ECONET Wireless

ECONET WIRELESS ZIMBABWE LIMITED

(Incorporated in Zimbabwe on 4 August 1998 under Company registration number 7548/98)
ZSE alpha code: ECO ISIN: ZW 000 901 212 2

Embracing a digital future

Audited Abridged Consolidated Financial Results

for the year ended 28 February 2021

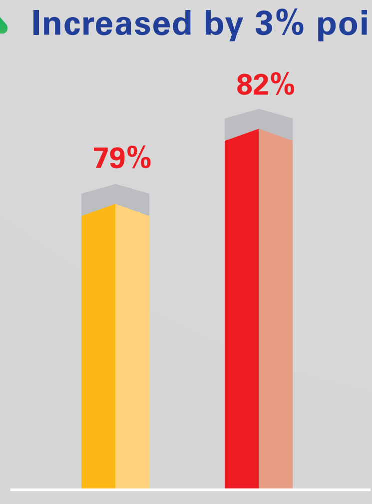
Financial Highlights

Subscribers

Increased by 2%
from 12.6 million to
12.9 million

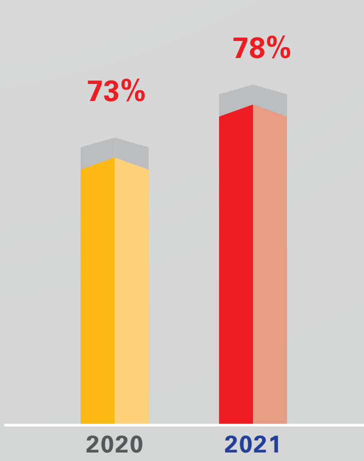
Market share (voice traffic)

Increased by 3% points



Market share (data traffic)

Increased by 5% points



Revenue (Inflation adjusted)

Increased by 23%
from ZW$28.2 billion to
ZW$34.9 billion

EBITDA (Inflation adjusted)

Increased by 66%
from ZW$10.8 billion to
ZW$18.0 billion

Group Company Secretary: Mr. C.A. Banda | **Registered Office:** Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe. E-mail: info@econet.co.zw Website: www.econet.co.zw

Registrars and Transfer Secretaries: First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, Harare, Zimbabwe | **Auditors:** Deloitte & Touche (Zimbabwe), West Block, Borrowdale Office Park, Borrowdale Road, P.O. Box 267, Harare, Zimbabwe.

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We aspire to be sustainable, in everything that we do to enhance digital lifestyles.

Chairman's Statement

OVERVIEW

Our business has continued to perform well in an extremely challenging environment. We continue to have an eye on the future - as the world becomes increasingly digital, our business is evolving. We are transforming from being a pure communication services provider to a digital services provider. Our vision is to create a new digital future that leaves no Zimbabwean behind. We will do this by providing a seamless digital experience to all our customers. By extending our network to cover areas that are not served, we will assist in bridging the digital divide. Our strategy is anchored on our well-developed digital platforms and highly adaptable skills base in mobile and digital technology.

ENVIRONMENT AND REGULATORY REVIEW

The Telecommunications Traffic Monitoring and Revenue Assurance Regulations were promulgated under SI95/2021 in April 2021. The regulations mandate POTRAZ to establish "a non-intrusive electronic system that would enable the authority to independently monitor and account for national and international telecommunications traffic and revenues therefrom, combat network fraud, enforce billing integrity and enhance revenue assurance for regulatory and tax purposes". Econet has already installed its own traffic monitoring diagnostic tools to avoid revenue leakages and traffic fraud. We are still in consultations with the Regulator on the implementation of SI95/2021.

Whilst the World Bank Digital Economy for Zimbabwe Diagnostic report launched in June 2021 categorises Zimbabwe as being "advanced" in its infrastructure and connectivity service delivery due to the pioneering efforts of the Group and its affiliate companies, we recognise that there is scope for further improvements. We welcome the priority given to developing the digital economy as part of the National Development Strategy 1 (NDS1) and we believe we already have and can continue to make a significant contribution to the national efforts. The rural population remains under-served in the new digital economy and we are always investigating lower cost relevant solutions to address this segment in line with Government's developmental agenda.

Foreign currency availability continues to be the biggest hurdle facing the Company. This has constrained our ability to provide adequate capacity to our customers. The Company has encounted operational challenges to meet its capacity enhancement and routine maintenance requirements. We remain hopeful that the improvements in foreign currency availability due to interventions by the Fiscal and Monetary authorities will improve this situation in the forseeable future.

Our headline tariffs were last reviewed in August 2020. Given the inflationary pressures experienced, we believe that another tarriff review is due in order for the sector to remain viable. All our pricing is determined by the regulator using given cost inputs. The timely adjustment of tariffs, using the Telecommunications Pricing Index, is critical to our continued viability as a business.

Consistent, high quality grid power supply remains a challenge. This means that we make use of diesel-powered generators to supplement what we draw from the national grid. As a result, we continue to see an increase in our carbon footprint as well as the cost of doing business. We continue working to enhance our green footprint and reduce carbon emissions by increasing the number of solar powered base station sites.

OPERATIONS REVIEW

Delivering a digital lifestyle through connectivity, gaming, and music has been an important theme in this review period. From financial services to e-commerce, digital adoption in Zimbabwe has accelerated at an extremely rapid pace, spurred on by public health and safety concerns during the COVID-19 pandemic. As a result of the increased uptake of digital services, our data products have increased in their contribution to revenue from 24.8% to 29.2%. In response, we embarked on several initiatives to support the growth in data traffic and increased LTE/4G data speeds by 50%, commissioning 12 new LTE sites countrywide and accessing additional 3G spectrum under the POTRAZ COVID-19 relief programme. We have also facilitated the import of low-cost data-capable handsets to ensure data connectivity is accessible across all sectors of society (though as mentioned in our previous reports, the duty regime on devices for accessing the network increases the cost of connectivity for our consumers).

The Group continues to innovate and introduce channels for digital customer support to accelerate customer query resolution and reduce dependence on brick and mortar infrastructure. Customer engagement platforms launched to date include; Yemurai Chatbot 1.0 release, USSD self-care, web self-care, IVR self-care and SMS help. More than 90% of our customer interactions were handled through these digital self-care channels representing a 200% year-on-year growth. We witnessed a significant improvement in our customer effort score, which measures the effort customers undertake to reach our various channels. We continue our journey in the use of artificial intelligence (AI) for a more intelligent and personal customer experience in terms of support, product offerings and predictively managing platforms performance and network quality of service.

With a subscription of over 1 million customers, the YoMix platform has been popular amongst the youth and continues growing in popularity. The YoMix App is a do-it-yourself (DIY) mobile application that empowers customers to customize their voice, data, SMS and digital service offerings through personalized bundling.

FINANCIAL REVIEW

The report of the Directors is based on inflation adjusted financial statements which are the primary financial statements. Historical financial statements have been presented as supplementary information. The Directors caution users of the financial statements on the usefulness of these reported financial statements, in light of distortions that arise when reporting in a hyperinflationary economy.

Revenue increased to ZW$ 35 billion, an increase of 23% from the previous year, largely due to the increase in data usage, which increased by 47%. Improving operational efficiencies and continued cost containment measures yielded positive results which saw the earnings before interest, taxation, depreciation and amortization (EBITDA) margin increase to 52%. Net exchange losses, decreased by 46% to close the year at ZW$ 13.7 billion. Capital expenditure investment remains subdued due to the scarcity of foreign currency. Our earnings per share increased from a loss of 237 cents per share to a positive earnings per share of 35 cents.

Our cash flow remains positive and we continue to manage cash position prudently in light of the challenging operating environment. Our balance sheet is bolstered by our investment, of about 7% of Liquid Telecommunications Jersey (LTJ), a pan-African fibre operator, which is now valued at US$ 145 million.

DEBENTURES

The Board has exercised its discretion, in terms of the Trust Deed, to give debenture holders an opportunity to offer their debentures to the Company for early redemption, on a voluntary basis. The Company has issued a notice to debenture holders outlining the terms and conditions of the offer. This offer applies to all the debentures, including 50% of the debentures that were allocated to Cassava Smartech Zimbabwe Limited, at the point of demerger in 2018.

DIVIDEND DECLARATION

The Company has declared a final dividend of ZWL 60 cents per share for the year ending 28 February 2021. This will bring the total dividend paid to ZWL 100 cents per share. The dividend will be paid per the following timelines:

ACTION	DATE
Last date to trade cum dividend	Tuesday, 17 August 2021
Share trades ex-dividend	Wednesday 18 August 2021
Record date	Friday, 20 August 2021
Payment date (on/about)	Thursday, 26 August 2021

DISPOSAL OF MUTARE BOTTLING COMPANY

The Company concluded an agreement to dispose of its beverages bottling and other related assets held by Mutare Bottling Company (Private) Limited, a subsidiary of the Company, to Delta Beverages.

CORPORATE SOCIAL INVESTMENT

We supported the national efforts to tackle the COVID-19 pandemic in various ways, directly or through our nominated partners such as Higher Life Foundation. These initiatives included provision of COVID-19 test kits and personal protective equipment for frontline workers. We used our platforms to disseminate educational material on the pandemic to all communities. Through our partners, we supported a low cost, low input, climate-smart conservation farming approach called "Pfumvudza" in order to complement Government efforts towards a resurgence in agriculture and food security.

The Ministry of Primary and Secondary Education endorsed the use of our Ruzivo platform as a learning tool in Zimbabwe. This bears testimony to the pivotal role the platform plays in learning and in particular averting disruptions inflicted on conventional classroom learning by the COVID-19 pandemic. During the year, over 38,000 active users made use of the platform with over 94,000 learners accessing content on the platform.

OUTLOOK

We remain committed to our founding vision of providing services to all without exclusion. As we transform our business to a digital services provider from being primarily a communications service provider, we aim to develop resilient business models that are relevant to our customers and our operating environment. Our services are gradually changing as we pivot the business to the new realities that we see emerging, as consumers demand a different digital experience as the world evolves and technology changes to cater for the new needs and expectations of our society. We believe that we will play a part in the resurgence of Zimbabwe's economy through providing world class services to support the enhanced growth and digitalization of the economy.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to our valued customers, business partners, stakeholders and employees who continue to support our business in many ways. I wish to thank our exceptional staff whose unwavering dedication continues to immensely contribute towards the success of the Company in this challenging environment. The wise counsel and leadership from my fellow directors is acknowledged and appreciated. I pray for a healthy and prosperous year ahead for us all.

Dr. J. Myers
CHAIRMAN OF THE BOARD

30 July 2021

TIP-OFFS ANONYMOUS
Deloitte & Touche

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Directors: Dr. J. Myers (Chairman)*, Mr. S.T. Masiyiwa, Mr. R. Chimanikire, Dr. J. Chimhanzi*, Mr. M. Edge*, Mr. M. Gasela*, Mr. G. Gomwe*, Dr. D. Mboweni, Ms. B. Mtetwa*, Ms T. Moyo*, Mr. H. Pemhiwa*. *Non Executive
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Audited Abridged Consolidated Financial Results

for the year ended 28 February 2021

Abridged consolidated statement of profit or loss and other comprehensive income

For the year ended 28 February 2021

(All figures in ZW$ 000)	Note	Audited Inflation adjusted 2021	Audited Inflation adjusted 2020	Unaudited Historic 2021	Unaudited Historic 2020
Total revenue		**35 097 461**	**28 534 665**	**26 892 826**	**3 478 528**
Revenue (discontinued operations)		220 887	292 183	174 619	36 022
Revenue (continuing operations)		34 876 574	28 242 482	26 718 207	3 442 506
Continuing operations					
Earnings before interest, taxation, depreciation and amortisation		18 004 100	10 840 532	13 690 103	1 568 813
Depreciation, amortisation and impairment		(10 576 625)	(6 036 043)	(4 142 457)	(699 827)
Profit from operations		**7 427 475**	**4 804 489**	**9 547 646**	**868 986**
Monetary adjustment		8 180 084	17 360 816	-	-
Net exchange losses		(13 738 348)	(25 536 931)	(7 635 780)	(1 914 958)
Finance income		274 472	357 379	206 377	41 946
Finance costs		(415 761)	(892 279)	(302 471)	(89 864)
Profit / (loss) before tax		**1 727 922**	**(3 906 526)**	**1 815 772**	**(1 093 890)**
Income tax		(706 798)	(1 624 629)	(430 185)	104 708
Profit / (loss) for the year from continuing operations		**1 021 124**	**(5 531 155)**	**1 385 587**	**(989 182)**
Loss for the year from discontinued operations	4	(184 599)	(172 892)	(226 523)	(10 739)
Profit / (loss) for the year		**836 525**	**(5 704 047)**	**1 159 064**	**(999 921)**
Other comprehensive income					
Fair value gain on investments at FVTOCI, net of tax		1 943 037	1 108 949	9 753 958	2 090 451
Gain on property revaluation, net of tax		1 769 615	7 429 314	21 617 010	6 840 248
Share of other comprehensive income of associates		107 256	345 038	443 007	148 341
Total other comprehensive income for the year		**3 819 908**	**8 883 301**	**31 813 975**	**9 079 040**
Profit / (loss) for the year attributable to:					
Equity holders of the parent		870 761	(5 937 316)	1 233 965	(989 850)
Non-controlling interest		(34 236)	233 269	(74 901)	(10 071)
Profit / (loss) for the year		**836 525**	**(5 704 047)**	**1 159 064**	**(999 921)**
Total profit or loss and other comprehensive income for the year attributable to:					
Equity holders of the parent		4 783 547	2 712 922	32 842 525	8 002 072
Non-controlling interest		(127 114)	466 332	130 514	77 047
Total comprehensive income for the year		**4 656 433**	**3 179 254**	**32 973 039**	**8 079 119**
Earnings per share	7				
Basic and diluted earnings per share (cents)		35	(237)	50	(40)
Number of shares in issue '000		2 590 577	2 590 577	2 590 577	2 590 577
Weighted average number of shares in issue '000		2 479 180	2 502 151	2 479 180	2 502 151

Abridged consolidated statement of financial position

As at 28 February 2021

(All figures in ZW$ 000)	Note	Audited Inflation adjusted 2021	Audited Inflation adjusted 2020 Restated (Note 12)	Unaudited Historic 2021	Unaudited Historic 2020
Assets					
Property, plant and equipment and intangible assets		34 710 465	40 954 800	34 558 536	9 690 986
Other non-current assets		3 155 770	2 658 712	816 482	244 150
Deferred tax		-	1 728 983	-	410 104
Financial instruments - long-term		14 655 954	12 583 136	14 655 954	2 984 642
Financial instruments - short-term		6 769 812	5 225 870	6 769 812	1 239 544
Assets classified as held for sale		713 834	-	713 834	-
Other current assets		6 877 651	2 916 265	4 792 116	546 732
Total assets		**66 883 486**	**66 067 766**	**62 306 734**	**15 116 158**
Equity and liabilities					
Equity					
Share capital and share premium		4 060 232	4 060 232	96 371	96 371
Retained earnings / (accumulated losses)		28 945 430	28 851 303	(1 646)	(462 297)
Other reserves		12 793 608	8 880 822	41 388 557	9 779 997
Attributable to equity holders of the parent		**45 799 270**	**41 792 357**	**41 483 282**	**9 414 071**
Non-controlling interest		223 794	350 908	203 278	72 764
Total equity		**46 023 064**	**42 143 265**	**41 686 560**	**9 486 835**
Liabilities					
Deferred tax		4 527 837	7 781 865	4 496 671	1 838 486
Other non-current liabilities		358 434	234 711	358 434	55 672
Financial instruments					
- Long-term interest-bearing debt	8	6 072 377	5 945 872	6 072 377	1 410 324
- Short-term interest-bearing debt		-	35 140	-	8 335
- Other financial instruments - short-term		8 999 743	8 306 389	8 999 743	1 970 224
Other current liabilities		902 031	1 620 524	692 949	346 282
Total liabilities		**20 860 422**	**23 924 501**	**20 620 174**	**5 629 323**
Total equity and liabilities		**66 883 486**	**66 067 766**	**62 306 734**	**15 116 158**

IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial results. However, the historical cost results are included as supplementary information to meet other user requirements.

Consolidated statement of changes in equity

For the year ended 28 February 2021

Audited Inflation adjusted

(All figures in ZW$ 000)	Share capital and share premium	Retained earnings	Other reserves	Attributable to equity holders of the parent	Non-controlling interest	Total
Balance at 28 February 2019	**2 600 949**	**15 892 738**	**21 269 278**	**39 762 965**	**(115 593)**	**39 647 372**
IAS 29 reclassification	-	21 121 567	(21 121 567)	-	-	-
Loss / (profit) for the year	-	(5 937 316)	-	**(5 937 316)**	233 269	**(5 704 047)**
Purchase of treasury shares	-	(683 361)	-	**(683 361)**	-	**(683 361)**
Gain on revaluation of property, net of tax	-	-	7 196 251	**7 196 251**	233 063	**7 429 314**
Share of other comprehensive income of associate	-	-	345 038	**345 038**	-	**345 038**
Fair value gain on investments at FVTOCI, net of tax	-	-	1 108 949	**1 108 949**	-	**1 108 949**
Balance at 29 February 2020	**2 600 949**	**30 393 628**	**8 797 949**	**41 792 526**	**350 739**	**42 143 265**
Impact of change in IAS 29 application date (Note 12)	1 459 283	(1 542 325)	82 873	**(169)**	169	**-**
Balance at 29 February 2020 (Restated)	**4 060 232**	**28 851 303**	**8 880 822**	**41 792 357**	**350 908**	**42 143 265**
Profit / (loss) for the year	-	870 761	-	**870 761**	(34 236)	**836 525**
Purchase of treasury shares	-	(776 634)	-	**(776 634)**	-	**(776 634)**
Gain / (loss) on revaluation of property, net of tax	-	-	1 862 493	**1 862 493**	(92 878)	**1 769 615**
Share of other comprehensive income of associates	-	-	107 256	**107 256**	-	**107 256**
Fair value gain on investments at FVTOCI, net of tax	-	-	1 943 037	**1 943 037**	-	**1 943 037**
Balance at 28 February 2021	**4 060 232**	**28 945 430**	**12 793 608**	**45 799 270**	**223 794**	**46 023 064**

Consolidated statement of changes in equity (continued)

For the year ended 28 February 2021

Unaudited Historic

(All figures in ZW$ 000)	Share capital and share premium	Retained earnings	Other reserves	Attributable to equity holders of the parent	Non-controlling interest	Total
Balance at 28 February 2019	**96 371**	**588 862**	**788 075**	**1 473 308**	**(4 283)**	**1 469 025**
Loss for the year	-	(989 850)	-	**(989 850)**	(10 071)	**(999 921)**
Purchase of treasury shares	-	(61 309)	-	**(61 309)**	-	**(61 309)**
Gain on revaluation of property, net of tax	-	-	6 753 130	**6 753 130**	87 118	**6 840 248**
Share of other comprehensive income of associate	-	-	148 341	**148 341**	-	**148 341**
Fair value gain on investments at FVTOCI, net of tax	-	-	2 090 451	**2 090 451**	-	**2 090 451**
Balance at 29 February 2020	**96 371**	**(462 297)**	**9 779 997**	**9 414 071**	**72 764**	**9 486 835**
Profit / (loss) for the year	-	1 233 965	-	**1 233 965**	(74 901)	**1 159 064**
Purchase of treasury shares	-	(773 314)	-	**(773 314)**	-	**(773 314)**
Gain on revaluation of property, net of tax	-	-	21 411 595	**21 411 595**	205 415	**21 617 010**
Share of other comprehensive income of associates	-	-	443 007	**443 007**	-	**443 007**
Fair value gain on investments at FVTOCI, net of tax	-	-	9 753 958	**9 753 958**	-	**9 753 958**
Balance at 28 February 2021	**96 371**	**(1 646)**	**41 388 557**	**41 483 282**	**203 278**	**41 686 560**

Abridged consolidated statement of cash flows

For the year ended 28 February 2021

(All figures in ZW$ 000)	Audited Inflation adjusted 2021	Audited Inflation adjusted 2020	Unaudited Historic 2021	Unaudited Historic 2020
Operating activities	**7 870 460**	**1 099 038**	**7 979 731**	**823 173**
Income taxes paid	(4 319 886)	(3 181 293)	(3 193 860)	(153 821)
Net cash flows from / (used in) operating activities	**3 550 574**	**(2 082 255)**	**4 785 871**	**669 352**
Investing activities				
Acquisition of property, plant and equipment and intangible assets	(1 044 417)	(480 295)	(424 973)	(110 659)
Net acquisition of other investments	(249 086)	(835 802)	(176 434)	(71 975)
Net cash flows used in investing activities	**(1 293 503)**	**(1 316 097)**	**(601 407)**	**(182 634)**
Financing activities				
Net (repayment of) / proceeds from short-term borrowings	(35 140)	35 279	(8 335)	5 075
Purchase of treasury shares	(776 634)	(683 361)	(773 314)	(61 309)
Finance costs paid	(64 579)	(333 870)	(47 349)	(47 491)
Repayment of right-of-use asset lease liabilities	(158 814)	(176 556)	(118 518)	(23 137)
Net cash flows used in financing activities	**(1 035 167)**	**(1 158 508)**	**(947 516)**	**(126 862)**
Net increase / (decrease) in cash and cash equivalents	1 221 904	(4 556 860)	3 236 948	359 856
Cash and cash equivalents at beginning of year	2 641 620	7 198 480	626 576	266 720
Cash and cash equivalents at end of year	**3 863 524**	**2 641 620**	**3 863 524**	**626 576**
Comprising				
Short-term investments	109 941	223 045	109 941	52 905
Cash and bank balances	3 753 583	2 418 575	3 753 583	573 671
Cash and cash equivalents at end of year	**3 863 524**	**2 641 620**	**3 863 524**	**626 576**

Summarised segment information

Audited Inflation adjusted

(All figures in ZW$ 000)	28 February 2021 Cellular network operations	28 February 2021 Other segments	28 February 2021 Net eliminations and adjustments	28 February 2021 Total	29 February 2020 Cellular network operations	29 February 2020 Other segments	29 February 2020 Net eliminations and adjustments	29 February 2020 Total
Revenue from external customers	34 876 574	-	-	**34 876 574**	28 242 482	-	-	**28 242 482**
Depreciation, amortisation and impairment	(10 602 173)	(240 145)	265 693	**(10 576 625)**	(6 036 043)	-	-	**(6 036 043)**
Segment profit / (loss)	1 990 408	(1 234 977)	265 693	**1 021 124**	(7 111 731)	1 557 456	23 120	**(5 531 155)**
Segment assets	49 404 899	18 878 914	(1 400 327)	**66 883 486**	51 078 256	15 055 199	(65 689)	**66 067 766**
Segment liabilities	(15 089 224)	(6 888 242)	1 117 044	**(20 860 422)**	(18 919 884)	(5 540 128)	535 511	**(23 924 501)**

Unaudited Historic

(All figures in ZW$ 000)	28 February 2021 Cellular network operations	28 February 2021 Other segments	28 February 2021 Net eliminations and adjustments	28 February 2021 Total	29 February 2020 Cellular network operations	29 February 2020 Other segments	29 February 2020 Net eliminations and adjustments	29 February 2020 Total
Revenue from external customers	26 718 207	-	-	**26 718 207**	3 442 506	-	-	**3 442 506**
Depreciation, amortisation and impairment	(4 164 308)	(243 842)	265 693	**(4 142 457)**	(699 827)	-	-	**(699 827)**
Segment profit / (loss)	4 017 095	(2 897 201)	265 693	**1 385 587**	(466 520)	(528 146)	5 484	**(989 182)**
Segment assets	46 242 717	16 615 288	(551 271)	**62 306 734**	11 786 373	3 236 909	92 876	**15 116 158**
Segment liabilities	(14 833 023)	(6 888 153)	1 101 002	**(20 620 174)**	(4 443 443)	(1 314 084)	128 204	**(5 629 323)**

This is a summarised segment report showing the Group's major segment, mobile network operations and other segments. Included in "Other" are results of the following segments; investments and administration.

Directors: Dr. J. Myers (Chairman)*, Mr. S.T. Masiyiwa, Mr. R. Chimanikire, Dr. J. Chimhanzi*, Mr. M. Edge*, Mr. M. Gasela*, Mr. G. Gomwe*, Dr. D. Mboweni, Ms. B. Mtetwa*, Ms T. Moyo*, Mr. H. Pemhiwa*. *Non Executive

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for the year ended 28 February 2021

Notes to the abridged consolidated financial results

For the year ended 28 February 2021

1. General information

The main business of Econet Wireless Zimbabwe Limited ("the Group") is mobile telecommunications and related value added services. The abridged consolidated financial results incorporate subsidiaries and associates.

These financial statements are presented in Zimbabwe dollars (ZW$) being the currency of the primary economic environment in which the Group operates.

2. Statement of compliance

The consolidated financial statements which are summarised by these abridged consolidated financial results were prepared in compliance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as the Standing Interpretations Committee (SIC).

The consolidated financial statements comply with the Companies and Other Business Entities Act (Chapter 24:31).

The abridged consolidated financial results do not include all the information and disclosures required to fully comply with IFRS and should be read in conjunction with the Group's financial statements for the year ended 28 February 2021 which are available at the Company's registered office.

3. Accounting policies

The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous year with no significant impact arising from new and revised IFRS applicable for the year ended 28 February 2021.

The Group applied IAS 29 Financial Reporting in Hyperinflationary Economies in preparing these results as more fully explained in Note 3.1.

3.1 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

These abridged consolidated financial results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 October 2018 as prescribed by the Public Accountants and Auditors Board (PAAB).

IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial results. However, the historical cost results are included as supplementary information to meet some user requirements. As a result, the auditors have not expressed an opinion on the historical information.

In order to account for the rapid loss in the purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period.

The Group adopted the Zimbabwe consumer price index (CPI) as the general price index to restate transactions and balances as appropriate. The conversion factors used to restate the consolidated financial statements for the year ended 28 February 2021 are as follows;

	CPI	Conversion factor
1 October 2018	64.06	1
28 February 2019	100	1.56
29 February 2020	640.16	9.99
28 February 2021	2 698.89	42.13

Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. Monetary assets and liabilities; and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the statement of profit or loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognised in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

4. Discontinued operations

The Board resolved to dispose assets constituting a significant portion of Mutare Bottling Company (Private) Limited which the Group owns through a 63% equity investment. The assets constitute the beverages segment of the Group and have been classified as assets held for sale and presented separately in the statement of financial position.

At year end, the Group had identified a buyer and agreed the disposal terms for the assets. Control of the assets passed to the buyer in March 2021. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other businesses.

The results of the discontinued operations, which are included in profit or loss are as follows:

	Audited Inflation adjusted		Unaudited Historic	
(All figures in ZW$ 000)	**2021**	2020	**2021**	2020
Revenue	**220 887**	**292 183**	**174 619**	**36 022**
Operating expenses	(512 259)	(434 838)	(497 267)	(52 324)
Loss before tax	**(291 372)**	**(142 655)**	**(322 648)**	**(16 302)**
Income tax credit / (expense)	106 773	(30 237)	96 125	5 563
Net loss from discontinued operations	**(184 599)**	**(172 892)**	**(226 523)**	**(10 739)**

5. Depreciation of property, plant and equipment and amortisation of intangible assets

	Audited Inflation adjusted		Unaudited Historic	
(All figures in ZW$ 000)	**2021**	2020	**2021**	2020
Charge for the year	8 655 557	5 700 503	2 279 615	619 796

At 28 February 2021, the Group revised the useful lives of certain items of property, plant and equipment which resulted in an increase in the carrying amounts of those assets. The revised useful lives were determined by an independent professional valuer taking into account emerging industry trends and obsolescence of the assets.

The financial impact in current year of extending the useful lives of the assets was an increase in property, plant and equipment of ZW$ 2.4 billion, an increase in the property revaluation reserve of ZW$ 1.9 billion and increase in deferred tax liabilities of ZW$ 610 million.

The change had no impact on the current year profit or loss as it has been accounted prospectively from 28 February 2021. Depreciation for the next 1 year is anticipated to increase by ZW$ 2.4 billion.

6. Commitments for capital expenditure

	Audited Inflation adjusted		Unaudited Historic	
(All figures in ZW$ 000)	**2021**	2020	**2021**	2020
Authorised and contracted for	823 266	526 139	823 266	124 797
Authorised and not contracted for	1 368 375	14 743	1 368 375	3 497
	2 191 641	**540 882**	**2 191 641**	**128 294**

The capital expenditure is to be financed out of the Group's own resources and existing facilities.

7. Earnings per share

	Audited Inflation adjusted		Unaudited Historic	
	2021	2020	**2021**	2020
Profit / (loss) for the year attributable to equity holders of the parent (ZW$ 000)	870 761	(5 937 316)	1 233 965	(989 850)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share calculation ('000)	2 479 180	2 502 151	2 479 180	2 502 151
Basic and diluted earnings per share (ZW$ cents)	35	(237)	50	(40)

8. Long-term interest-bearing debt

Long-term debt largely comprises unsecured redeemable debentures with an annual compounding coupon rate of 5% and a tenure of 6 years from date of issue. Interest on the debentures is payable on redemption. The debentures are redeemable at the end of April 2023 at a price of 6.252 US cents per debenture. At the discretion of the Board, the Company may redeem the debentures before expiry at a price determined by adding to the subscription price the cumulative interest calculated at a coupon rate of 5% per annum compounded annually up to the date of redemption.

9. Contingent liabilities

There are no material changes to contingent liabilities from those that were communicated in the last annual financial statements.

10. Events after the reporting date

There have been no significant events after the reporting date. The Directors continue to monitor the impact of the changing economic conditions on the Group.

10.1 Effects of Covid-19 on the business

The Covid-19 outbreak continues to unravel and during the financial year, the economy operated at various levels of lockdowns. The Group continues to adapt its model to best respond to business operational changes brought about by the pandemic to minimise disruption to operations and service delivery. The telecommunications sector was declared an essential service allowing the business to continue offering services to the general populace.

Implications of the pandemic on the broader economic scale continue to unfold and as a result, the Directors are unable to reasonably quantify the related impact on the Group in the foreseeable future.

11. Going concern

The prevailing macro-economic conditions within the country's economy have negatively affected the business operating environment. The adverse conditions, which include; shortages of foreign currency; continued weakening of the local currency and price instability will continue to have a bearing on the performance of the business.

The Group incurred exchange losses amounting to ZW$ 13.7 billion emanating from foreign currency denominated obligations which largely accrued before promulgation of Statutory Instrument (S.I.) 33 of 2019. S.I. 33 among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. The Group lodged with the Reserve Bank of Zimbabwe (RBZ) foreign obligations (legacy debts / blocked funds) accrued at 22 February 2019 in line with Directives RU102/2019 and RU28/2019. Management continue to pursue the registration and settlement of the legacy debt on a 1 to 1 basis by the RBZ.

The Group's exposure in foreign currency denominated obligations is mitigated by an equity instrument held by the Company in Liquid Telecommunications Holdings amounting to US$ 145 million. Gains and related adjustments on the foreign investment which are recognised in other comprehensive income are largely sufficient to offset the exchange losses on the foreign obligations recognised in profit or loss.

The Directors have reviewed the Group's budgets and cash flow forecasts for the next twelve months and, in light of this review and the current financial position, are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

12. Change in application date of IAS 29 – Financial Reporting in Hyperinflationary Economies

In February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019, which among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar / ZW dollar as currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for prior years to comply with statutory requirements were contrary to the provisions of IAS 21 – The Effects of Changes in Foreign Exchange Rates..

In prior year, the factors and characteristics to apply IAS 29 - Financial Reporting in Hyperinflationary Economies were met in Zimbabwe. As a result, the Public Accountants and Auditors Board (PAAB) pronounced that entities reporting in Zimbabwe were required to apply the requirements of IAS 29 for reporting periods ended on or after 1 July 2019.

Consequently, prior year consolidated financial statements were prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 March 2019. The Group adopted 1 March 2019 to apply IAS 29 as it was the commencement date of the prior year financial year and the immediate date after the adoption of the Zimbabwe dollar as the functional and reporting currency by the Group in accordance with S.I. 33.

However, there was a general consensus amongst market participants that the date of change in functional currency should have been 1 October 2018. Based on the consensus, the changes in the general pricing power of the functional currency ought to apply from 1 October 2018. The Directors however chose to strictly comply with S.I. 33.

As reported in prior year, the Directors were unable to determine an appropriate and fair exchange rate to apply as required by IAS 21 when the Group changed its functional currency in 2019 which inherently impacted the application of IAS 29.

The Directors have in current year assessed that the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 which all could not be accurately ascertained in prior years have now in material respects been recycled to retained earnings. As a result of the inability to accurately determine the prior year aforementioned specific effects, the cumulative effect arising from applying 1 March 2019 instead of 1 October 2018 as the IAS 29 application date have been adjusted against opening equity components as disclosed on the statement of changes in equity.

13. Audit opinion

These abridged audited financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 28 February 2021, which have been audited by Deloitte & Touche, who have issued a qualified opinion thereon in respect of:

- Valuation of property, plant and equipment and intangible assets;
- Valuation of investment in associates related to Cassava Smartech Zimbabwe Limited; and
- Inappropriate application of International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors on comparative information.

In addition to the above matters, the auditor's opinion contains key audit matters relating to;

i) Valuation of investment in Liquid Telecoms;
(ii) Revenue recognition; and
(iii) Related party balances and transactions.

The auditor's report is available for inspection at the Econet Wireless Zimbabwe Limited's registered offices. The engagement partner responsible for the audit was Mr Brian Mabiza, PAAB Practice Certificate number 0447.

14. Interpretation of financial statements prepared under hyperinflationary conditions

In as much as all reasonable care and attention has been taken by the Directors to present information that is meaningful and relevant to the users of the financial statements, it is not always possible to present this information in a way that is not contradictory to International Financial Reporting Standards when reporting the multiple factors in the environment, including but not limited to the legislative framework and economic variables affecting companies operating in Zimbabwe. This has resulted in certain qualifications to these financial statements. Economic variables changed at an extremely fast pace during the period under audit. These circumstances require care and attention by users of financial statements in their interpretation of financial information presented under such conditions.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ECONET WIRELESS ZIMBABWE LIMITED

Qualified Opinion

We have audited the financial statements of Econet Wireless Zimbabwe Limited and its subsidiaries (together 'the Group') as set out on pages 9 to 85 which comprise the inflation adjusted consolidated statement of financial position as at 28 February 2021, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted consolidated financial position of Econet Wireless Zimbabwe Limited and its subsidiaries as at 28 February 2021, and its inflation adjusted consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

1. Valuation of property, plant and equipment and intangible assets

As set out in note 11 and 14 to the inflation adjusted financial statements, the Group performed a revaluation of property, plant and equipment and intangible assets as at 28 February 2021, valued at ZWL 27.4 billion and ZWL 6.5 billion respectively (2020: ZWL 32.3 billion and ZWL7.4 billion respectively). The Group engaged professional valuers to determine fair values in United States Dollars (USD), which were subsequently translated to Zimbabwe Dollars (ZWL) using the closing ZWL/USD auction exchange rate as at 28 February 2021. Whereas the determined USD values are reflective of fair value in that currency, the conversion to ZWL, for purposes of reporting in the Group's functional currency, is not in compliance with International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13), for the reasons stated below.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable and appropriate in determining fair value in USD, however, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of property, plant and equipment and intangible assets, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of property, plant and equipment and intangible assets in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of property, plant and equipment and intangible assets to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property, plant and equipment and intangible assets reflects the implications on market dynamics of the auction exchange rate.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the valuation in ZWL of the property, plant and equipment and intangible assets balances, as well as that of the revaluation reserve and the related deferred tax impact.

Basis for Qualified Opinion (continued)

2. Investment in associate – Cassava Smartech Zimbabwe Limited

The Group has a 23% (2020: 22%) investment in Cassava Smartech Zimbabwe Limited ("Cassava") which is classified as an investment in associate which is accounted for using the equity method and is disclosed in note 17.2. The audited financial statements for Cassava have not yet been published and consequently the financial information related to Cassava included in the Econet Wireless Zimbabwe Limited financial statements are unaudited.

We were therefore unable to determine whether any additional adjustments would be required in respect of the recorded share of profits and other comprehensive income from associate recorded in the inflation adjusted statement of profit or loss and other comprehensive income, the carrying amount of this investment disclosed in the inflation adjusted statement of financial position and the detailed financial information of Cassava included in note 17.2

3. Inappropriate application of International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) on comparative information - Impact of incorrect date of application of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies (IAS 29), classification of deferred tax and depreciation

As a result of the pronouncement by the Public Accountants and Auditors Board (PAAB), entities reporting in Zimbabwe were required to apply the requirements of IAS 29 with effect from 1 July 2019.

The Directors applied the requirements of IAS 29 from the date of change in functional currency adopted of 22 February 2019. However, in accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) the date of change in functional currency was determined to be 1 October 2018. Consequently, the changes in the general pricing power of the functional currency should have been applied from 1 October 2018.

As disclosed in Note 40 of the inflation adjusted consolidated financial statements, the Group did not comply with IAS 21, as the Directors elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). IAS 29 was only applied from 22 February 2019, and not 1 October 2018, as required by IAS 21.

Management resolved to correct the inconsistencies arising due to the decision to apply the requirements of IAS 29 from 22 February 2019 as opposed to 1 October 2018 as would have been required to comply with International Financial Reporting Standards as described above. The impact of this correction was only effected as a restatement of the opening equity in the current year statement of changes in equity, for reasons explained in Note 40. This is not in compliance with International Financial Reporting Standards, IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors as the requirement would have required retrospective restatement. We have not been able to quantify the prior year impact of this adjustment as the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 could not be ascertained for the year ended 29 February 2020.

In prior year management incorrectly disclosed deferred tax liabilities and assets separately in the statement of financial position. In current year the deferred tax assets and liabilities were set off with no retrospective adjustment to the comparative information, as would be required by IAS 8 for the correction of an error.

The prior year audit report included a qualification on the depreciation of property, plant and equipment and intangible assets due to the valuations of the assets completed in the 2019 financial year. These valuation matters remained unresolved and therefore affected the depreciation recorded in the comparatives.

Our opinion on the current year's inflation adjusted consolidated financial statements is qualified because of the possible effects of these matters on the comparability of the current year's inflation adjusted consolidated financial statements with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF ECONET WIRELESS ZIMBABWE LIMITED

Key Audit Matters (continued)

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of unlisted investments</td></tr>
<tr><td>As set out in note 18 to the inflation adjusted consolidated financial statements, the Group has a 7% investment in unlisted shares of Liquid Telecommunications Holdings domiciled in Mauritius amounting to ZWL13.4 billion (2020: ZWL10.2 billion).

The unlisted investments are carried at fair value through other comprehensive income and classified as level 3 financial instruments in the fair value hierarchy.

These valuation techniques, particularly those requiring significant unobservable inputs, usually involve subjective judgement and assumptions. Valuation results can vary significantly when different valuation techniques and assumptions are applied. The key assumptions applied in the valuation included:
• Projected free cashflows
• Weighted average cost of capital
• Terminal growth rates

Due to the significance of financial instruments measured at fair value, and the uncertainty in valuation involving significant judgement for unlisted equity investments, valuation of these financial instruments is considered a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the level of judgement associated with determining the fair values.</td><td>To assess the valuation of the unlisted investments, we performed procedures that included but were not limited to:
• Assessing the competence, capabilities, objectivity, and independence of the management's independent valuers, and assessed their qualifications.
• Using our internal valuation specialists as part of our audit team to perform the following:
  • Testing, on a sample basis, the accuracy and reasonableness of the input data provided by management to the independent professional valuer with supporting evidence, in respect of:
    - forecasted future cash flows;
    - discount rates or yields used to determine present values of the future cash flows;
    - recomputation of the future cash flows and comparing with management's calculations.
  • Challenging management as regards the rationale for inputs used with reference to past performance; and
  • Performing sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions.

Based on the audit procedures performed, we found that the assumptions made by management in relation to the valuation of unlisted investments were supported by available evidence.</td></tr>
</table>

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Group)	
The occurrence, accuracy and completeness of amounts recorded as revenue is an inherent industry risk due to the complexity of billing systems, accounting for new products and plans including multiple element arrangements and the combination of products sold and tariff structure changes during the year. The Group's revenue streams are characterised by high volumes of transactional data. The revenue computation process is highly automated, complex in nature and dynamic thus requiring numerous information technology related checks and balances. The application of the revenue recognition accounting standard IFRS 15: Revenue from Contracts with Customers, requires the use of a complex accounting system which is compounded by the vast number of revenue transactions that are accounted for on an annual basis. Due to the varying terms and conditions, the revenue recognition is complex as a result of the following: • Accounting treatment for principal and agent relationships; • Treatment of discounts, incentives, and commissions; • The potential impact of seemingly small errors is significant due to the possibility of automated replication through the large volumes of transactions; and • The deferral of revenue which is dependent on various automated systems, and processes which are complex in nature. We therefore consider revenue recognition to be a matter of most significance to our current year audit due to significant amount of time involved in auditing the vast number of transactions and to audit the different processes in line with the revenue recognition accounting standard IFRS 15: Revenue from Contracts with Customers, as well as the extent of involvement required from our internal IT audit specialists.	In addressing this matter, we performed the following procedures: • Performed walkthroughs of the revenue processes and evaluated the design and implementation of controls in this area; • Performed tests on the operating effectiveness of controls on the recognition of revenue; • Reviewed principal and agent contracts and the related treatment; • Tested the process of updating and application of new tariff plans and the controls in the billing process; • Analysed and verified transactional data on a monthly basis; • Engaged our internal IT specialists to test the design, implementation and operating effectiveness of the general IT and key automated controls of the relevant billing environments, as well as to assess the relevant revenue reports utilised for audit purposes; • Engaged Internal Data Analytics specialists to independently re-compute the revenue using data analytical methods; • Engaged Data Analytics specialists to re-compute the deferred revenue/contract liability under IFRS15 (outstanding prepaid airtime at year end); • Performed detailed substantive testing of journal entries processed around revenue to ensure these were appropriately authorised, complete and accurate; • Inspected a sample of underlying data for completeness and accuracy; • For a sample of contracts, reviewed the contract terms and assessed against the 5-step approach of IFRS 15; and • Reviewed the financial statements to ensure compliance with presentation and disclosure requirements of IFRS 15. Based on the audit procedures performed, we found the application of IFRS 15 by management to be reasonable.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Related party transactions and balances (Group)	
The Group contracts certain services from related parties. Each related party operates under different jurisdictions and applies its own pricing model to be compliant with the respective legal framework of the jurisdiction. Due to the significance of transactions with related parties, related party transactions were identified as a key audit matter.	In addressing this matter, we performed the following procedures: • We tested the design and implementation of controls over the recognition, recording and approval of related party transactions; • Compared the listing of prior year related parties with current year listing of related parties; • Enquired of the Directors and management of the existence of new related parties. We reviewed declarations of interests by those charged with governance to identify related parties to the Group; • Made enquiries of Directors and management to identify other related party relationships, transactions and balances not previously identified, and remained alert to audit evidence indicative of previously undisclosed related party relationships, transactions and balances; • Confirmed that the governance process in place in approving related party transactions was adhered to by reviewing approvals of related party transactions by the Board of Directors; • Made comparisons of the transactional value of related party transactions with prior year and challenged the economic rationale for any significant changes in related party transactions; • In assessing the approvals, we considered the tax implications of the related party transactions through consultations with our tax specialists; • Confirmed balances and transactions with related parties; • We assessed and challenged the appropriateness and reasonableness of the assumptions used in the estimation of the provision for credit losses; and • Confirmed that the related party transactions were appropriately disclosed in the financial statements. Based on the audit procedures performed, we found the assumptions made by management in relation to the valuation of related party balances were supported by available evidence.

Other Information

Management is responsible for the other information. The other information comprises the Report of Directors as required by the Companies and Other Business Entities Act (Chapter 24:31), Directors' Responsibility Statement, and historical cost information, which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement, we are required to report that fact. Given the nature of the matters set out in the Basis for Qualified Opinion section above, we have determined that the other information is materially misstated for the same reasons.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF ECONET WIRELESS ZIMBABWE LIMITED

Responsibility of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these inflation adjusted consolidated financial statements in accordance with IFRSs and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Companies (Financial Statements) Regulations, 1996, the Zimbabwe Stock Exchange Listing Requirements and for such internal control as management determines is necessary to enable the preparation of inflation adjusted consolidated 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 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 to cease operations, or have no realistic alternative but to do so.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF ECONET WIRELESS ZIMBABWE LIMITED

Report on Other Legal and Regulatory Requirements

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(a)
Except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements of the Group are properly drawn up in accordance with the Act and give a true and fair view of the state of the Group's affairs as at 28 February 2021.

Section 193(2)
We have no further matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already covered in the Basis for Qualified Opinion section of our report.

The engagement partner on the audit resulting in this independent auditor's report is Brian Mabiza.

Deloitte & Touche

DELOITTE & TOUCHE
Per Brian Mabiza
PAAB Practice Certificate No 0447
Partner
Registered Auditor
Harare, Zimbabwe

6 August 2021