Finance costs	(37.0)	(84.4)
Loss from operations	(8.8)	(32.6)
Loss before tax	(6.7)	(32.6)

Strategic Report (continued)

Principal risks and uncertainties
The principal risk for the Group is that it does not have sufficient funds to meet its financial obligations to its external USD 620 million Senior Secured Note holders. This would result if the wider Liquid group failed to generate sufficient cash flows from the operating businesses to pay the Company in order to meet the interest on the Notes. Liquid Group has implemented robust contingency plans across the business to protect the health of people and Management estimates there is minimal impact of COVID-19 pandemic on the Group's business. The Group also considers that the Russia-Ukraine conflict has a minimal impact on the business as the Group does not have any stakeholders operating in these regions.

Foreign currency risk
The Company's functional currency is US Dollars ("USD") due to the Senior Secured Notes being issued in USD. The subsidiary Company's functional currency is South African Rand ("ZAR") reflecting the subsidiary's exposure to ZAR, since the loan to Liquid Telecommunications South Africa (Pty) Limited is given in ZAR. The loan given to Liquid Telecommunications South Africa (Pty) was fully settled during the year ended 28 February 2022 which significantly reduced the foreign exchange exposure of the Group. The Group is also exposed to movement in the USD to Great British Pound ("GBP") exchange rate due to invoices being settled in GBP, which are not hedged. The Group monitors foreign exchange rates to manage this risk.

Credit risk
The Group's credit risk is primarily attributable to loans to related companies. Apart from the loans to related companies, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk is dependent on the credit-worthiness of the parent and has no default on repayment of the loan. Also, since the loan given to Liquid Telecommunications South Africa (Pty) was fully settled during the year, this event significantly reduced the credit risk exposure of the Group.

Interest risk
The Group has issued Senior Secured Notes at a fixed interest rate and has lent funds via intercompany loans at fixed rates, thus resulting in low to nil interest risk.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. It includes the risk of inability to manage unplanned changes in funding sources, and any failure to recognise and address changes in market conditions that could affect the Group's ability to liquidate assets quickly, with minimum value loss, if necessary. The Group is the funding vehicle for Liquid Group and relies on the Liquid Group companies to meet the projected cash flows from the loans and investments to meet its interest payments.

Future prospects
The directors' long-term strategy is to continue to increase the Group's service to Liquid Group companies which are diversifying the business to technology product lines.

Approved for and on behalf of the Board on

Director: K E M Hennessy
Date: 25 August 2022

Report of the directors

The directors have pleasure in presenting their annual report together with the audited financial statements of Liquid Telecommunications Financing Plc (company registration No. 10759673) (the "Company") and its subsidiary (collectively referred to as the "Group") for the year ended 28 February 2022. This annual report and financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") in conformity with the requirements of the Companies Act 2006. A review of the business and the Company's and Group's exposure to risks and uncertainties are set out in the Strategic Report.

General information

The Company was established in London on 8 May 2017 as a public limited company, limited by shares incorporated in the United Kingdom. Its parent company is Liquid Telecommunications Holdings Ltd and the ultimate controlling party is Econet Global Limited a company incorporated in Mauritius. The ultimate holding company of the Liquid group is Liquid Telecommunications Jersey Limited which is incorporated in Jersey. The address of the registered office and the Company's operations and of its immediate holding company is 9th Floor, 6 New Street Square, London EC4A 3BF. The Group's main activities are to act as the funding vehicle for the parent company and the broader Liquid Telecommunications group (the "Liquid Group").

Response to COVID-19 pandemic

It is over two years now since the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in many extensive restrictions across the globe which have had far reaching social and economic consequences. Although the spread of the virus continues in all countries, with a number of variants evolving, the extensive roll out of vaccination programmes and other public health measures have meant that restrictions are being lifted in most countries. The situation remains under review by governments on all continents, but it is expected that COVID-19 will be downgraded to 'endemic' status and will be managed as part of everyday life going forward.

Since the initial outbreak, the Liquid Group has continued to prioritise the health, well-being and safety of staff, customers, partners and the public as it delivers essential telecommunications and digital services to its customers. Our early response planning and ongoing monitoring of local conditions have allowed the Liquid Group to respond in a way that protects both its people and its ability to sustain and grow the business.

The Liquid Group is now following local government guidance in all the territories in which we operate, allowing us to return our staff to work premises and enable customer site visits as necessary in a structured and controlled manner. The Liquid Group has also kept under review other areas which are potentially impacted by the after-effects of COVID-19, such as customers' ability to pay on time and the supply of consumables and equipment necessary for the delivery of our services.

Management considers there is minimal impact of COVID-19 pandemic on the Company business

Russia-Ukraine conflict

On 24 February 2022, Russia invaded Ukraine in an internationally condemned act of aggression. This conflict is ongoing with a devastating impact on human life in the region. Globally the impact is being felt through increasing fuel prices, widening sanctions against Russia and its citizens and instability in the financial markets. The Liquid Group has been monitoring the situation and assessing any potential impact on its business model. It is likely that higher fuel costs will be passed on globally by energy suppliers, product manufacturers and in logistics and transportation services. The Liquid Group has factored such price increases into its forward-looking plans.

Directors and secretary

The names of the directors who have served during the period and up to the date of signing the financial statements (unless stated otherwise) are given below:

- N T Rudnick
- S Masiyiwa
- H N Pemhiwa
- K E M Hennessy

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

At no time during the year was the Company, its holding company, or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body. None of the directors held any direct interests during the period in shares of the Liquid Group companies and the directors and officers are indemnified by the companies for the execution of their duties.

Secretary

H K Marsh

Dividends

The directors do not recommend payment of a dividend for the year ended 28 February 2022 (2021: USD nil).

Report of the directors (continued)

Going concern
The Company's business activities, together with the factors likely to affect its future development and position are described in the Strategic Report. The Company had a loss after tax of USD 6.7 million for the year and net liabilities of USD 61.0 million as at 28 February 2022. The principal activity of the Group is to act as the financing vehicle for the parent undertaking, Liquid Telecommunications Holdings Limited

Given the Company's current and long term liquidity, capital requirements and forecast financial position are assessed at the Liquid Group level, the directors have reviewed the cash flow projections of the Liquid Group. This included the impact of currency changes in South Africa, the repayment of existing obligations and loan funding and forecast performance, including the impact on liquidity of any reduction in operating cash-flows. The directors are satisfied the Liquid Group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations of the wider Liquid group provide sufficient financial sustainability to generate positive cash flows for the foreseeable future.

The Liquid Group is currently funded by a combination of equity and debt. The debt comprises USD 620 million 5.5% Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026), together with USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 7.0 million is outstanding at 28 February 2022. Securing the new funding, in the prior financial year, has removed the re-financing risk for the Group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

In making their assessment, the directors have also considered the potential impact of the COVID-19 pandemic and the Russia-Ukraine conflict on the operations, business plan and cashflow for the twelve months from the date of signing of the consolidated financial statements. Although the full effects of the pandemic are not yet known, they have taken into account the potential impacts of:

- the instability of the financial markets and the volatility of the currency markets;
- trading risks presented by the current economic conditions in the operating markets; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary capital expenditure and restricting cash outflows.

Even after assessing these factors, the directors consider the Company to have sufficient liquidity to continue notwithstanding being in a net liability position.

The directors note that the Company has received confirmation of support from the Liquid Group for a period of at least 12 months from the date of signing of the financial statements. The directors note that the principal cash obligation that arises within the next 12 months relates to the payment of USD 34.1 million of interest on the Senior Secured Notes held by the Company – the directors are confident of the Liquid Group's ability to generate sufficient cash-flows to meet this and all other obligations as they fall due. Accordingly, it will continue to adopt the going concern basis of accounting in preparing the financial statements.

Section 172 disclosure
The Company's long term success is central to the Directors' discussions and decision making. In accordance with the requirements of Section 172 of the UK Companies Act 2006, the Directors give full consideration to the interests of key stakeholders, as described in the table below, to ensure their alignment in furthering the growth of the business.

Customers	The Company does not have customers outside the Liquid group as it acts as the financing vehicle for the Liquid group. The Liquid group has many long standing customer relationships, and recognises that communication with them is the key to ensuring the continued longevity of these relationships. The Liquid Group works closely with the customers through experienced relationship managers who build an understanding of the customers' needs and business.
Employees	The Company does not have staff directly employed as it acts as the financing vehicle for the Liquid group. The Liquid group recognises that each employee has been integral to the success of the Liquid Group and wants them to be part of the future story. The group's monthly CEO webinar is hugely popular and interactive and, along with our regular employee engagement surveys, gives all employees the opportunity to share their views with senior management. The Liquid Group also uses a combination of newsletters and internal social media platforms to keep our employees up to date with developments in the company. Excellent employee performance is applauded and rewarded through both group and local recognition schemes.
Suppliers	The company is committed to conducting its business in an open and ethical manner with all our suppliers. The company complies with local laws and regulations and has policies in place to cover working hours, equal opportunities, discrimination and data protection. Employees of the Liquid Group who engage with suppliers follow our internal code of conduct and understand we have a zero tolerance policy to unethical behaviour.
Shareholders	Our shareholders are consulted on a all material issues in accordance with the governing requirements and in this way help to shape our future. Any transactions with shareholders are referred to the Related Party Committee which is governed by a group wide terms of reference.
Community and environment	The Liquid Group is always conscious of the impact our business has on the immediate and wider community and environment. The Liquid Group has made various contributions ranging from the provision of free telecommunications services, staff volunteering, assisting with healthcare provision and partnering with local initiatives to promote local businesses.

Report of the directors (continued)

Energy and carbon reporting
The Company is exempted from Energy and carbon reporting as less than 40,000 kWh of energy was consumed during the year ended 28 February 2022.

Events after the reporting date
There have been no events after the reporting date.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved for and on behalf of the board:

KEM Hennessy

Director: K E M Hennessy
Date: 25 August 2022

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) with the requirements of the Companies Act 2006. The directors have also chosen to prepare the parent company financial statements under IFRSs with the requirements of the Companies Act 2006. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statement
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The responsibility statement was approved by the board of directors on 25 August 2022 and is signed on its behalf by:

Approved for and on behalf of the board:

Director: K E M Hennessy
Date: 25 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIQUID TELECOMMUNICATIONS FINANCING PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Liquid Telecommunications Financing Plc (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of financial position;
- the consolidated and separate statements of changes in equity;
- the Consolidated and separate statements of cash flows; and
- the related notes 1 to 21

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • The recoverability of intercompany receivables Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was $5.6 million which was determined on the basis of total assets.
Scoping	We have audited the group as two components comprised of the two companies which constitute the group, covering 100% of the group's net assets, revenue and profit before tax.
Significant changes in our approach	In the prior year we identified a key audit matter relating to the issuance and the derecognition of Senior Secured Loan Notes; there was no similar event or key audit matter for the current financial year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Performing procedures over management's forecasts to assess the future cash requirements of the parent entity Liquid Telecommunications (Jersey) Limited ('LTJ') and its subsidiaries (the 'LTJ group'); this was performed along with reverse stress analysis including the potential impact of COVID-19;

- Assessing the LTJ group's ability to operate for the next 12 months by considering the LTJ group's business model, operations and financing, as well as additional information available subsequent to management's assessment; and

- Inspecting the confirmation obtained by management from LTJ that it intends to support the Company, and evaluating LTJ's ability to provide this support and the business rationale for doing so.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Recoverability of Intercompany Receivables

Key audit matter description	The group forms part of the Liquid Telecommunications group, whose parent company is Liquid Telecommunications (Jersey) Limited, a company incorporated in Jersey. The purpose of the group is to provide financing for the wider Liquid Telecommunications group and as a consequence the group has material intercompany receivables of $543.8 million (2021: $525.8 million) due from other group companies. Judgement is required in estimating a probability of default and assessing the expected credit loss on the receivable in accordance with IFRS 9 Financial Instruments based on the group's ability to generate sufficient cash flow to re-pay the amount, including due to the effects of COVID-19, when it falls due at the end of its term on 4 September 2026. Further details are included within the strategic report on page 3, and notes 12 and 17 to the financial statements.
How the scope of our audit responded to the key audit matter	The procedures performed included the following: • obtaining an understanding of relevant controls relating to the assessment of the recoverability of intercompany receivables; • agreeing intercompany receivables to intercompany counterparty confirmations; • challenging management's judgement by assessing whether there had been a significant increase in the credit risk of the counter party since inception, such that a lifetime expected credit loss rather than a one-year expected credit loss would be required; • using credit default swap market data for other market participants to estimate a probability of default, to compare to the conclusions reached by management in relation to expected credit losses; and • assessing LTJ's ability to generate sufficient cash flows to support its subsidiaries to repay the receivables.
Key observations	Based on our audit work, we consider the intercompany receivable to be appropriately valued overall. We consider management's estimate of probability of default optimistic and as a result the expected credit loss is understated in the context of the requirements of IFRS 9, but the impact is immaterial.

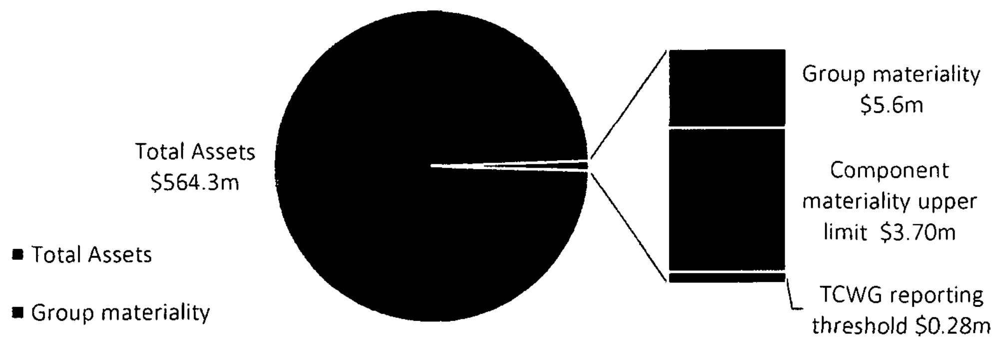
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$5.6 million (2021: $5.5 million)	$3.7 million (2021: $3.5 million)
Basis for determining materiality	We have determined materiality using a benchmark of 1.0% of total assets	Parent company materiality equates to 0.7% of total assets, constituting 66% of group materiality
Rationale for the benchmark applied	The group exists primarily to finance the operations of the wider Liquid Telecommunications group. The total assets which the entity holds are the assets required by the company to meet the obligations of its external financing arrangements, and are therefore of key importance to the operations of the entity.	In line with the basis for materiality for the group, we assess that total assets are the key metric for the entity's operations. The Company, as the legal entity responsible for the external borrowings, requires adequate resources to meet the obligations of servicing the debt as they fall due.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our risk assessment, including our assessment of the group's overall control environment; and • the nature of the group's operations, our past experience of the audit, and the nature and value of uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with those charged with governance that we would report to them all audit differences in excess of $0.28 million (2021: $0.27 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The group is comprised of a parent company and a subsidiary who maintain separate accounting records, both of these entities were identified to be components subject to full scope audit procedures. Audit work in relation to these components was performed at levels of materiality which were lower than the group materiality and the materiality of the two entities Liquid Telecommunications Financing Plc and Liquid Telecommunications Investments Limited was $3.7 million and $4,000 respectively, determined based on the component's contribution to the group's total assets.

There were no changes in the components in scope from prior year. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team, including testing the consolidation process.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;

- results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;

- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:

  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;

  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team and relevant internal specialists, including IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.
In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018, GDPR and the Bribery Act 2010.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiring of management, those charged with governance and external legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12.Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13.Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Simon Stephens
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Simon Stephens FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

25 August 2022

Consolidated and separate statement of profit or loss and other comprehensive income

	Notes	Group		Company	
		Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Finance income	7	28,970,407	53,482,414	31,387,066	58,565,958
Finance costs	8	(37,033,229)	(84,416,085)	(37,033,229)	(84,465,857)
Other operating expenses		-	(880,637)	-	(880,637)
Administrative expenses		(749,346)	(786,782)	(126,181)	(93,496)
Loss from operations	6	**(8,812,168)**	**(32,601,090)**	**(5,772,344)**	**(26,874,032)**
Impairment of investments in subsidiary	11	-	-	(2,682,538)	(15,449,000)
Fair value gain on derivative assets	18.12	2,118,644	-	2,118,644	-
Loss before tax		**(6,693,524)**	**(32,601,090)**	**(6,336,238)**	**(42,323,032)**
Tax expense	10	-	-	-	-
Loss for the year		**(6,693,524)**	**(32,601,090)**	**(6,336,238)**	**(42,323,032)**
Other comprehensive income for the year					
Items that may be reclassified subsequently to profit or loss:					
Translation gain on accounting for foreign entities		1,894,196	12,552,038	-	-
Other comprehensive income for the year		**1,894,196**	**12,552,038**	**-**	**-**
Total loss and other comprehensive expense for the year		**(4,799,328)**	**(20,049,052)**	**(6,336,238)**	**(42,323,032)**

Consolidated and separate statement of financial position

	Notes	Group 28 February 2022 USD	Group 28 February 2021 USD	Company 28 February 2022 USD	Company 28 February 2021 USD
Assets					
Non-current assets					
Investments in subsidiary	11	-	-	-	28,482,543
Trade and other receivables	12	529,989,585	523,468,702	529,989,585	498,989,585
Net derivative assets	18.12	2,118,644	-	2,118,644	-
Total non-current assets		**532,108,229**	**523,468,702**	**532,108,229**	**527,472,128**
Current assets					
Trade and other receivables	12	14,001,237	2,551,368	14,001,237	236,742
Cash and bank balances	5	18,200,781	29,239,752	18,026,678	28,934,599
Total current assets		**32,202,018**	**31,791,120**	**32,027,915**	**29,171,341**
Total Assets		**564,310,247**	**555,259,822**	**564,136,144**	**556,643,469**
Equity and liabilities					
Capital and reserves					
Called up share capital	13	129,584	129,584	129,584	129,584
Accumulated losses		(40,292,982)	(33,599,458)	(61,287,824)	(54,951,586)
Foreign currency translation reserve		(20,862,363)	(22,756,559)	-	-
Total equity		**(61,025,761)**	**(56,226,433)**	**(61,158,240)**	**(54,822,022)**
Non-current liabilities					
Long term borrowings	14	606,972,798	605,219,419	606,972,798	605,219,419
Total non-current liabilities		**606,972,798**	**605,219,419**	**606,972,798**	**605,219,419**
Current liabilities					
Trade and other payables	16	1,313,210	6,266,836	1,271,586	6,246,052
Short term portion of long-term borrowings	15	17,050,000	-	17,050,000	-
Total current liabilities		**18,363,210**	**6,266,836**	**18,321,586**	**6,246,052**
Total liabilities		**625,336,008**	**611,486,255**	**625,336,008**	**611,465,471**
Total equity and liabilities		**564,310,247**	**555,259,822**	**564,136,144**	**556,643,469**

The financial statements with company registration number 10759673 were approved by the Board of Directors on 25 August 2022 and signed on its behalf by:

Director: K E M Hennessy

Consolidated and separate statement of changes in equity

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Total Equity
Group	**USD**	**USD**	**USD**	**USD**
At 29 February 2020	129,584	(998,368)	(35,308,595)	(36,177,381)
Loss for the year	-	(32,601,090)	-	(32,601,090)
Translation gain on accounting for foreign entities	-	-	12,552,038	12,552,038
At 28 February 2021	**129,584**	**(33,599,458)**	**(22,756,559)**	**(56,226,433)**
Loss for the year	-	(6,693,524)	-	(6,693,524)
Translation gain on accounting for foreign entities	-	-	1,894,196	1,894,196
At 28 February 2022	**129,584**	**(40,292,982)**	**(20,862,363)**	**(61,025,761)**

	Issued Capital	Accumulated losses	Total Equity
Company	**USD**	**USD**	**USD**
At 29 February 2020	**129,584**	**(12,628,554)**	**(12,498,970)**
Total loss and other comprehensive expense for the year	-	(42,323,032)	(42,323,032)
At 28 February 2021	**129,584**	**(54,951,586)**	**(54,822,002)**
Total loss and other comprehensive expense for the year	-	(6,336,238)	(6,336,238)
At 28 February 2022	**129,584**	**(61,287,824)**	**(61,158,240)**

Consolidated and separate statement of cash flows

	Notes	Group		Company	
		Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Cash flows from operating activities:					
Cash (used in) / generated from operations	4	(5,747,602)	3,607,986	(5,145,802)	4,293,133
Tax paid		-	-	-	-
Net cash (used in) / generated from operations		**(5,747,602)**	**3,607,986**	**(5,145,802)**	**4,293,133**
Cash flows from investing activities:					
Finance income	7	28,970,407	53,482,414	28,387,066	37,083,170
Dividends received	7	-	-	3,000,000	21,482,788
Capital reduction	11	-	-	25,800,005	224,834,816
(Increase) / decrease in long and short-term receivable		(17,516,451)	162,494,029	(44,787,066)	(45,996,365)
Net cash generated from investing activities		**11,453,956**	**215,976,443**	**12,400,005**	**237,404,409**
Cash flows from financing activities					
Finance costs	18.3	(17,050,000)	(88,750,640)	(17,050,000)	(88,800,412)
Decrease in long and short-term borrowings	14,15	(1,112,124)	(124,780,582)	(1,112,124)	(124,780,582)
Net cash used in financing activities		**(18,162,124)**	**(213,531,222)**	**(18,162,124)**	**(213,580,994)**
Net (decrease) / increase in cash and cash equivalents		(12,455,770)	6,053,207	(10,907,921)	28,116,548
Cash and cash equivalents at beginning of the year	5	29,239,752	938,573	28,934,599	818,051
Translation of cash with respect to foreign operations		1,416,799	22,247,972	-	-
Cash and cash equivalents at end of the year	5	**18,200,781**	**29,239,752**	**18,026,678**	**28,934,599**

Notes to the consolidated and separate financial statements

1. General information
Liquid Telecommunications Financing Plc is a public limited company incorporated in the United Kingdom on 8 May 2017. Its immediate parent party is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius. The addresses of the registered office and principal place of business are disclosed in the Report of the directors. The company's principal activity is to act as the financing vehicle for the parent undertaking and subsidiaries who conduct the business of a wholesale telecommunications service and technology services.

The presentation currency of the financial statements is US dollar (USD).

2. Application of New and Revised International Financial Reporting Standards (IFRS)
In the current period, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2021.

New and revised IFRSs and IFRCs applied with material effect on the financial statements.

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

IAS 39	IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform.
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform.
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform.

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

At the date of authorisation of these financial statements, the following relevant Standards were in issue but not yet effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective 1 January 2023).
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023).
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022).
IFRS 3	Business combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022).
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022).
IFRS 10	Consolidated financial statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely).

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

3. Summary of significant accounting policies

Basis of preparation

The Company's business activities, together with the factors likely to affect its future development and position are described in the Strategic Report. The Company had a loss after tax of USD 6.7 million for the year and net liabilities of USD 61.0 million as at 28 February 2022. The principal activity of the Group is to act as the financing vehicle for the parent undertaking Liquid Telecommunications Holdings Limited

Given the Company's current and long term liquidity, capital requirements and forecast financial position are assessed at the Liquid Group level, the directors have reviewed the cash flow projections of the Liquid Group. This included the impact of currency changes in South Africa, the repayment of existing obligations and loan funding and forecast performance, including the impact on liquidity of any reduction in operating cash flows. The directors are satisfied the Liquid Group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations of the wider Liquid group provide sufficient financial sustainability to generate positive cash flows for the foreseeable future.

The Liquid Group is currently funded by a combination of equity and debt. The debt comprises USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026), together with USD 23.3 million of locally provided term loans (maturity in the financial year 2025) in Zambia, of which USD 7.0 million is outstanding at 28 February 2022. Securing the new funding, in the prior financial year, has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

Notes to consolidated and separate the financial statements (continued)

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

In making their assessment, the directors have also considered the potential impact of the COVID-19 pandemic and the Russia-Ukraine conflict, on the operations, business plan and cashflow for the twelve months from the date of signing of the consolidated financial statements. Although the full effects of the pandemic are not yet known, they have taken into account the potential impacts of:

- the instability of the financial markets and the volatility of the currency markets;
- trading risks presented by the current economic conditions in the operating markets; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary capital expenditure and restricting cash outflows.

Even after assessing these factors, the directors consider the Company to have sufficient liquidity to continue to continue notwithstanding being in a net liability position.

The directors note that the Company has received confirmation of support from the Liquid Group for a period of at least 12 months from the date of signing of the financial statements. The directors note that the principal cash obligation that arises within the next 12 months relates to the payment of USD 34.1 million of interest on the Senior Secured Notes held by the Company – the directors are confident of the Liquid Group's ability to generate sufficient cash-flows to meet this and all other obligations as they fall due. Accordingly, it will continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

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

Classification of financial assets

Financial assets are classified at amortised cost.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

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

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

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

Interest income is recognised in the consolidated statement of profit or loss through 'Finance income'.

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

Notes to consolidated and separate the financial statements (continued)

3. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost, exchange differences are recognised in the consolidated statement of profit or loss through 'Administrative expenses'.

Impairment of financial assets

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

(i) Significant increase in credit risk

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

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days (credit term) past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

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

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

Notes to consolidated and separate the financial statements (continued)

3. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

(ii) Definition of default

The Group considers information developed internally or obtained from external sources which indicates that the debtor is unlikely to pay its creditors, including the Group entities (without taking into account any collateral held by the Group), as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable.

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

(iii) Credit-impaired financial assets

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

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

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

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

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

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Share capital and share premium are classified as equity.

Notes to consolidated and separate the financial statements (continued)

3. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

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

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

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in consolidated statement of profit or loss through 'Administrative expenses'.

Derecognition of financial liabilities

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

Derivatives

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

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

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

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

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

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

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Interest income
Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Notes to consolidated and separate the financial statements (continued)

3. Summary of significant accounting policies (continued)

Foreign currencies
The financial statements are expressed in United States Dollars (USD), which is the functional and presentational currency of the company. While the company predominantly deals in USD, other operational costs are incurred in GBP or EUR. The financial statements of the subsidiary company are in presented South African ZAR which is the functional currency of the subsidiary.

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Cash flows
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held, all of which are available for use by the Group unless otherwise stated.

Reportable segments
IFRS 8 "Operating Segments" requires the segment information presented in the consolidated financial statements to be that which is used internally by the chief operating decision maker to evaluate the performance of the business and decide how to allocate resources. The Group has identified the Board of Directors as its chief operating decision maker and as the internal reporting reviewed by the Board focuses on the operations of the group as a whole and does not identify individual operating segments, the Group has only one reportable segment.

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

<u>Key sources of estimation uncertainty</u>

Expected credit loss
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 year. See note 12 for more details.

Fair value measurement
As described in our accounting policies on financial instruments (see note 3 - *Summary of significant accounting policies*) and note 18.11 - *Fair values*, the fair value of the financial assets and financial liabilities, except for the derivative assets (explained below), are based on unobservable inputs which are not market dependent.

Although there has been some turmoil in the global financial markets as a result of the COVID-19 pandemic, the Group's Senior Secured Notes has proved to be relatively resilient and has performed well in the period since its issuance. As a result, the Group has recorded a fair value gain on derivative assets as at 28 February 2022. This financial instrument is classified under the level 2 of the fair value hierarchy which contains some elements of market data. See note 18.12 – Derivative assets for more details.

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

As such, appropriate fair value measurement has been applied at 28 February 2022 and management estimates that the pandemic has a low to nil impact on the fair value measurements applied.

Notes to consolidated and separate the financial statements (continued)

4. Cash generated from operations

Reconciliation of loss from operations to cash generated from operations:

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Loss before tax	(6,693,524)	(32,601,090)	(6,336,238)	(42,323,032)
Impairment of investments in subsidiary	-	-	2,682,538	15,449,000
Fair value gain on derivative assets	(2,118,644)	-	(2,118,644)	-
Finance income	(28,970,407)	(53,482,414)	(31,387,066)	(58,565,958)
Finance costs	37,033,229	84,416,085	37,033,229	84,465,857
Loss from operations	(749,346)	(1,667,419)	(126,181)	(974,133)
Decrease / (increase) in other receivables	22,571	(199,220)	22,571	(199,220)
(Decrease) / increase in trade and other payables	(2,654,291)	3,469,972	(2,654,291)	3,456,594
(Decrease) / increase in accruals	(2,366,536)	2,004,653	(2,387,901)	2,009,892
Cash (used in)/generated from operating activities	**(5,747,602)**	**3,607,986**	**(5,145,802)**	**4,293,133**

5. Cash and cash equivalents

The amounts disclosed on the consolidated statement of cash flows in respect of cash and cash equivalents:

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Cash and cash equivalents	18,200,781	29,239,752	18,026,678	28,934,599

The cash and cash equivalents are denominated in USD and ZAR.

6. Loss from operations

The loss before tax expense is stated after charging:

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Auditors' remuneration	82,358	78,165	48,042	60,211
Taxation services	14,138	2,037	7,069	2,037
Foreign exchange differences	590,100	701,510	9,552	27,519

The analysis of the auditor's remuneration as follows:

Fees payable to the company's auditor (Deloitte LLP) and their associates for the audit of the company's annual accounts:				
Total audit fees for audit of the Company and its subsidiary	82,358	78,165	48,042	60,211
Total non-audit fees for other taxation advisory services	14,138	2,037	7,069	2,037

Notes to consolidated and separate the financial statements (continued)

7. Finance income

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Interest received from related parties (note 17)	28,965,130	53,479,762	28,387,066	37,083,170
Dividend received from related parties (note 17)	-	-	3,000,000	21,482,788
Interest received from external parties	5,277	2,652	-	-
	28,970,407	**53,482,414**	**31,387,066**	**58,565,958**

8. Finance costs

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Interest payable on Senior Secured Notes	34,100,000	62,050,000	34,100,000	62,050,000
Amortisation of premium on Senior Secured Notes	-	(1,929,720)	-	(1,929,720)
Amortisation of financing arrangement fees	2,865,503	3,538,368	2,865,503	3,538,368
Interest paid to related parties (note 17)	-	124,000	-	173,772
Total net refinancing costs (note 21)	-	20,471,704	-	20,471,704
Other interest paid	67,726	161,733	67,726	161,733
	37,033,229	**84,416,085**	**37,033,229**	**84,465,857**

9. Employees and directors

There were no staff costs for the year ended 28 February 2022 (2021: USD nil). The fees for the directors are borne by another group company.

10. Income taxes

Analysis of tax expense:

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Current tax	-	-	-	-
In respect of prior year	-	-	-	-
In respect of current year	-	-	-	-
Total tax on profit on ordinary activities	-	-	-	-

The tax assessed for the year ended 28 February 2022 is at the standard rate of corporation tax in the UK, currently prevailing at 19% (28 February 2021: 19%).

On 3 March 2021 the Chancellor announced that the government will legislate to increase the corporate tax rate to 25% from 1 April 2023. This change has not been enacted or substantively enacted at the statement of financial position date and is not therefore reflected in these financial statements.

Factors affecting the total tax charge for the current year

The charge for the period can be reconciled to the loss per the consolidated statement of profit or loss and other comprehensive income as follows:

Notes to consolidated and separate the financial statements (continued)

10. Income taxes (continued)

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Loss before tax	(6,693,524)	(32,601,090)	(6,336,238)	(42,323,032)
Taxation at the domestic rate	(1,271,770)	(6,194,207)	(1,203,885)	(8,041,376)
Tax effect of income exempt from tax in determining taxable profit	(5,963,543)	-	(5,963,543)	(4,081,730)
Effect of tax losses not recognised as deferred tax assets	1,653,703	6,150,193	2,161,250	9,085,503
Utilisation of tax losses under group relief/other reliefs	5,011,610	44,014	5,006,178	3,037,603
Tax expense	-	-	-	-

There are no tax losses to be carried forward.

11. Investments

	Company	
	Year ended 28 February 2022	Year ended 28 February 2021
Unlisted Investments:	USD	USD
Cost		
At 1 March	28,482,543	268,766,359
Impairment of investments in subsidiary	(2,682,538)	(15,449,000)
Capital reduction	(25,800,005)	(224,834,816)
At 28 February	-	**28,482,543**

The company has invested in a subsidiary company, Liquid Telecommunications Investments Limited, and owns 100% of the issued share ordinary share capital of the subsidiary. The subsidiary company has 92,046 (2021: 24,403,613) ordinary shares with part value of ZAR 1.00 each. The shares were issued at a premium of ZAR 14.00 per share. The subsidiary performed capital reductions of USD 25.8 million to repatriate funds received during the year from Liquid Telecommunications South Africa (Pty) Limited (see note 12 for more details) to the company (2021: Capital reduction of USD 224.8 million – see note 21 for more details).

The subsidiary company was established in London on 9 May 2017 as a private company limited by shares incorporated under the laws of England and Wales. The address of the registered office is 6 New Street Square, London, EC4A 3BF. It is an investment vehicle for the Liquid Group and has loaned funds to another group company which conducts business of telecommunications services and technology services.

During the year ended 28 February 2022, the Company recognised an impairment loss of USD 2.7 million (2021: USD 15.4 million) as the carrying value of the investments in subsidiary exceeded its recoverable amount.

12. Trade and other receivables

Non-Current assets

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Liquid Telecommunications Holdings Limited	529,989,585	498,989,585	529,989,585	498,989,585
Liquid Telecommunications South Africa (Pty) Limited	-	24,479,117	-	-
	529,989,585	**523,468,702**	**529,989,585**	**498,989,585**

Notes to consolidated and separate the financial statements (continued)

12. Trade and other receivables (continued)

Non-Current assets (continued)

The interest rate for the Liquid Telecommunications Holdings Limited loan is 5.5% (2021: 5.5%) and is paid semi-annually and the interest rate for Liquid Telecommunications South Africa (Pty) Limited is based on the South African Prime rate and is also paid semi-annually. The non-current receivable is the principal amount of the long-term loan, which is repayable in 2026 by Liquid Telecommunications Holdings Limited. The amount owed by from Liquid Telecommunications South Africa (Pty) Limited was fully repaid during the year ended 28 February 2022. No receivables are past due date and no receivables have been impaired in the year.

Current assets

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Trade receivable from affiliated entities (note 17)	13,787,066	2,314,626	13,787,066	-
Prepayments	22,852	21,923	22,852	21,923
VAT receivable	191,319	214,819	191,319	214,819
	14,001,237	**2,551,368**	**14,001,237**	**236,742**

13. Issued capital

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Share capital	129,584	129,584	129,584	129,584

The Company has unlimited authorised share capital. The stated capital above represents 100,000 ordinary shares with a face value of £1.00 each.

The holder of ordinary shares has voting rights of one vote per each ordinary share. Each ordinary share has equal rights on distribution of income and capital. The shares were translated on 8 May 2017 at £1 = $1.29584.

14. Long term borrowings

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
USD 620 million 5.5% Senior Secured Notes	606,972,798	605,219,419	606,972,798	605,219,419

See terms of borrowings in note 15 below.

15. Short term portion of long term borrowings

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
USD 620 million 5.5% Senior Secured Notes	17,050,000	-	17,050,000	-

The short term portion represents interest accrued up to the next repayment date.

Notes to consolidated and separate the financial statements (continued)

15. Short term portion of long term borrowings (continued)

On 22 February 2021, the Company 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 were redeemed at par on 13 July 2021. The tender offer closed on 26 February 2021 with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021, the Company announced the issue of USD 620 million of new 5.5NC2 Senior Secured Notes. Settlement for both transactions took place on 4 March 2021. See more details in note 21.

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 the Company and are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited (parent), 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.

16. Trade and other payables

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Trade payable to external entities	612,348	3,181,048	612,348	3,181,048
Trade payable to affiliated entities (note 17)	-	85,591	-	85,591
Accruals	700,862	3,000,197	659,238	2,979,413
	1,313,210	**6,266,836**	**1,271,586**	**6,246,052**

Amounts payable to external entities and to related companies are unsecured, interest free and with no fixed date of repayment.

17. Related party transactions

Transactions between the Group and its subsidiary 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:

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Management fees paid				
Liquid Telecommunications Limited	-	880,637	-	880,637
Finance income				
Liquid Telecommunications Holdings Limited	28,387,066	37,083,170	28,387,066	37,083,170
Liquid Telecommunications South Africa (Pty) Limited	578,064	16,396,592	-	-
	28,965,130	**53,479,762**	**28,387,066**	**37,083,170**
Finance costs				
Liquid Telecommunications Holdings Limited	-	62,000	-	62,000
Liquid Telecommunications Operations Limited	-	62,000	-	62,000
Liquid Telecommunications Investments Limited	-	-	-	49,772
	-	**124,000**	**-**	**173,772**
Dividend received				
Liquid Telecommunications Investments Limited	-	-	3,000,000	21,482,788

Notes to consolidated and separate the financial statements (continued)

17. Related party transactions (continued)

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Trade receivable from affiliated entities (current assets)				
Liquid Telecommunications Holdings Limited	13,787,066	-	13,787,066	-
Liquid Telecommunications South Africa (Pty) Limited	-	2,314,626	-	-
	13,787,066	**2,314,626**	**13,787,066**	**-**
Trade payable to affiliated entities				
Liquid Telecommunications Limited	-	85,591	-	85,591

The trade receivable amounts owed by Liquid Telecommunications Holdings Limited and Liquid Telecommunications South Africa (Pty) Limited relate to interest receivable on the respective intercompany loans.

The amount owed by Liquid Telecommunications South Africa (Pty) Limited was fully repaid during the year ended 28 February 2022.

18. Financial instruments

18.1 Capital risk management

The Group and Company manage its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's strategy remain unchanged.

The capital structure of the Group consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company, comprising issued share capital and retained earnings in the consolidated statement of changes in equity respectively.

18.2 Significant accounting policies

In the application of the Group's accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, for each class of financial asset, financial liability and equity instrument, the directors are required to make judgements, estimates and assumptions which are disclosed in note 3 to the financial statements.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements. The Group is not subject to any externally imposed capital requirement. Management reviews the capital structure of the Group on a periodic basis.

18.3 Gearing ratio

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

	Group		Company	
	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD	Year ended 28 February 2022 USD	Year ended 28 February 2021 USD
Debt (i)	624,022,798	605,219,419	624,022,798	605,219,419
Cash and bank balances (note 5)	(18,200,781)	(29,239,752)	(18,026,678)	(28,934,599)
Net debt	**605,822,017**	**575,979,667**	**605,996,120**	**576,284,820**
Net equity (ii)	**(61,025,761)**	**(56,226,433)**	**(61,158,240)**	**(54,822,002)**
Net debt to equity ratio	n/a	n/a	n/a	n/a

Notes to consolidated and separate the financial statements (continued)

18. Financial instruments (continued)

18.3 Gearing ratio (continued)

(i) Debt is defined as long and short-term borrowings as detailed in notes 14 and 15.

(ii) Equity includes all capital and reserves of the Group and Company that are managed as capital, as detailed in the consolidated statement of changes in equity.

Reconciliation of movements in liabilities to cash flows arising from financing activities:

	At 1 March	Non-cash	Cash	At 28 February
	USD	USD	USD	USD
Group - 2022				
Long term borrowings (note 14)	(605,219,419)	(2,865,503)	1,112,124	(606,972,798)
Short term portion of long term borrowings (note 15)	-	(17,050,000)	-	(17,050,000)
	(605,219,419)	**(19,915,503)**	**1,112,124**	**(624,022,798)**
Group - 2021				
Long term borrowings (note 14)	(721,655,953)	(8,344,048)	124,780,582	(605,219,419)
Short term portion of long term borrowings (note 15)	(8,273,333)	8,273,333	-	-
	(729,929,286)	**(70,715)**	**124,780,582**	**(605,219,419)**
Company - 2022				
Long term borrowings (note 14)	(605,219,419)	(2,865,503)	1,112,124	(606,972,798)
Short term portion of long term borrowings (note 15)	-	(17,050,000)	-	(17,050,000)
	(605,219,419)	**(19,915,503)**	**1,112,124**	**(624,022,798)**
Company - 2021				
Long term borrowings (note 14)	(721,655,953)	(8,344,048)	124,780,582	(605,219,419)
Short term portion of long term borrowings (note 15)	(8,273,333)	8,273,333	-	-
	(729,929,286)	**(70,715)**	**124,780,582**	**(605,219,419)**

18.4 Categories of financial assets and liabilities

	Group		Company	
/	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Financial assets				
Amortised cost	562,168,751	555,023,080	561,994,648	527,924,184
Fair Value Through Profit and Loss (FVTPL)	2,118,644	-	2,118,644	-
Total Financial assets	564,287,395	555,023,080	564,113,292	527,924,184
Financial liabilities				
Amortised cost	625,336,008	611,486,255	625,294,384	611,465,471

Notes to consolidated and separate the financial statements (continued)

18. Financial instruments (continued)

18.4 Categories of financial assets and liabilities (continued)

Financial assets and liabilities held at amortised cost are a reasonable approximation of fair value.

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

18.5 Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see notes 18.6 and 18.7) and interest rates (see notes 18.8 and 18.9). The Group does enter derivative financial instruments to manage its exposure to interest rate and foreign currency risk where appropriate.

18.6 Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

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

	Group		Company	
	Year ended 28 February 2022	Year ended 28 February 2021	Year ended 28 February 2022	Year ended 28 February 2021
Assets	USD	USD	USD	USD
Currency of United Kingdom (GBP)	191,319	214,819	191,319	214,819
Currency of the South African (ZAR)	1,887	26,798,767	-	-
Liabilities				
Currency of United Kingdom (GBP)	722,644	190,488	681,019	169,705
Currency of the South African (ZAR)	898	-	898	-

18.7 Foreign currency analysis
The Company is mainly exposed to currency of United Kingdom (GBP) and the Group is exposed to currency of South African (ZAR) also.

The following table details the group's sensitivity to a 10 per cent increase and decrease in USD against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where USD strengthens 10% per cent against the relevant currency. For a 10% per cent weakening of USD against the relevant currency, there would be a comparable impact on the profit and other foreign currency translation reserve, and the balances below would be negative.

	Group		Company	
	Year ended 28 February 2022	Year ended 28 February 2021	Year ended 28 February 2022	Year ended 28 February 2021
	USD	USD	USD	USD
ZAR Currency impact	99	2,679,877	(90)	-
GBP Currency impact	(53,133)	2,433	(48,970)	4,511

The sensitivity on the consolidated statements of profit or loss and other comprehensive income is mainly attributable to the exposure outstanding on foreign currency receivables, payables and long-term loans at year end in the Group and Company.

Notes to consolidated and separate the financial statements (continued)

18. Financial instruments (continued)

18.8 Interest rate risk management
The Group is exposed to interest rate risk because the Group receives internal funds at floating interest rates. The risk is managed by the Group by monitoring the floating rate. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Company does not have any interest rate risk because it borrows and lends at fixed interest rates.

18.9 Interest rate sensitivity analysis
The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 1000 basis points higher/lower and all other variables were held constant, it would affect the Group as follows:

- If interest rates had been 100 basis points higher/lower and all other variables were held constant the Group's profit for the year ended 28 February 2022 would increase/decrease by a negligible amount (2021: increase/decrease by USD 0.3 million). This is mainly attributable to the Group's exposure to interest rates on its cash balance and receivable from affiliated companies.

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

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

	Weighted average effective rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Group - 2022	5.5%	898	611,450	17,750,862	606,972,798	-	**625,336,008**
Group - 2021	5.5%	4,766,848	1,305,576	194,412	-	605,219,419	**611,486,255**
Company- 2022	5.5%	898	611,450	17,709,238	606,972,798	-	**625,294,384**
Company - 2021	5.5%	4,746,064	1,305,576	194,412	-	605,219,419	**611,465,471**

18.11 Fair values
The financial assets and financial liabilities held at amortised costs are a reasonable approximation of fair value as outlined in note 18.4.

18.12 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.

Notes to consolidated and separate the financial statements (continued)

18. Financial instruments (continued)

18.12 Derivative assets (continued)

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

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	1 to 2 years	2 to 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2022					
Net settled: Embedded derivatives	-	-	2,118,644	-	**2,118,644**
Group – 2021					
Net settled: Embedded derivatives	-	-	-	-	-

	Group		Company	
	Year ended 28 February 2022	Year ended 28 February 2021	Year ended 28 February 2022	Year ended 28 February 2021
	USD	USD	USD	USD
Opening balance	-	-	-	-
Fair value gain	2,118,644	-	2,118,644	-
Closing balance	**2,118,644**	-	**2,118,644**	-

19. Immediate, intermediate and ultimate holding companies

The Company's immediate parent company is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius. The consolidated financial statements of Liquid Telecommunications Financing Plc are consolidated into Liquid Telecommunications Holdings Limited which can be obtained from: 10th Floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebène, 72201, Republic of Mauritius.

The intermediate holding company is Liquid Telecommunications (Jersey) Limited ("LTJ"), which is incorporated in Jersey.

The directors regard Econet New Arx Limited as the penultimate holding company and Econet Global Limited as the ultimate holding company, both incorporated in Mauritius.

20. Events after the balance sheet date

There are not significant events after the balance sheet date.

21. Refinancing of USD 730 million 8.5% Senior Secured Notes

The events below took place in the year ended 28 February 2021:

On 22 February 2021, Liquid Telecommunications Financing Plc 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 were redeemed at par on 13 July 2021. The tender offer closed on 26 February 2021 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. The new Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. Settlement for both transactions took place on 4 March 2021.

Notes to consolidated and separate the financial statements (continued)

21. Refinancing of USD 730 million 8.5% Senior Secured Notes (continued)

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand 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.

Liquid Telecommunications South Africa (Pty) Limited used the proceeds USD 220 million equivalent South African Rand term loan to partly repay the amount due to Liquid Telecommunications Investments Limited (the subsidiary). The subsidiary then performed a capital reduction of USD 224.8 million to repatriate the funds to the Company for the refinancing process described above.

Due to the fact that by the year ended 28 February 2021, the tender process had launched and closed, the Company's intentions regarding the old bond made clear and commitments made by investors on the new bond, the directors assessed (under *IAS 10 – Events after the reporting period*) that these events provide evidence that the re-financing conditions existed at the statement of financial position date and therefore the re-financing has been treated as an adjusting post balance sheet event as at 28 February 2021.

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes, which had been capitalised at the time of the original transaction and not yet amortised, have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. Below is a breakdown of the fees debited or credited in the consolidated statement of profit or loss:

	Group		Company	
	Year ended 28 February 2022 USD	**Year ended 28 February 2021 USD**	**Year ended 28 February 2022 USD**	**Year ended 28 February 2021 USD**
Accrued interest	-	14,002,764	-	14,002,764
Tender premium	-	12,573,878	-	12,573,878
Reversal of interest accrued	-	(8,273,333)	-	(8,273,333)
Write off premium unamortised	-	(2,637,284)	-	(2,637,284)
Write off finance arrangement fees unamortised	-	4,805,679	-	4,805,679
Total net refinancing costs	**-**	**20,471,704**	**-**	**20,471,704**

The fees on the USD 620 million 5.5% Senior Secured Note have been capitalised and will be amortised over the tenors of the respective instruments.