ECONET Wireless

ECONET WIRELESS ZIMBABWE LIMITED

Audited Abridged Consolidated Financial Results

for the year ended

28 February 2022

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

Registered office
Econet Park, 2 Old Mutare Road,
Msasa, Harare, Zimbabwe

Telephone: +263 242 486124-5, +263 772 793 700,
Fax:+263 242 486183
E-mail: info@econet.co.zw,
Website: www.econet.co.zw

Content

TIP-OFFS ANONYMOUS
Deloitte & Touche

Telephone:	0808 5500
Address:	The Call Centre
Freepost:	P.O. Box HG 883, Highlands, Harare, Zimbabwe
E-mail:	econetzw@tip-offs.com

Financial highlights
Audited Inflation adjusted

Revenue
(Inflation adjusted)

Increased to
ZW$87.3 billion
from ZW$57.9 billion

EBITDA
(Inflation adjusted)

Increased to
ZW$45.5 billion
from ZW$29.6 billion

Profit before taxation
(Inflation adjusted)

Increased to
ZW$22.2 billion
from ZW$2.5 billion

Earnings per share
(Inflation adjusted)

Increased to
ZW$5.13
from ZW$0.44

Statutory payments
(Inflation adjusted)

Increased to
ZW$31.1 billion from ZW$20.3 billion

Financial highlights
Unaudited Inflation adjusted

Exchange losses
FY22 reported

ZW$5.1 billion

Exchange losses
for the period ended 31 May 2022

ZW$13.4 billion

Chairman's statement

CAUTIONARY

The report of the Directors and the related commentary is based on inflation adjusted financial statements which are the primary financial statements. Historical financial statements have been presented only as supplementary information. 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, the Directors caution users on **making any decisions or deriving any conclusions based on these results, in light of distortions that arise when reporting in a hyperinflationary economy. It is for this reason that the auditors have issued an adverse opinion on these financial statements, given the extenuating operating conditions that mitigate against the Company's ability to report in terms of International Financial Reporting Standards ("IFRS"). The Directors' commentary is, therefore, limited to volumes and does not focus on the financial information presented.**

OVERVIEW

Our commitment remains ensuring a sustainable business, in a challenging operating environment, whilst enabling national development through technology. Our results for the year ended 28 February 2022 reflect increasing demand for broadband and data services across the country. Whilst we constantly strive for service excellence, we face challenges in meeting this demand as effectively as we would wish due principally to contraints in accessing foreign currency for capital expenditure. We also face significant cost pressures in an inflationary environment due to infrequent tariff reviews. In this context, these results reflect that we were able to achieve an accounting profit, although this picture is somewhat distorted by the impact of inflation and exchange rates in determing the true economic profit of the business, hence the cautionary on the usefulness of these financial statements in reflecting accurate financial performance.

Digital inclusion is critical to national economic growth and creating new economic opportunities. The COVID-19 pandemic exposed the digital divide that exists, both locally and globally, whilst highlighting the digitalisation opportunity in a very significant way. Under the National Development Strategy 1 (NDS1) digital inclusion is part of the Government's agenda to enable the country to achieve upper middle class status by 2030. Consistent with this, our own commitment, as expressed in our vision statement, is to create a digitally connected future that leaves no Zimbabwean behind.

ENVIRONMENT AND REGULATORY REVIEW

During the period under review, the Data Protection Act was promulgated. Our existing robust processes meet the requirements of the new legislation and we are confident that our data protection policies meet international standards.

Regulations were promulgated that impose a levy of not more than US$ 50 for the registration of any new cellular telephone handset by a mobile network operator where the customer is unable to show proof that customs duty for the device was paid.

The Postal Telecommunications Regulatory Authority of Zimbabwe ("POTRAZ") installed a system on our sites which, according to the TTMS regulations (SI 95 of 2021), is aimed at combating network fraud and addressing billing integrity issues. The system attracts an additional tax of US 6 cents per minute on international incoming traffic, payable in foreign currency. This increases the taxes that are levied on the telecommunications sector, specifically. The industry is currently subject to 10% excise duties on revenue. This is over and above the 14.5% VAT as well as other regulatory levies and taxes of 3.5%, bringing the total taxes on each dollar of revenue to approximately to 28%. These taxes are prior to the allocation of any operating costs applied in the determination of the Company's liability for income taxes. These taxes are generally higher than the African average and have the impact of increasing the connectivity costs for consumers.

Chairman's statement (continued)

OPERATIONS REVIEW

The Company achieved a number of key milestones and made significant progress in improving its operational processes for greater efficiency and effectiveness. The summary below serves to highlight a few of these key achievements. Our integrated report, which will be issued in due course, provides more extensive detail on various aspects that are critical to understanding the full scope of our operations, shareholder value creation and our contributions to society.

In line with our commitment to enhance digitalisation, Econet launched the first 5G network in Zimbabwe reaching throughputs of up to twenty times higher than 4G. This launch will help us better understand the 5G technology and explore the opportunities that individuals and businesses can realise from this new technology. As digital technologies evolve and the Fourth Industrial Revolution gathers momentum, we are making sure that Zimbabwe is ready for the digital opportunities that come with the rapid speeds provided by 5G technology.

We rolled out network upgrades to improve our customer carrying capacity. These upgrades included the deployment of ten greenfield base stations, and upgrading one hundred sites, across the country, from 3G to 4G, as part of our efforts to increase the 4G network coverage. Although these upgrades are in line with our continuing process to digitalize our network, they are far less than what is required to achieve our objectives. We are limited in our ability to meet network upgrade requirements due to continuing issues related to accessing foreign currency to maintain the necessary capex investment to appropriately grow the network. This impacts our ability to roll out to previously underserved areas, such as the rural areas and/or new towns/townships.

As a way of addressing the rural customer, and to deliver customer convenience, we launched an additional twelve (12) mobile shops across the country, which are fully kitted with high speed Wi-Fi and are solar powered, allowing our customers to access our products and services at more locations that are closer to them. This has enabled us to provide services to underserved areas of our market.

Building on technology and innovation to deliver better customer service, we implemented digital services that allow customers to resolve their own queries and issues. These solutions include subscriber registration verification self-service, PUK retrieval, airtime transfer and over scratched card retrieval, among others. Our virtual Chatbot is another key enabler that provides an additional digital customer support channel in resolving customer queries and enquiries. This has improved customer experience through significantly improved turnaround times in resolving customer issues.

EXCHANGE RATES

The Company uses the Reserve Bank of Zimbabwe (RBZ) auction rate for reporting purposes. In the period under review, the exchange rate to the US dollar moved from ZW$84 to ZW$124 (prior year from ZW$18 to ZW$84), a depreciation of 48%. This resulted in exchange losses arising from foreign currency denominated obligations decreasing from ZW$22.8 billion to ZW$5.1 billion, resulting in an incremental profit of ZW$17.7 billion. Unfortunately, immediately following the end of the financial year, an exchange loss of about ZW$13.4 billion was incurred when the official rate was devalued from ZW$124 to the US dollar to ZW$338, a depreciation of 172% thereby eroding the gains made by the Company in the year ended 28 February 2022. The Company is highly susceptible to exchange rate movements because it imports equipment and software for operating purposes, which means that any exchange rate depreciation significantly impacts on its ability to invest in new equipment.

REGIONAL TARIFF BENCHMARKS

The last tariff review for the sector, during the reporting period, was carried out in September 2021 using the telecommunications pricing index (TPI). The inflation that was experienced since that time has not been factored into our pricing framework as at February 2022, meaning that our tariffs are now unviable for the business to continuously invest to meet the increasing demand for its services. Using the Willing Buyer Willing Seller rate, the tariffs across the region in comparison to the local tariffs are as follows:

Chairman's statement (continued)

	Zimbabwe US cents*	Regional comparative US cents
Voice	3.0	6.4
SMS	0.6	2.6
Data	0.5	3.7

** Regional comparatives are based on average operator tariffs in the SADC region. Local tariffs were converted to US$ from ZWL using an interbank rate of ZW$ 338 to the US dollar.*

The low tariffs of the industry are much lower than the region and this poses a threat to industry viability. The telecommunications industry has been struggling to meet the capacity and coverage demands of its consumers.

FINANCIAL REVIEW

Volume increases in data and voice of 58% and 19%, reflected the increased demand from our customers. Stringent cost alignment measures and close monitoring of the business' cost structure had a positive result on the earnings before interest, taxation, depreciation and amortization (EBITDA) margin which marginally firmed to close the year at 52% against a prior comparative of 51%.

INVESTMENT AND CAPACITY

Investment in infrastructure over the years has been on a downward trend as a result of acute foreign currency shortages in the country. The business has been investing an average of 5% of revenue compared to other telecommunication peers in the region whose average annual capital investment is over 15% of revenue. This continues to have an adverse effect on the customer experience.

STATUTORY PAYMENTS

In inflation adjusted terms, the business contributed to the fiscus more than ZW$ 31.1 billion through various statutory payments in the current year, a 53% increase from the ZW$ 20.3 billion paid in prior year.

DEBENTURES

Pursuant to the offer that was made to debenture holders in July 2021, 22.46% of the debentures were offered for early redemption. The Company fully settled the debentures offered for early redemption and remains with an obligation for 904 778 710 debentures which are due for redemption in April 2023. 50% of the outstanding debenture liability is due from EcoCash Holdings Limited.

DIVIDEND DECLARATION

The Directors have decided not to declare a dividend for the period under review as they continue to assess the economic environment.

CORPORATE SOCIAL INVESTMENT

The Group's social investment initiatives continued to play a catalytic role in education, with a special focus on continuing to support children who are orphaned as well as academically gifted students; and vulnerable children, through access to a network of local and international schools and universities.

Through our implementing partner, Higherlife Foundation, we continued to support the Ministry of Health and Childcare by placing large-scale and high-tech critical maternity ward equipment as well as providing Emergency Obstetric and Neonatal Care (EmONC) training to eight maternity wards in Zimbabwe's major referral and provincial hospitals.

To complement government efforts, we scaled up our support for climate-smart conservation farming ("Pfumvudza / Intwasa") through training, provision of inputs and extension services to our small-scale farmers. In the long-term, through sustained efforts, we aim to assist Government in ensuring food and nutritional security, elimination of stunting and eradication of poverty to end hunger and poverty in line with the sustainable development goals (SDGs).

OUTLOOK

We remain committed to maintaining our position as the digital service provider of choice in Zimbabwe, and so it is important that we continue investing in infrastructure and capacity enhancements to meet needs and expectations. Investment in network upgrades and increased 5G coverage will be at the core of our digital transformation journey.

To ensure we have skilled and committed staff, the business has invested in various learning platforms to enhance employee knowledge and ensure that we continuously innovate and offer relevant products, services and solutions to meet customer needs. Our efforts to develop our staff has also allowed us to remain globally competitive as we retain critical skills. This is one of the key parameters of our ability to maintain our position as the digital service provider of choice.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to our valued customers, business partners and stakeholders who continue to support our business. We appreciate the support we receive from Government, regulators and policy makers in the telecommunications sector. I wish to thank our dedicated and exceptional staff who remain committed to our vision and have immensely contributed to the success of the Group during these trying times. The invaluable wise counsel and leadership from my fellow Directors is also acknowledged and appreciated.

Dr. J. Myers
CHAIRMAN OF THE BOARD

16 June 2022

Abridged consolidated statement of profit or loss and other comprehensive income

For the year ended 28 February 2022

		Inflation adjusted		Historic	
(All figures in ZW$ 000)	Note	2022	Restated* 2021	February 2022	Restated* 2021
Revenue	6	**87 274 138**	**57 932 621**	**67 065 626**	**26 718 207**
Other income		174 083	697 995	235 114	340 457
Share of profit / (loss) of associates		67 961	(135 243)	309 419	(51 751)
Direct network and technology operating costs		(20 653 111)	(13 328 730)	(15 727 266)	(6 273 056)
Other network costs		(4 694 713)	(2 823 033)	(3 675 802)	(1 223 899)
Costs of handsets and other accessories		(2 239 861)	(1 249 988)	(1 572 381)	(475 608)
Marketing and sales expenses		(1 321 159)	(404 773)	(1 061 701)	(565 927)
Impairment of trade receivables		(677 616)	(945 502)	(535 173)	(526 013)
Staff costs		(7 669 295)	(3 802 291)	(6 004 938)	(1 596 555)
Other expenses		(4 793 215)	(6 382 711)	(3 896 998)	(2 582 409)
Profit before interest, taxation, depreciation, amortisation, impairment, exchange losses and monetary adjustment		**45 467 212**	**29 558 345**	**35 135 900**	**13 763 446**
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	8	(14 841 682)	(14 386 390)	(8 617 226)	(2 280 880)
Other impairments reversal / (increase in other impairments)		177 244	(3 182 182)	363 182	(1 861 577)
Exchange losses		(5 062 175)	(22 820 433)	(4 211 362)	(7 635 780)
Monetary adjustment		(3 720 916)	13 587 737	-	-
Finance income		724 510	455 918	583 555	206 377
Finance costs		(874 101)	(690 611)	(674 833)	(302 471)
Profit before tax from continuing operations		**21 870 092**	**2 522 384**	**22 579 216**	**1 889 115**
Income tax expense		(9 255 954)	(1 174 045)	(6 900 970)	(430 185)
Profit for the year from continuing operations		**12 614 138**	**1 348 339**	**15 678 246**	**1 458 930**
(Loss) / profit after tax from discontinued operations	7	**(356 598)**	**(306 633)**	**13 208**	**(226 523)**
Profit for the year		**12 257 540**	**1 041 706**	**15 691 454**	**1 232 407**
Profit for the year attributable to					
Equity holders of the Company		12 403 597	1 098 575	15 676 076	1 307 308
Non-controlling interest		(146 057)	(56 869)	15 378	(74 901)
		12 257 540	**1 041 706**	**15 691 454**	**1 232 407**
Other comprehensive (loss) / income					
Items that will not be reclassified subsequently to profit or loss					
Fair value gain on investments in equity instruments designated at fair value through other comprehensive income, net of tax		2 005 235	3 227 531	12 659 660	9 753 958
(Loss) / gain on property revaluation, net of tax		(3 178 183)	2 939 464	6 573 045	21 617 010
Share of other comprehensive income of associates		365 063	53 237	741 243	518 003
		(807 885)	**6 220 232**	**19 973 948**	**31 888 971**
Other comprehensive (loss) / income attributable to					
Equity holders of the Company		(807 885)	6 374 510	19 973 948	31 683 556
Non-controlling interest		-	(154 278)	-	205 415
		(807 885)	**6 220 232**	**19 973 948**	**31 888 971**
Total profit or loss for the year and other comprehensive (loss) / income attributable to					
Equity holders of the Company		11 595 712	7 473 085	35 650 024	32 990 864
Non-controlling interest		(146 057)	(211 147)	15 378	130 514
		11 449 655	**7 261 938**	**35 665 402**	**33 121 378**
Earnings per share	10				
From continuing and discontinued operations					
Basic earnings per share (dollars)		5.13	0.44	6.49	0.53
Diluted earnings per share (dollars)		5.13	0.44	6.49	0.53
From continuing operations					
Basic earnings per share (dollars)		5.28	0.57	6.48	0.62
Diluted earnings per share (dollars)		5.28	0.57	6.48	0.62

* Refer to Note 18 for more details on the restatement.

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. As a result, the auditors have not expressed an opinion on this historical information.

Abridged consolidated statement of financial position

As at 28 February 2022

		Inflation adjusted		Historic	
(All figures in ZW$ 000)	Note	2022	Restated* 2021	February 2022	Restated* 2021
ASSETS					
Non-current assets					
Property, plant and equipment		32 173 110	45 479 326	31 955 730	27 325 560
Right-of-use assets		2 737 147	1 460 368	2 737 147	879 170
Investment properties		178 828	199 075	178 828	119 847
Intangible assets		5 624 806	10 717 008	85 612	6 353 805
Investment in associates		5 536 489	4 653 536	2 061 437	847 103
Long-term receivables		3 008 466	4 095 405	3 008 466	2 465 514
Financial assets at fair value through other comprehensive income	11	33 825 056	20 236 478	33 825 056	12 182 756
Financial assets at amortised cost		7 901	12 764	7 901	7 684
Total non-current assets		**83 091 803**	**86 853 960**	**73 860 177**	**50 181 439**
Current assets					
Inventories		3 065 832	3 298 498	2 898 202	1 866 161
Income tax receivable		-	692 326	-	416 794
Trade and other receivables		12 565 822	12 256 951	10 694 946	5 412 990
Financial assets at fair value through profit or loss		2 460	4 086	2 460	2 460
Cash and cash equivalents		6 695 093	6 417 605	6 695 093	3 863 524
		22 329 207	22 669 466	20 290 701	11 561 929
Assets classified as held for sale		-	1 185 732	-	713 834
Total currents assets		**22 329 207**	**23 855 198**	**20 290 701**	**12 275 763**
Total assets		**105 421 010**	**110 709 158**	**94 150 878**	**62 457 202**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and share premium		6 744 352	6 744 352	96 371	96 371
Retained earnings		41 396 481	47 816 112	2 341 840	73 826
Other reserves		24 525 654	21 126 226	59 971 164	41 463 533
Equity attributable to equity holders of the Company		**72 666 487**	**75 686 690**	**62 409 375**	**41 633 750**
Non-controlling interest		225 681	371 738	218 656	203 278
Total equity		**72 892 168**	**76 058 428**	**62 628 031**	**41 837 028**
Non-current liabilities					
Deferred tax liability		4 965 306	7 521 078	4 889 487	4 496 671
Lease liabilities		2 097 105	1 085 785	2 097 105	653 664
Interest-bearing debt	12	6 489 532	9 000 891	6 489 532	5 418 713
Provisions		1 327 891	595 386	1 327 891	358 434
Total non-current liabilities		**14 879 834**	**18 203 140**	**14 804 015**	**10 927 482**
Current liabilities					
Deferred revenue		2 105 285	1 054 453	1 175 109	425 722
Provisions		162 908	60 872	162 908	36 646
Trade and other payables		11 805 096	15 081 971	11 805 096	9 079 642
Lease liabilities		388 444	250 294	388 444	150 682
Interest-bearing debt	12	777 775	-	777 775	-
Income tax payable		2 409 500	-	2 409 500	-
Total current liabilities		**17 649 008**	**16 447 590**	**16 718 832**	**9 692 692**
Total liabilities		**32 528 842**	**34 650 730**	**31 522 847**	**20 620 174**
Total equity and liabilities		**105 421 010**	**110 709 158**	**94 150 878**	**62 457 202**

* Refer to Note 18 for more details on the restatement.

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. As a result, the auditors have not expressed an opinion on this historical information.

Dr. D. Mboweni
Chief Executive Officer

Mr. R. Chimanikire CA(Z)
Deputy Chief Executive Officer

16 June 2022

Abridged consolidated statement of changes in equity

For the year ended 28 February 2022

Inflation adjusted

(All figures in ZW$ 000)	Share capital and share premium	Retained earnings / (accumulated losses) Restated*	Other reserves Restated*	Total Restated*	Non-controlling interest	Total Restated*
Balance at 29 February 2020	**6 744 352**	**47 924 192**	**14 751 716**	**69 420 260**	**582 885**	**70 003 145**
Profit / (loss) for the year (Restated*)	-	1 098 575	-	**1 098 575**	(56 869)	**1 041 706**
	-	**(1 206 655)**	**6 374 510**	**5 167 855**	**(154 278)**	**5 013 577**
Purchase of treasury shares	-	(1 290 048)	-	**(1 290 048)**	-	**(1 290 048)**
Share of other equity movements of associates (Restated*)	-	83 393	-	**83 393**	-	**83 393**
Movements through other comprehensive income (Restated*)	-	-	6 374 510	**6 374 510**	(154 278)	**6 220 232**
Balance at 28 February 2021 (Restated *)	**6 744 352**	**47 816 112**	**21 126 226**	**75 686 690**	**371 738**	**76 058 428**
Restatement of operating licence (Note 18.3)	**-**	**(9 092 970)**	**4 585 847**	**(4 507 123)**	**-**	**(4 507 123)**
Balance at 28 February 2021 (Restated)	**6 744 352**	**38 723 142**	**25 712 073**	**71 179 567**	**371 738**	**71 551 305**
Profit / (loss) for the year	-	12 403 597	-	**12 403 597**	(146 057)	**12 257 540**
	-	**(9 730 258)**	**(1 186 419)**	**(10 916 677)**	**-**	**(10 916 677)**
Purchase of treasury shares	-	(4 784 325)	-	**(4 784 325)**	-	**(4 784 325)**
Dividend paid		(5 502 281)	-	**(5 502 281)**	-	**(5 502 281)**
Transfer of revaluation reserve on disposal of property, plant and equipment	-	378 534	(378 534)	**-**	-	**-**
Share of other equity movements of associates	-	177 814	-	**177 814**	-	**177 814**
Movements through other comprehensive income	-	-	(807 885)	**(807 885)**	-	**(807 885)**
Balance at 28 February 2022	**6 744 352**	**41 396 481**	**24 525 654**	**72 666 487**	**225 681**	**72 892 168**

Historic

(All figures in ZW$ 000)	Share capital and share premium	Retained earnings / (accumulated losses) Restated*	Other reserves Restated*	Total Restated*	Non-controlling interest	Total Restated*
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 (Restated*)	-	1 307 308	-	**1 307 308**	(74 901)	**1 232 407**
	-	**(771 185)**	**31 683 556**	**30 912 371**	**205 415**	**31 117 787**
Purchase of treasury shares	-	(773 314)	-	**(773 314)**	-	**(773 314)**
Share of other equity movements of associates (Restated*)		2 129	-	**2 129**	-	**2 129**
Movements through other comprehensive income (Restated*)	-	-	31 683 556	**31 683 556**	205 415	**31 888 971**
Balance at 28 February 2021 (Restated *)	**96 371**	**73 826**	**41 463 553**	**41 633 750**	**203 278**	**41 837 028**
Restatement of operating licence (Note 18.3)	**-**	**(6 317 257)**	**116 291**	**(6 200 966)**	**-**	**(6 200 966)**
Balance at 28 February 2021 (Restated)	**96 371**	**(6 245 560)**	**41 581 974**	**35 432 784**	**203 278**	**35 636 062**
Profit / (loss) for the year	-	15 676 076	-	**15 676 076**	15 378	**15 691 454**
	-	**(7 090 805)**	**18 391 320**	**11 300 515**	**-**	**11 300 515**
Purchase of treasury shares	-	(4 529 463)	-	**(4 529 463)**	-	**(4 529 463)**
Dividend paid	-	(4 078 378)	-	**(4 078 378)**	-	**(4 078 378)**
Transfer of revaluation reserve on disposal of property, plant and equipment	-	1 582 628	(1 582 628)	**-**	-	**-**
Share of other equity movements of associates	-	(65 592)	-	**(65 592)**	-	**(65 592)**
Movements through other comprehensive income	-	-	19 973 948	**19 973 948**	-	**19 973 948**
Balance at 28 February 2022	**96 371**	**2 341 840**	**59 971 164**	**62 409 375**	**218 656**	**62 628 031**

* Refer to Note 18 for more details on the restatement.

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. As a result, the auditors have not expressed an opinion on this historical information.

Abridged consolidated statement of cash flows

For the year ended 28 February 2022

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	2022	2021	2022	2021
Operating activities				
Cash generated from operations	34 824 073	13 073 428	30 421 122	7 979 731
Income taxes paid	(7 986 503)	(7 175 657)	(6 019 665)	(3 193 860)
Net cash flows from operating activities	**26 837 570**	**5 897 771**	**24 401 457**	**4 785 871**
Investing activities				
Finance income	161 291	18 672	119 136	9 008
Acquisition of intangible assets	(294)	(11 691)	(177)	(2 113)
Acquisition of shares in associate	(272 115)	(334 182)	(229 265)	(149 491)
Acquisition of financial assets at fair value through other comprehensive income	(11 272 384)	-	(8 668 076)	-
Purchase of investment property	-	(120 058)	-	(38 703)
Purchase of property, plant and equipment to expand operating capacity	(4 249 761)	(1 723 165)	(3 548 349)	(422 860)
Proceeds from disposal of property, plant and equipment	1 119 115	21 817	674 008	2 752
Net cash flows used in investing activities	**(14 514 148)**	**(2 148 607)**	**(11 652 723)**	**(601 407)**
Financing activities				
Finance costs paid	(306 060)	(107 270)	(227 862)	(47 349)
Repayment of right-of-use asset lease liabilities	(433 877)	(263 802)	(322 511)	(118 518)
Purchase of treasury shares (share buy backs)	(4 784 325)	(1 290 048)	(4 529 463)	(773 314)
Proceeds from short-term interest bearing debt	1 241 416	-	1 015 695	-
Repayment of debentures	(1 661 334)	-	(1 242 989)	-
Repayment of short-term interest bearing debt	(599 473)	(58 370)	(531 657)	(8 335)
Dividend paid	(5 502 281)	-	(4 078 378)	-
Net cash flows used in financing activities	**(12 045 934)**	**(1 719 490)**	**(9 917 165)**	**(947 516)**
Net increase in cash and cash equivalents	**277 488**	**2 029 674**	**2 831 569**	**3 236 948**
Cash and cash equivalents at beginning of year	6 417 605	4 387 931	3 863 524	626 576
Cash and cash equivalents at end of year	**6 695 093**	**6 417 605**	**6 695 093**	**3 863 524**

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. As a result, the auditors have not expressed an opinion on this historical information.

Notes to the abridged consolidated financial statements

For the year ended 28 February 2022

1. Directors' responsibility for financial reporting

The Directors of Econet Wireless Zimbabwe Limited ("the Company") and its subsidiaries ("the Group") are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the abridged consolidated financial statements. The consolidated financial statements, on which these abridged consolidated financial statements are based on, have been audited by Deloitte & Touche who issued an adverse opinion as detailed in Note 19. The audit opinion is available for inspection at the Econet Wireless Zimbabwe Limited's registered offices.

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 has not been possible, in some cases, to present financial information that is not contradictory to International Financial Reporting Standards (IFRS) and certain relevant local legislation due to multiple factors in the primary economic environment, including but not limited to the extant legislative framework and the economic variables affecting companies operating in Zimbabwe. This has resulted in certain qualifications to these financial statements, which are not dissimilar to those carried by other companies operating in the same environment. Economic variables and conditions changed at an extremely fast pace during the period under review. These circumstances require care and attention by users of financial statements in their interpretation of financial information presented under these conditions.

2. General information

The main business of the Group is mobile telecommunications and related value added services. The abridged consolidated financial statements incorporate subsidiaries and associates.

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

3. Statement of compliance

The consolidated financial statements, on which these abridged consolidated financial statements are based on were compiled adopting principles from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) and the Companies and Other Business Entities Act (Chapter 24:31).

The relevant local legislation and multiple factors in the primary economic environment as detailed in Note 1 have a bearing on the revaluation of property, plant and equipment in a manner required by IFRS 13 – Fair Value Measurement.

4. Accounting policies

The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous year unless otherwise stated and except for the adoption of standards and amendments effective for the current period.

The Group adopted a number of other new standards and amendments on 1 March 2021 which however had no material impact on these results.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

4. Accounting policies (continued)

4.1 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

These abridged consolidated financial statements 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 other 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 2022 are as follows;

	CPI	Conversion factor
1 October 2018	64.06	69.53
28 February 2019	100.00	44.83
29 February 2020	640.16	7.00
28 February 2021	2 698.89	1.66
28 February 2022	4 483.06	1.00

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.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

5. Abridged segment analysis

Inflation adjusted

	28 February 2022				28 February 2021			
(All figures in ZW$ 000)	Mobile network operations	Other segments	Net eliminations and adjustments	**Total**	Mobile network operations	Other segments	Net eliminations and adjustments	**Total**
Revenue from external customers	87 274 138	-	-	**87 274 138**	57 932 621	-	-	**57 932 621**
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	(14 841 682)	-	-	**(14 841 682)**	(14 386 390)	-	-	**(14 386 390)**
Segment profit / (loss)	5 550 034	7 047 046	17 058	**12 614 138**	3 306 217	(2 399 214)	441 336	**1 348 339**
Segment assets	81 992 579	41 675 665	(18 247 234)	**105 421 010**	82 065 508	30 969 699	(2 326 049)	**110 709 158**
Segment liabilities	(25 625 971)	(23 682 782)	16 779 911	**(32 528 842)**	(25 064 488)	(11 441 736)	1 855 494	**(34 650 730)**

Historic

	28 February 2022				28 February 2021			
(All figures in ZW$ 000)	Mobile network operations	Other segments	Net eliminations and adjustments	**Total**	Mobile network operations	Other segments	Net eliminations and adjustments	**Total**
Revenue from external customers	67 065 626	-	-	**67 065 626**	26 718 207	-	-	**26 718 207**
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	(8 617 226)	-	-	**(8 617 226)**	(2 280 880)	-	-	**(2 280 880)**
Segment profit / (loss)	15 295 400	365 788	17 058	**15 678 246**	4 017 094	(2 823 857)	265 693	**1 458 930**
Segment assets	72 546 169	38 405 586	(16 800 877)	**94 150 878**	46 242 716	16 765 757	(551 271)	**62 457 202**
Segment liabilities	(24 454 058)	(23 848 700)	16 779 911	**(31 522 847)**	(14 833 022)	(6 888 154)	1 101 002	**(20 620 174)**

Notes to the abridged consolidated financial statements (continued)
For the year ended 28 February 2022

6. Revenue

Revenue from rendering of services is recognised when the related services are rendered (at a point in time). Revenue from the sale of goods is recognised when control of the goods has transferred, typically at the point the customer purchases the goods at the retail outlet or upon delivery (at a point in time). The Group derives its revenue from contracts with customers for the transfer of goods and services in the following major product lines.

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	February 2022	February 2021	February 2022	February 2021
Revenue from rendering of services				
- Local airtime	32 456 224	22 297 862	24 939 617	10 312 087
- Interconnection fees and roaming	6 012 833	5 131 894	4 612 150	2 347 201
- Data and internet services	30 780 956	17 041 282	23 775 902	7 901 013
- Value added services and short message services (SMS)	11 127 995	9 119 560	8 477 557	4 160 926
- Other service revenue	6 051 739	4 018 198	4 624 653	1 840 816
Revenue from sale of goods				
- Handset sales and accessories	844 391	323 825	635 747	156 164
	87 274 138	**57 932 621**	**67 065 626**	**26 718 207**
Gross sales – revenue analysis				
Gross sales	**109 760 373**	**72 673 544**	**84 326 686**	**33 522 901**
Value added tax (VAT)	(14 035 648)	(9 244 323)	(10 776 338)	(4 273 894)
Excise duty	(8 450 587)	(5 496 600)	(6 484 722)	(2 530 800)
Revenue	**87 274 138**	**57 932 621**	**67 065 626**	**26 718 207**

7. Discontinued operations

In prior year, 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 constituted the beverages segment of the Group and were in prior year classified as assets held for sale and presented separately in the statement of financial position.

The transaction to dispose the assets was concluded in March 2021. 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.

Notes to the abridged consolidated financial statements (continued)
For the year ended 28 February 2022

7. Discontinued operations (continued)

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

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	February 2022	February 2021	February 2022	February 2021
Revenue	**24 078**	**366 910**	**14 823**	**174 619**
Expenses	(595 579)	(850 901)	(138 689)	(497 268)
Loss before tax	**(571 501)**	**(483 991)**	**(123 866)**	**(322 649)**
Income tax credit	214 903	177 358	137 074	96 126
Net (loss) / profit from discontinued operations	**(356 598)**	**(306 633)**	**13 208**	**(226 523)**

8. Depreciation, amortisation and impairment of property, plant and equipment and intangibles

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	February 2022	February 2021	February 2022	February 2021
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	(14 841 682)	(14 386 390)	(8 617 226)	(2 280 880)
Depreciation of property, plant and equipment	(14 060 390)	(12 761 946)	(8 395 938)	(2 077 126)
Impairment of property, plant and equipment	(13 533)	(8 855)	(8 147)	(1 265)
Depreciation of right-of-use assets	(182 388)	(241 268)	(145 737)	(34 452)
Amortisation and impairment of intangible assets	(585 371)	(1 374 321)	(67 404)	(168 037)

9. Commitments for capital expenditure

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	February 2022	February 2021	February 2022	February 2021
Authorised and contracted for	3 393 180	1 367 507	3 393 180	823 266
Authorised and not contracted for	7 581 143	2 272 974	7 581 143	1 368 375
	10 974 323	**3 640 481**	**10 974 323**	**2 191 641**

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

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

10. Earnings per share

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	February 2022	February 2021	February 2022	February 2021
Profit for the year attributable to owners of the Company	12 403 597	1 098 575	15 676 076	1 307 308
Loss / (profit) for the year from discontinued operations used in calculation of basic earnings per share	356 598	306 633	(13 208)	226 522
Earnings used in calculation of basic and diluted earnings per share from continuing operations	**12 760 195**	**1 405 208**	**15 662 868**	**1 533 830**
Profit for the year attributable to owners of the Company	12 403 597	1 098 575	15 676 076	1 307 308
Adjustment for capital items:				
Loss on disposal of property, plant and equipment	100 863	385	62 652	232
Impairment of property, plant and equipment and intangible assets	13 533	8 855	8 147	1 265
Impairment of assets classified as held for sale	-	832 573	-	355 060
Tax effect on adjustments	(28 279)	(208 096)	(17 502)	(88 141)
Headline earnings attributable to owners of the Company	**12 489 714**	**1 732 292**	**15 729 373**	**1 575 724**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share ('000)	2 417 789	2 479 180	2417789	2 479 180
Basic earnings / (loss) per share (ZW dollar)				
From continuing operations	5.28	0.57	6.48	0.62
From discontinued operations	(0.15)	(0.12)	0.01	(0.09)
Total basic earnings per share	**5.13**	**0.44**	**6.49**	**0.53**
Total headline earnings per share (ZW dollar)	**5.17**	**0.70**	**6.51**	**0.64**

There were no instruments with a dilutive effect on earnings per share at the end of the current and prior period.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

11. Financial assets at fair value through other comprehensive income

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	February 2022	February 2021	February 2022	February 2021
Balance at beginning of year	**20 236 478**	**17 008 946**	**12 182 756**	**10 239 719**
Additions	11 272 384	-	8 668 076	-
Fair value gain	2 316 194	3 227 532	12 974 224	1 943 037
Balance at end of year	**33 825 056**	**20 236 478**	**33 825 056**	**12 182 756**
Analysis				
Listed shares	15 842 315	31 845	15 842 315	19 171
Unlisted shares	17 982 741	20 204 633	17 982 741	12 163 585
	33 825 056	**20 236 478**	**33 825 056**	**12 182 756**

Investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the Directors have elected to designate the equity investments as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in the investments' fair value in profit or loss would not be consistent with the Group's strategy.

The investment in listed shares relates to shares listed on the Zimbabwe Stock Exchange. The fair value of the shares is based on the Zimbabwe Stock Exchange published share prices.

Unlisted shares relate to an investment in Liquid Telecommunications Holdings domiciled in Mauritius. The fair value of the investment amounting to US$145 million (equivalent to ZW$18 billion) was determined at year end by the Directors using the earnings before interest, taxation, depreciation and amortisation (EBITDA) multiple valuation technique. In prior year, the fair value of US$145 million (equivalent to ZW$20 billion) was determined by a professional valuer using a similar EBITDA multiple valuation technique.

The EBITDA valuation technique is a comparable valuation method that relies on a multiple of EBITDA derived from listed peers to arrive at an entity's enterprise value. The EBITDA multiple which is a significant input, takes into account management's experience and knowledge of market conditions, size of operations, debt and geographical location amongst other comparable variables. The higher the EBITDA multiple, the higher the fair value. If the EBITDA multiple was higher by 5% while all other variables were held constant, the carrying amount of the investment would increase by US$11 million (ZW$1.4 billion).

Inputs to the valuation of the investment in LTH are classified as Level 3 inputs i.e. inputs which are not based on observable market data. There were no transfers between Level 2 and Level 3 fair value measurements, and no transfers into or out of Level 1 fair value measurements in both current and prior year.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

12. Interest-bearing debt

			Inflation adjusted		Historic	
All figures in ZW$ 000)			**February 2022**	February 2021	**February 2022**	February 2021
Borrowing	**Security**	**Effective interest**				
Non-current						
Debentures	Unsecured	5.6%	6 489 532	9 000 891	6 489 532	5 418 713
Current						
Bank loan	Secured -	7.3%	624 759	-	624 759	-
Commercial papers	Unsecured	47.0%	153 016	-	153 016	-
			777 775	**-**	**777 775**	**-**
			7 267 307	**9 000 891**	**7 267 307**	**5 418 713**

Debentures

In May 2017, the Company issued 1 166 906 618 unsecured redeemable debentures with an annual compounding coupon rate of 5% and a tenure of 6 years from date of issue. The debentures were issued at a subscription price of 4.665 US cents per debenture. Interest on the debentures is payable on redemption.

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.

Pursuant to an offer made by the Company in July 2021 for the early redemption of debentures at the interbank rate, 22.46% debentures were offered for early redemption by the holders. The Company remains with an obligation for 904 778 710 debentures. The debentures are redeemable at the end of April 2023 at a price of 6.252 US cents per debenture.

The Company has accounted and measured all debentures as redeemable in US dollars. The Directors will continuously assess this measurement basis to ensure that the Company complies with applicable monetary authority policies and regulations. This is particularly so for resident debenture holders who subscribed for the debentures using local onshore dollars whose counterpart offshore US dollars were provided by the rights offer underwriter.

Bank loan

The bank loan was advanced on 1 October 2021 and is denominated in United States dollars. Repayments commenced on 27 October 2021 and will continue in equal monthly instalments until 30 June 2022. The loan accrues interest at a rate of 6.5% per annum (variable base of 5% + a margin of 1.5%).

The loan is secured by; a pledge of 110% cash cover in Zimbabwe dollars at the prevailing exchange rate to the United States dollar; and subordination of the shareholders' debts in favour of the lender.

Commercial papers

The commercial papers were advanced in February 2022 and have tenures ranging 120 – 182 days. The papers accrue interest at a fixed rate of 45% per annum and are due for repayment in full on maturity. Interest is payable on maturity.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

13. Fair value of financial assets

The carrying amounts of financial assets as disclosed in the statement of financial position approximate their fair values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Inflation adjusted				
(All figures in ZW$ 000)	Total	Level 1	Level 2	Level 3
At 28 February 2022				
Financial assets at fair value through OCI	**33 825 056**	15 842 315	-	17 982 741
Financial assets at fair value through profit or loss	**2 460**	2 460	-	-
	33 827 516	**15 844 775**	**-**	**17 982 741**
At 28 February 2021				
Financial assets at fair value through OCI	**20 236 478**	31 845	-	20 204 633
Financial assets at fair value through profit or loss	**4 086**	4 086	-	-
	20 240 564	**35 931**	**-**	**20 204 633**

Historic				
(All figures in ZW$ 000)	Total	Level 1	Level 2	Level 3
At 28 February 2022				
Financial assets at fair value through OCI	**33 825 056**	15 842 315	-	17 982 741
Financial assets at fair value through profit or loss	**2 460**	2 460	-	-
	33 827 516	**15 844 775**	**-**	**17 982 741**
At 28 February 2021				
Financial assets at fair value through OCI	**12 182 756**	19 171	-	12 163 585
Financial assets at fair value through profit or loss	**2 460**	2 460	-	-
	12 185 216	**21 631**	**-**	**12 163 585**

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements in both current and prior year.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

14. Contingencies

Contingent tax liabilities

The Group is regularly subject to an evaluation by tax authorities on its direct and indirect tax filings and has pending matters with the tax authorities arising from the normal course of business.

The consequence of such reviews and pending matters is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes and pending matters could result in an obligation to the Group.

The Directors have assessed the status of the contingent liabilities arising from the tax authorities and do not anticipate any material liabilities that may have an impact on these consolidated financial statements.

Contingent legacy debt asset

The Group notes that Finance Act no. 7 of 2021 was issued by the authorities on the registration of legacy debts. Due to engagements that are ongoing with the central bank and pending issuance of settlement instruments for registered debts specifying the terms of the instrument including but not limited to; tenure, currency, transferability and interest; the Group is unable to measure or estimate reliably the carrying amount of legacy debt assets.

15. Events after the reporting date

Depreciation of the Zimbabwe dollar

Subsequent to year end, the Zimbabwe dollar significantly depreciated against the US dollar. The consolidated financial statements were authorised for issue on 16 June 2022 when the exchange rate was US$1 to ZW$ 308. The depreciation of the exchange rate from US$1: ZW$124 at the reporting date, 28 February 2022, increases the impact of exchange losses recognised in the statement of profit or loss and other comprehensive income.

The Directors continue to monitor the impact of the changing economic conditions on the business.

Changes to the determination of the official exchange rate

After year-end the monetary authorities announced changes relating to the determination of the official exchange rate by introducing the willing buyer willing seller rate. The Group continues to assess the impact of these changes which are expected not to have a significant impact on the business.

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.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

16. Related party transactions

Transactions

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	**February 2022**	February 2021	**February 2022**	February 2021
Transactions with members of Econet Global Limited Group				
Purchase of goods and services from the parent	-	(1 726 047)	-	(796 605)
Sale of goods and services to fellow subsidiaries	3 093 762	3 591 325	2 343 846	1 622 752
Sale of goods and services to associates	2 678 145	3 358 789	1 974 096	1 510 153
Purchase of goods and services from associates	(2 885 512)	(1 880 359)	(2 125 629)	(848 211)
Purchase of goods and services from fellow subsidiaries	(14 572 380)	(9 646 571)	(11 027 213)	(4 535 006)

Balances

	Inflation adjusted		Historic	
(All figures in ZW$ 000)	**February 2022**	February 2021	**February 2022**	February 2021
Amounts receivable from / (payable to) the parent	7 604	(545 396)	7 604	(328 339)
Amounts owed to fellow subsidiaries	(1 063 283)	(333 762)	(1 063 283)	(200 931)
Amounts receivable from fellow subsidiaries	94 045	954 443	94 045	574 593
Amounts owed to associates	(119 073)	(112 266)	(119 073)	(67 587)
Amounts receivable from associates	4 101 477	6 056 036	4 101 477	3 645 852
Amounts receivable from Econet Wireless Zimbabwe Group Pension Fund	130 520	237 578	130 520	143 027
Net amount receivable	**3 151 290**	**6 256 633**	**3 151 290**	**3 766 615**

During the year, ZW$1.2 billion impaired in prior year was reversed as a result of improved financial performance and position of an associate. ZW$420 million (2021: ZW$2.7 million) receivable from a fellow subsidiary and associates was impaired to profit or loss as potentially irrecoverable. The amounts are included in other impairments.

The Group retains legal claims to recover the balance due should the financial circumstances of the counter parties improve.

The assessment of the recoverability of receivables is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

17. 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$5.1 billion (2021: ZW$22.8 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 and management are continuously monitoring and evaluating the operating environment to re-assess and appropriately adapt its strategies to ensure the continued operation of the Group into the foreseeable future.

The Directors have reviewed the Group's cash flow forecasts to 30 June 2023 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.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

18. Prior year restatements

18.1 Correction of prior period error on analysis and presentation of expenses

The Group analyses expenses recognised in profit or loss using the nature of expense method. During the period, the Group reassessed the relevance and reliability of the presentation of expenses in the statement of profit or loss to an understanding of the Group's financial performance. Based on the reassessment, the Group determined that the presentation was no longer reliable and appropriate for inter-period comparability, nor strictly in compliance with the presentation requirements of IFRSs.

The following changes have been made to the presentation of the statement profit or loss;

Item	Change
Gross profit	No longer presented
Profit from operations	No longer presented
Cost of sales	Disaggregated into the following to enhance an understanding of the nature of the expense; - Direct network and technology operating costs; and - Costs of handsets and other accessories.
Network costs	Presented as "Other network costs"
General administrative and other expenses	Disaggregated into the following to enhance an understanding of the nature of the expense; - Impairment of trade receivables; - Staff costs; and - Other expenses
Profit before interest, taxation, depreciation, amortisation and impairment	Presented as "Profit before interest, taxation, depreciation, amortisation, impairment, exchange losses and monetary adjustment"
Profit or loss before net finance costs	No longer presented
Depreciation, amortisation and impairment	Disaggregated into the following to enhance an understanding of the nature of the expense; - Depreciation, amortisation and impairment of property, plant and equipment and intangibles; and - Other impairments.

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

18. Prior year restatements (continued)

18.1 Correction of prior period error on analysis and presentation of expenses (continued)

The restated prior year statement of profit or loss is detailed below;

	Inflation adjusted			
(All figures in ZW$ 000)	Previously presented	Adjustments	**Restated**	Nature of change where applicable
Revenue	**57 932 621**	**-**	**57 932 621**	
Cost of sales and external services sold	(14 578 718)	14 578 718	-	Disaggregated to present nature of expense
Direct network and technology operating costs	-	(13 328 730)	(13 328 730)	
Costs of handsets and other accessories	-	(1 249 988)	(1 249 988)	
Gross profit	**43 353 903**	**-**	**-**	Disaggregated to present nature of expense
Other income	697 995	-	697 995	
Share of loss of associates	(135 243)	-	(135 243)	
General administrative and other expenses	(11 130 504)	11 130 504	-	Disaggregated to present nature of expense
Impairment of trade receivables	-	(945 502)	(945 502)	
Staff costs	-	(3 802 291)	(3 802 291)	
Marketing and sales expenses	(404 773)	-	(404 773)	
Network expenses	(2 823 033)	-	(2 823 033)	Expense description changed to "Other network costs"
Other expenses	-	(6 382 711)	(6 382 711)	
Profit before interest, taxation, depreciation, amortisation and impairment	**29 558 345**	**-**	**29 558 345**	Total description changed to "Profit before interest, taxation, depreciation, amortisation, impairment, exchange losses and monetary adjustment"
Depreciation, amortisation and impairment	(17 568 572)	17 568 572	-	Disaggregated to present nature of expense
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	-	(14 386 390)	(14 386 390)	
Other impairments	-	(3 182 182)	(3 182 182)	
Exchange losses	(22 820 433)	-	(22 820 433)	
Monetary adjustment	13 587 737	-	13 587 737	
Profit before net finance costs	**2 757 119**	**-**	**-**	Total no longer presented
Finance income	455 918	-	455 918	
Finance costs	(690 611)	-	(690 611)	
Profit before tax from continuing operations	**2 522 384**	**-**	**2 522 384**	
Income tax expense	(1 174 045)	-	(1 174 045)	
Profit for the year from continuing operations	**1 348 339**	**-**	**1 348 339**	
Loss after tax from discontinued operations	(306 633)	-	(306 633)	
Profit for the year	**1 041 706**	**-**	**1 041 706**	

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

18. Prior year restatements (continued)

18.1 Correction of prior period error on analysis and presentation of expenses (continued)

The restated prior year statement of profit or loss is detailed below;

	Historic			
(All figures in ZW$ 000)	Previously presented	Adjustments	**Restated**	Nature of change where applicable
Revenue	**26 718 207**	**-**	**26 718 207**	
Cost of sales and external services sold	(6 748 664)	6 748 664	-	Disaggregated to present nature of expense
Direct network and technology operating costs		(6 273 056)	(6 273 056)	
Costs of handsets and other accessories		(475 608)	(475 608)	
Gross profit	**19 969 543**	**-**	**-**	Disaggregated to present nature of expense
Other income	340 457	-	340 457	
Share of loss of associates	(51 751)	-	(51 751)	
General administrative and other expenses	(4 704 977)	4 704 977	-	Disaggregated to present nature of expense
Impairment of trade receivables	-	(526 013)	(526 013)	
Staff costs	-	(1 596 555)	(1 596 555)	
Marketing and sales expenses	(565 927)	-	(565 927)	
Network expenses	(1 223 899)	-	(1 223 899)	Expense description changed to "Other network costs"
Other expenses	-	(2 582 409)	(2 582 409)	
Profit before interest, taxation, depreciation, amortisation and impairment	**13 763 446**	**-**	**13 763 446**	Total description changed to "Profit before interest, taxation, depreciation, amortisation, impairment, exchange losses and monetary adjustment"
Depreciation, amortisation and impairment	(4 142 457)	4 142 457	-	Disaggregated to present nature of expense
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	-	(2 280 880)	(2 280 880)	
Other impairments	-	(1 861 577)	(1 861 577)	
Exchange losses	(7 635 780)	-	(7 635 780)	
Monetary adjustment	-	-	-	
Profit before net finance costs	**1 911 866**	**-**	**-**	Total no longer presented
Finance income	206 377	-	206 377	
Finance costs	(302 471)	-	(302 471)	
Profit before tax from continuing operations	**1 889 115**	**-**	**1 889 115**	
Income tax expense	(430 185)	-	(430 185)	
Profit for the year from continuing operations	**1 458 930**	**-**	**1 458 930**	
Loss after tax from discontinued operations	(226 523)	-	(226 523)	
Profit for the year	**1 232 407**	**-**	**1 232 407**	

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

18. Prior year restatements (continued)

18.2 Restatement of investment in EcoCash Holdings Zimbabwe Limited (EcoCash)

The Group has a 23% investment in EcoCash (formerly Cassava Smartech Zimbabwe Limited) which it accounts for as an investment in associate using the equity method. At the date of approval of the consolidated financial statements for the year ended 28 February 2021 the financial statements for EcoCash had not been finalised. In order to meet regulatory financial reporting timelines, the Directors resolved to account for the share of profit and other comprehensive income from the associate using unaudited financial results.

The audited financial statements for EcoCash were published in October 2021 and material differences were identified between the final audited EcoCash financial results and the unaudited results equity accounted by the Group. The main differences arose from year-end adjustments which had not been concluded on at the time of publication. The Directors have resolved to adjust the financial statements retrospectively by restating the prior year financial statements. The effect of the restatement is summarised as below;

(All figures in ZW$ 000)	Previously reported 28 Feb 2021	Restatement	Restated 28 Feb 2021
	Inflation adjusted		
Share of profit / (loss) of associates	212 580	(347 823)	**(135 243)**
Profit for the year	1 389 529	(347 823)	**1 041 706**
Basic and diluted earnings per share (cents)	58	(14)	**44**
Share of other comprehensive income of associates	178 160	(124 923)	**53 237**
Equity movements through retained earnings	-	83 393	**83 393**
Investments in associates	5 042 889	(389 353)	**4 653 536**
	Historic		
Share of profit / (loss) of associates	(125 094)	73 343	**(51 751)**
Profit for the year	1 159 064	73 343	**1 232 407**
Basic and diluted earnings per share (cents)	50	3	**53**
Share of other comprehensive income of associates	443 007	74 997	**518 003**
Equity movements through retained earnings	-	2 129	**2 129**
Investments in associates	696 635	150 468	**847 103**

Notes to the abridged consolidated financial statements (continued)

For the year ended 28 February 2022

18. Prior year restatements (continued)

18.3 Correction of prior period error relating to revaluation of operating licence

During the year, the Group reassessed the existence of an active market for the operating licence to determine its fair value. Based on the reassessment, the Group concluded that despite there being a current reference price for a new operating licence determined by the regulator, transactions for used operating licences were infrequent to support the existence of an active market for the licence as required by IAS 38 - Intangible Assets. Consequently, the Group concluded that for current and prior year reporting purposes, the fair value of the operating licence could not be determined in a manner required by IAS 38.

Having considered the hyperinflationary reporting environment, the usefulness and relevance of a full retrospective adjustment as required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the cumulative effects of the prior year errors of revaluing the operating licence have been prospectively corrected by adjusting opening retained earnings; revaluation reserve; and cost and accumulated amortisation of the operating licence.

The effect of the prospective adjustment on the carrying amount of the operating licence is summarised as below;

(All figures in ZW$ 000)	Inflation adjusted	Historic
28 February 2021 (Previously reported)	10 441 126	6 285 758
Restatement	(4 507 123)	(6 200 966)
28 February 2021 (Restated)	**5 934 003**	**84 792**

Equity components adjustments are disclosed on the statement of changes in equity.

19. 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 2022, which have been audited by Deloitte & Touche, who have issued an adverse opinion thereon in respect of:

- Valuation of property, plant and equipment and intangible assets;
- Valuation of investment in associates related to EcoCash Holdings 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;

- Valuation of investment in Liquid Telecommunications Holdings;
- Revenue recognition; and
- 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 Tapiwa Chizana, PAAB Practice Certificate number 0444.

Directorate, corporate and advisory information

Directors:

Dr. J. Myers - Non Executive Chairman,
Dr. D. Mboweni - Chief Executive Officer,
Mr. R. Chimanikire - Deputy Chief Executive Officer,
Dr. J. Chimhanzi - Non Executive,
Mr. M. Edge - Non Executive,
Mr. M. Gasela - Non Executive,
Mr. G. Gomwe - Non Executive,
Miss. E.T. Masiyiwa - Non Executive,
Ms. B. Mtetwa - Non Executive,
Ms T. Moyo - Non Executive,
Mr. H. Pemhiwa - Non Executive.

Registered office

Incorporated in the Republic of Zimbabwe
Company registration number 7548/98
Econet Park, 2 Old Mutare Road,
Msasa, Harare, Zimbabwe

Telephone: +263 242 486124-5, +263 772 793 700,
Fax:+263 242 486183
E-mail: info@econet.co.zw,
Website: www.econet.co.zw

Group Company Secretary

Charles Alfred Banda
Econet Park, 2 Old Mutare Road,
Msasa, Harare,
Zimbabwe

Independent auditors

Deloitte & Touche (Zimbabwe)
Registered Public Auditors
West Block, Borrowdale Office Park,
Borrowdale Road, Borrowdale,
P.O. Box 267,
Harare, Zimbabwe

Principal bankers

African Export-Import Bank Limited
72 (B) EL Maahad EL-Eshleraky Street,
Opposite Merryland Park,
Roxy, Heliopolis,
Cairo 11341, Egypt

First Capital Bank
Kurima House, Nelson Mandela Avenue,
P.O. Box CY 881 Causeway,
Harare, Zimbabwe

Stanbic Bank
Stanbic Centre, 59 Samora Machel Avenue,
Harare, Zimbabwe

Steward Bank Limited
75 Livingstone Avenue, Harare, Zimbabwe

EcoBank Limited
Block A, Sam Levy's Office Park
2 Piers Road Borrowdale,
Harare, Zimbabwe

Debenture trustees

CBZ Bank Limited
Union House, 60 Kwame Nkrumah Avenue,
Harare, Zimbabwe

Principal legal advisors

Mtetwa and Nyambirai Legal Practitioners
2 Meredith Drive, Eastlea,
Harare, Zimbabwe

Registrars and transfer secretaries

First Transfer Secretaries (Private) Limited
1 Armagh Avenue, Eastlea,
Harare, Zimbabwe

ECONET Wireless

www.econet.co.zw

PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

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

Report on the audit of the inflation adjusted consolidated financial statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Econet Wireless Zimbabwe Limited ('the Company') and its subsidiaries (together 'the Group') as set out on pages 8 to 88 which comprise the inflation adjusted consolidated statement of financial position as at 28 February 2022, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly, the inflation adjusted consolidated financial position of Econet Wireless Zimbabwe Limited and its subsidiaries as at 28 February 2022, and its inflation adjusted consolidated financial performance, and its inflation adjusted consolidated 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 Adverse Opinion

1. **Non-compliance with IFRS 13 "Fair Value Measurements" in the determination of the values of Property, plant and equipment for the current and prior years**

As set out in note 11 to the consolidated inflation adjusted financial statements, the Group engaged professional valuers to perform a fair valuation of property, plant and equipment in the prior and current years. The fair values were determined in USD, and subsequently translated to the ZWL equivalent fair values using the closing USD/ZWL auction exchange rate as at 28 February 2021 and 2022 respectively.

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. 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.

In the current and prior years, we were therefore unable to obtain sufficient appropriate 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, 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 in ZWL. Such matters include, but are not limited to; the correlation of the responsiveness of ZWL valuations of property, plant and equipment 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 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 property, plant and equipment balances, as well as that of the revaluation reserve, movement in revaluation reserve, retained income and the related deferred tax impact in both the prior year and current year, and depreciation and monetary gain in the current year.

Report on the audit of the inflation adjusted consolidated financial statements

Basis for Adverse Opinion

2. Inappropriate application of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8) on comparative information - impact of incorrect application of IAS 38 "Intangible Assets" (IAS 38).

As explained in Note 14, in the prior year, the Group erroneously accounted for its operating licence classified under intangible assets using the revaluation model. In accordance with IAS 38, intangible assets without a deep market should be accounted for under the cost model. The directors resolved to correct the non-compliance prospectively and not retrospectively as would have been required to comply with IAS 8. The recorded correction resulted in the restatement of the opening equity in the current year Statement of Changes in Equity, and opening cost balance for the software licence intangible asset. This is not in compliance with IAS 8 which requires a complete restatement with a retrospective effect. Had the correction been done retrospectively, the prior year comparatives for retained earnings, revaluation reserve, movement in revaluation reserve, amortisation, accumulated amortisation and opening cost of intangible assets would have been affected.

3. Investment in associate – Ecocash Holdings Zimbabwe Limited

The Group has a 21% investment in Ecocash Holdings Zimbabwe Limited ("Ecocash") 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 Ecocash have not yet been published and consequently the financial information related to Ecocash included in the Econet Wireless Zimbabwe Limited consolidated financial statements is unaudited. We were therefore unable to determine whether any additional adjustments would be required in respect of the recorded share of profit from associates recorded in the inflation adjusted consolidated statement of profit or loss, the carrying amount of this investment disclosed in the inflation adjusted consolidated statement of financial position and the selected financial information of the associate disclosed in note 17.3.

The financial statements of Ecocash Holdings Zimbabwe Limited included an adverse opinion in the prior financial year. The comparatives of share of profit and loss in the inflation adjusted consolidated statement of profit or loss, the carrying amount of this investment disclosed in the inflation adjusted consolidated statement of financial position and the selected financial information of the associate disclosed in note 17.3 are affected by the prior year modified opinion.

Our opinion on the inflation adjusted consolidated financial statements has been further modified 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 Inflation Adjusted Consolidated Financial Statements* section of our report. We are independent of the Group and 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 the 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 adverse opinion.

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

Report on the audit of the inflation adjusted consolidated financial statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the 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 Adverse 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 consolidated financial statements, the Group has a 7% investment in unlisted shares of Liquid Telecommunications Holdings domiciled in Mauritius amounting to ZWL18 billion (2021: ZWL20 billion).

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

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
- EBITDA multiples from comparable peers

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 consolidated 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 used our internal valuation specialists as part of our audit team to perform the following:

1. Test the accuracy and completeness of the input data used by management with respect to:
- 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.

2. Challenging management as regards the rationale for inputs used with reference to past performance; and

3. 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 the unlisted investment were supported by available evidence and within an acceptable range of values.</td></tr>
</table>

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

Report on the audit of the inflation adjusted consolidated financial statements

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
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, dynamic and therefore requires 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 becoming 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 significance with respect to our current year audit due to the significant amount of time involved in auditing the vast number of transactions and processes , as well as the extent of involvement required from our internal IT audit specialists.	In addressing this matter we performed the following procedures: 1. Performed walkthroughs of the revenue processes and evaluated the design and implementation of controls in this area; 2. Performed tests with respect to evaluating the operating effectiveness of controls pertaining to the recognition of revenue; 3. Reviewed principal and agent contracts and the related accounting treatment; 4. Tested the process of updating and application of new tariff plans and the controls in the billing process; 5. Analysed and verified transactional data on a monthly basis; 6. 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 for accuracy and completeness; 7. Engaged Internal Data Analytics specialists to independently re-compute the revenue using data analytical methods; 8. Engaged Data Analytics specialists to re-compute the deferred revenue/contract liability under IFRS15 (outstanding prepaid airtime at year end); 9. Performed detailed substantive testing of journal entries processed around revenue to ensure these were appropriately authorised, complete and accurate; 10. Inspected a sample of underlying data for completeness and accuracy; 11. For a sample of contracts, reviewed the contract terms and assessed against the 5 step approach of IFRS 15; and 12. 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 appropriate.

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

Report on the audit of the inflation adjusted consolidated financial statements

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Related party transactions and balances</td></tr>
<tr><td>The entity 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 and volumes of transactions with related parties, related party transactions were identified as a key audit matter.</td><td>In addressing this matter, we performed the following procedures:

1. We tested the design and implementation of controls over the recognition, recording and approval of related party transactions;

2. Compared the listing of prior year related parties with current year listing of related parties;

3. Enquired of the Directors and management of the existence of new related parties. We reviewed declarations of interest by those charged with governance to identify related parties to the Group;

4. 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;

5. 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;

6. 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;

7. In assessing the approvals, we considered the tax implications of the related party transactions through consultations with our tax specialists;

8. Confirmed balances and transactions with related parties;

9. We assessed and challenged the appropriateness and reasonableness of the assumptions used in the estimation of the provision for credit losses; and

10. Confirmed that the related party transactions were appropriately disclosed in the financial statements.

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

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

Report on the audit of the inflation adjusted consolidated financial statements

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 on the other information obtained prior to the date of this auditor's report, 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 Adverse Opinion* section above, we have determined that the other information is materially misstated for the same reasons.

Responsibility of the Directors for the inflation adjusted consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with IFRS and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), 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 inflation adjusted consolidated 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 inflation adjusted consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 inflation adjusted consolidated 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 inflation adjusted consolidated 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 Company'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 consolidated 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 inflation adjusted consolidated 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.

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

Report on the audit of the inflation adjusted consolidated financial statements

Auditor's responsibilities for the audit of the inflation adjusted consolidated financial statements (continued)

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 inflation adjusted consolidated 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.

Report on other legal and regulatory matters

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)
The inflation adjusted consolidated financial statements of the Group are not properly drawn up in accordance with the Act and do not give a true and fair view of the state of the Group's affairs as at 28 February 2022.

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 Adverse Opinion* section of our report.

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

Deloitte & Touche

DELOITTE & TOUCHE
Per Tapiwa Chizana
PAAB Practice Certificate No 0444
Partner
Registered Auditor
Harare, Zimbabwe

13 July 2022