ECONET Wireless

ECONET WIRELESS ZIMBABWE LIMITED

Integrated Annual Report 2022

"Fear not, for I am with you; Be not dismayed, for I am your God. I will strengthen you, Yes, I will help you, I will uphold you with My righteous right hand."

Isaiah 41:10
New King James Version (NKJV) - Bible

Our **digitalisation journey** continues with a focus on **artificial intelligence, big data analytics, machine learning,** among other areas of **digital transformation.**

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ECONET
Smart
USD BUNDLES
USD Airtime Available Here

OVERVIEW

Report Boundaries

This combined report highlights performance and provides commentary on the operations of Econet Wireless Zimbabwe Limited (Econet) for the financial year ended 28 February 2022. The fundamental purpose of the report is to communicate non-financial and financial performance of business to stakeholders. Through annual reporting, Econet reflects sustainability activities and its vision with stakeholders. This helps in increasing the level of accountability and transparency of our actions. Reporting on our economic and sustainability performance allows us to receive feedback that helps us to improve internal processes and strategies, thereby achieving sustainable, socially responsible business objectives. We are fully committed to listening to and engaging our stakeholders and we welcome feedback on our sustainability report and performance. You are kindly invited to contact us at ***sustainability@econet.co.zw***

Reporting Standards and Responsibilities

Financial Reporting | IFRS

Econet applies International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations provided by the IFRS Interpretations Committee. It also complies with the Zimbabwe Stock Exchange listing requirements and the Companies Act (Chapter 24:03).

Sustainability Reporting | GRI, SDGs, UNGC, SASB

Econet applies the Global Reporting Initiative's (GRI) Standards in its Environmental, Social and Governance reporting. We also demonstrate how our business activities support the aims of the United Nations Sustainable Development Goals (SDGs), the United Nations Global Compact (UNGC) Principles and Sustainability Accounting Standards Board (SASB). A content index is provided at the end of the report for cross-referencing purposes. Verification of sustainability information was done internally and review was conducted by external sustainability consultants.

Data Collection and Verification

Our report is compiled using information provided by the different units of the business and through internal reports and data management systems.

The Audit Committee recommends the Annual Financial Statements ("AFS") to the Board of Directors for approval. The financial statements are audited by independent external auditors, Deloitte. The directors are responsible for the integrated report as a whole.

Disclaimer - Forward Looking Statements

An Annual Report includes certain 'forward-looking statements'. These forward-looking statements are necessarily about the future and therefore incorporate degrees of uncertainty and use of assumptions. Consequently, future actual results and performance may differ from these statements. The forward-looking statements are current as of the date of publication of the Annual Report. Econet makes no representation that the information will be publicly updated after release of this Annual Report.

WHO WE ARE

For more than 22 years as the leading Digital Services provider in Zimbabwe, with products and services spanning the Telecommunication, Media and Technology spaces, Econet Wireless has contributed to the technological and economic development of the country. As we continue to grow, and in pursuit of our vision, we will continue to conduct our business responsibly and, by so doing, contribute to the attainment of a sustainable future.

Our Vision

We envision a digitally connected future that leaves no Zimbabwean behind.

Our Values

Our core values - Pioneering, Professionalism, Personal - remain unchanged, defining who we are and how we engage with all of our stakeholders in order to create sustainable, shared value. Unchanging, yet always birthing renewed dedication to our approach to customer needs and stakeholder interests, our values have proved to be a guiding light through a challenging operating environment.

Our Mission

We deliver unparalleled digital services to everyone and everything with a passion to inspire innovation, improve quality of life and unlock stakeholder value sustainably.

We are a PIONEERING Company

We are a Company committed to finding the best way forward in the fast-moving and highly competitive technology field. To remain a leader in the field, we shall relentlessly pursue innovative solutions and constantly grow our knowledge base, with an uncompromising passion for excellence.

We demonstrate the highest levels of PROFESSIONALISM

In everything we do, both within Econet and in the community. We always work in a customer oriented and objective manner with clearly defined goals, in terms of quality of service. In all our professional areas and at all levels, we carry out our duties skilfully and diligently.

We are PERSONAL

Internally, we always remember that we are a Company made up of individuals. Each one is an intrinsically valuable member of the organisation irrespective of their gender, race or position. We believe in working in teams, in effective and confident co-operation and in environments where honesty, praise, constructive criticism and fair reward have their place. Who we are inside the Company reflects who we are externally. Our relationship with our customers enthuses with warmth and a genuine desire to meet their needs. We reach out to customers in a holistic way that makes them true stakeholders and willing participants in Econet.

Unlocking
DIGITAL
Possibilities

INTRODUCTION

Rapid advancement in technology and digital transformation is changing the way the world and particularly businesses operate. For the past two years, the coronavirus pandemic has accelerated digitalisation around the world, including online eduction platforms, remote working and e-commerce capabilities. Being part of the global village, Econet offers a variety of services and products to its customers through the strength of its vision, its modern technology and network, which enable them to participate in the digital eco-system.

Aptly, our theme for this report – **Unlocking Digital Possibilities** – represents unity with the Zimbabwean people and is a clear articulation of our strategic intent to always be the leader in digital firsts. It is a reflection of our vision to create platforms that enhance the digital lifestyles of our customers as we continue our journey of being the leading digital services provider. It highlights our commitment to contributing towards building a more sustainable and inclusive world, one that is more respectful of the environment, people and diversity. As we do so, we take advantage of our network to explore new areas of technological growth guided by the United Nations Sustainable Development Goals. We are pleased to share this report with you, which offers an all-round perspective of our performance in this reporting period, and our contribution as a responsible corporate citizen.

COMPANY DETAILS

Name of the Organisation
Econet Wireless Zimbabwe Limited

Date Established
31 December 1998

Location of Head Office
2 Old Mutare Road, Msasa, Harare, Zimbabwe

Permanent Employees
1,135

Number of Customers
14.9 million

Market Share of Internet and Data Traffic
82%

2022 Revenue
ZW$ 87.3 billion

Population Network Coverage
93.6%

It is a reflection of our vision to create platforms that enhance the digital lifestyles of our customers as we continue our journey of being the leading digital services provider.

BUSINESS OPERATIONS REVIEW

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue (inflation adjusted) ZW$ 87.3 billion 2021: ZW$57.9 billion +51% Change	**EBITDA** (inflation adjusted) ZW$ 45.5 billion 2021: ZW$29.6 billion +54% Change
Net Profit (inflation adjusted) ZW$ 12.3 billion 2021: ZW$1.0 billion +1 130% Change	**Long Term Debt: Equity** (inflation adjusted) 13.4% 2021: 13.6% -1.5% Change
Infrastructure (inflation adjusted) ZW$ 4.8 billion 2021: ZW$1 billion +378% Change	**Contribution to Fiscus** (inflation adjusted) ZW$ 31.1 billion 2021: ZW$12.2 billion +155% Change

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NON-FINANCIAL HIGHLIGHTS

14.9 million **Total Customer Base** *(total number of customer sim cards connected)* 2021: 13.2m 13.2% Change	9.3 million **Active Subscriber Base** *(90-day average number of customers actively using their sim cards)* 2021: 8.7m 7% Change
1 135 **Direct Employment Creation** 2021: 1 127 +0.01% Change	8.3% **Solar Net Metering** 2021: New KPI +0.0% Change
39.0% **Female Employees** 2021: 38.1% 0.9% Change	30.0% **Female Staff in Managerial Positions** 2021: 27% 3% Change
82.0% **Mobile Internet and Data Market Share** 2021: 78.4% 3.6% Change	68.6% **Customer Market Share** 2021: 66.5% 2.1% Change
93.6% **Population Network Coverage** 2021: 93.4% 0.2% Change	216 **Number of Solar Powered Base Stations** 2021: 172 26% Change

5G is a key digital infrastructure enabler that will further Zimbabwe's position and promote more digital innovation to keep us competitive as a world digital hub

During the period under review, Econet launched the country's first high-speed Fifth Generation (5G) mobile broadband technology, moving the domestic market in line with global trends. Econet kicked-off the service in Harare before expanding to other Zimbabwean markets.

The 5G technology will transform the way we all live and work, offering customers significantly greater network capacity, ultra-low latency and super-fast broadband speeds that open vast possibilities for our individual, business and enterprise customers

5G Fifth Generation Broadband Technology

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CHAIRMAN'S STATEMENT

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.

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 determining 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 SADC average and have the impact of increasing the connectivity costs for consumers.

Dr J. Myers
CHAIRMAN OF THE BOARD

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 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:

	Zimbabwe US cents*	Regional comparative US cents
Voice	4.2	8.8
SMS	0.9	2.7
Data	0.7	5.5

* 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$ 380 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.

On 6 July 2022, the Regulator approved a headline tariff increase for the sector of 61%. The last approval of tariffs was granted in September 2021.

CHAIRMAN'S STATEMENT (CONTINUED)

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. Statutory payments comprise 142% (prior year 804%) of profit before tax.

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 have 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 ON THE BOARD

8 July 2022

Buddie Voice

Buddie is a leading voice brand with 82% of all mobile voice traffic within Zimbabwe

With over 22 years of sustaining relationships across distances, Buddie has transcended times and stood to its promise of maintaining relationships and enhancing lives through the provision of reliable voice service connectivity to all Zimbabweans across social divides. This has seen the brand commanding 82% of Zimbabwe's voice market, continuously meeting the day to day communication needs for individuals, households, communities and businesses even in the peripheral areas.

The brand has 14 million customers and has been pivotal in giving economic freedom to all Zimbabweans through direct and indirect employment.

It's more than a friend it's a Buddie!

ECONET Wireless

CHIEF EXECUTIVE OFFICER'S OPERATIONS REVIEW

The **"new normal"** triggered by the Covid-19 induced lockdowns presented us with an opportunity to leverage our digital solutions and create a more sustainable future for businesses, schools, churches, hospitals, and all sectors of the economy as most operate remotely.

Operating environment

The operating environment remained volatile, mainly driven by inflation and exchange rates volatility. Whilst the exchange rate largely remained stable at about ZW$85 per US$1 for the greater part of 2021, alternative market exchange rate premiums exerted significant inflationary pressures on the economy.

The resurgence of inflationary pressures at the end of 2021 saw annual inflation closing the year at 60.1%, mainly as a result of the alternative exchange rates pass-through effect on domestic inflation.* Whilst the country's month-on month inflation declined from 6.99% in February 2022 to 6.31% in March 2022, inflation escalated from 66.11% to 72.7% over the same period.

Globally, inflationary pressures have also escalated, worsened by the ongoing Russia-Ukraine conflict whose secondary effects have inevitably impacted on domestic prices.

The POTRAZ Q4 report of 2021 attested to rising inflation which impacted on the country's growth in internet usage, with escalating costs of telecommunications forcing a reduction in the volume of data consumed by subscribers in Q4 to December 2021 which saw Mobile internet and data traffic declining by 3.5% to record 24,991TB from 25,902TB the previous quarter.

Our core operational costs from infrastructure and software upgrades require foreign currency and the runaway inflation and exchange rate resulted in the company's operational costs rising steeply.

Network availability continued to be negatively affected by persistent national grid power outages, exacerbated by increased cases of vandalism and theft at our telecom tower sites. Whilst the business has accelerated the installation of solar power solutions to mitigate network outages, importation of spare parts continued to put additional pressure to the already scarce foreign currency availability.

Business operations

The business was swift to navigate the headwinds by addressing the needs of our people, customers and suppliers. The "new normal" triggered by the Covid-19 induced lockdowns presented us with an opportunity to leverage our digital solutions and create a more sustainable future for businesses, schools, churches, hospitals, and all sectors of the economy as most operate remotely.

The ongoing national progress in vaccinations against Covid-19 has gone a long way in ensuring return to normal business as stricter lockdown restrictions have been relaxed, thereby boosting economic activity.

During 2021, we maintained our position as a digital enabler through rolling out innovative products to our customers and providing reliable connectivity which subsequently resulted in increased customer confidence in our business.

In a first for our market, and consistent with our culture in making sure that our customers are always FIRST to experience new innovations and technologies, we launched 5G technology in Zimbabwe on Thursday 24 February 2022. The 5G technology is part of our endeavour to transform the way we all live and work by unlocking a broad range of opportunities in manufacturing, mining, health, agriculture, safe cities, education, the list is endless.

Bridging the digital divide and delivering a digital lifestyle through connectivity, gaming, and music streaming, our data and voice traffic grew by 58%

Dr D. Mboweni
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S OPERATIONS REVIEW (CONTINUED)

and 19% respectively compared to previous year.

Leveraging on additional spectrum received from the regulator, we commissioned 80 LTE (4G) new sites as part of our LTE densification program, including extension of high speed data coverage to rural areas.

Our multiple digital touch points such as chatbots, web self-care, USSD self-care and WhatsApp helplines have gone a long way in assisting our customers with the much needed convenience and efficiency. Our Self-Care platforms (*111# and Web Self-Care) handled 93% (24 million) of total customer interactions compared to 10% (3 million) in the previous period.

Keeping employees safe and engaged

The pandemic has highlighted the importance of organisational resilience in a volatile, uncertain, complex and ambiguous (VUCA) environment. Keeping our employees safe, healthy and fully engaged has been a key priority since the onset of Covid-19. To achieve this, we leveraged technology and collaborative digital tools to ensure successful employee engagement during the extended periods of remote working. When not working from home, we implemented workforce separation aligned with social distancing and business continuity measures and tightened safety and health protocol across our workplace. We ensured that all our employees had easy access to personal protective equipment and facilitated easy access to vaccination.

Regular virtual wellness trainings were held periodicaly. In addition, wellness messages were sent to keep employees updated and 'pulse surveys' conducted to check on their well-being and how they were coping. Training and competency development for employees also continued digitally, with online modules covering topics ranging from personal development to professional and technical courses as the business provided access to Linkedin and Odilo learning platforms

Sustainability

We believe that sustainable business practices are essential to the creation of long-term value, and that running our business in a responsible manner is intrinsically tied to achieving operational excellence; accordingly, our Board exercises oversight over the company's performance with respect to ESG factors as a part of our duty to directly oversee Econet's corporate strategy. We are therefore proud to share Econet's ESG report section within this report, which highlights our perspective on the issues that matter most to our business and our stakeholders including our customers, shareholders, regulators and investors. The ESG report is intended to provide Econet's approach to performance on ESG issues.

In keeping with our culture of excellence in the areas of financial performance, wellness, social responsibility and corporate governance, we scooped the 2021 Top Companies Survey Award in July 2021, winning this coveted award for the second year in a row.

Financial performance

In spite of economic headwinds faced by the company, we remained resilient. We placed more emphasis on investment in infrastructure and innovative platforms and services.

Inflation adjusted revenues increased from ZW$57.9 billion to ZW$87.3 billion. EBITDA margins remained positive at 52% as a result of cost containment initiatives.

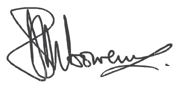
Debt to equity performance improved to 13.4% from 13.6% the previous year.

Voice traffic increased by 17%, data consumption was up 48% whilst SMS traffic was down 19% compared to the same period last year.

We maintained customer market share leadership as we focused on addressing customers' pain points. During the period, we added 1.7 million new customers to stand at 14.9 million customers, up from 13.2 million in the previous year. According to POTRAZ, 4th Quarter Report of 2021, our market share of mobile subscribers closed at 64.9% whilst market share of internet & data traffic was at 75.9%, up from 74.1% the previous quarter.

Outlook

We aspire to be a consistent partner of choice. In line with our journey to reposition our communications business to a digital services business, focus will also be on deploying new network technology and enhancing the digital lives for enterprises, SMEs, the government and our business-to-consumer (B2C). We continue to pursue growth strategy buttressed by increased investment distribution channels, particularly in view of global ecosystem disruptions brought about by Covid-19.



Dr D. Mboweni
CHIEF EXECUTIVE OFFICER

8 July 2022

*RBZ Monetary Policy Statement

Econet Data

The COVID-19 pandemic triggered a soaring need for data and connectivity, leading to a 48% growth in data usage

In embracing a digital future, Econet data is the key enabler for connecting individuals and businesses to the world on their daily, social, educational and business routines through offering a reliable internet experience in this COVID-19 era. The service has been pivotal to ensure Zimbabwe's business continuity and digital transformation by enabling virtual platforms like e-commerce, cloud services, Facebook, Twitter, online education and the advancement of medical and construction services which all hinge on data connectivity.

Commanding a 68% market share, the service spans the length and breadth of Zimbabwe. Econet data has contributed in growing Zimbabwe's internet penetration rate and sustained business and education, especially in the face of the COVID-19 pandemic.

ECONET
Wireless

OUR STRATEGIC PILLARS

We are on a drive to digitalise the internal processes to ensure enhanced service delivery

Enabling Excellent Business Performance

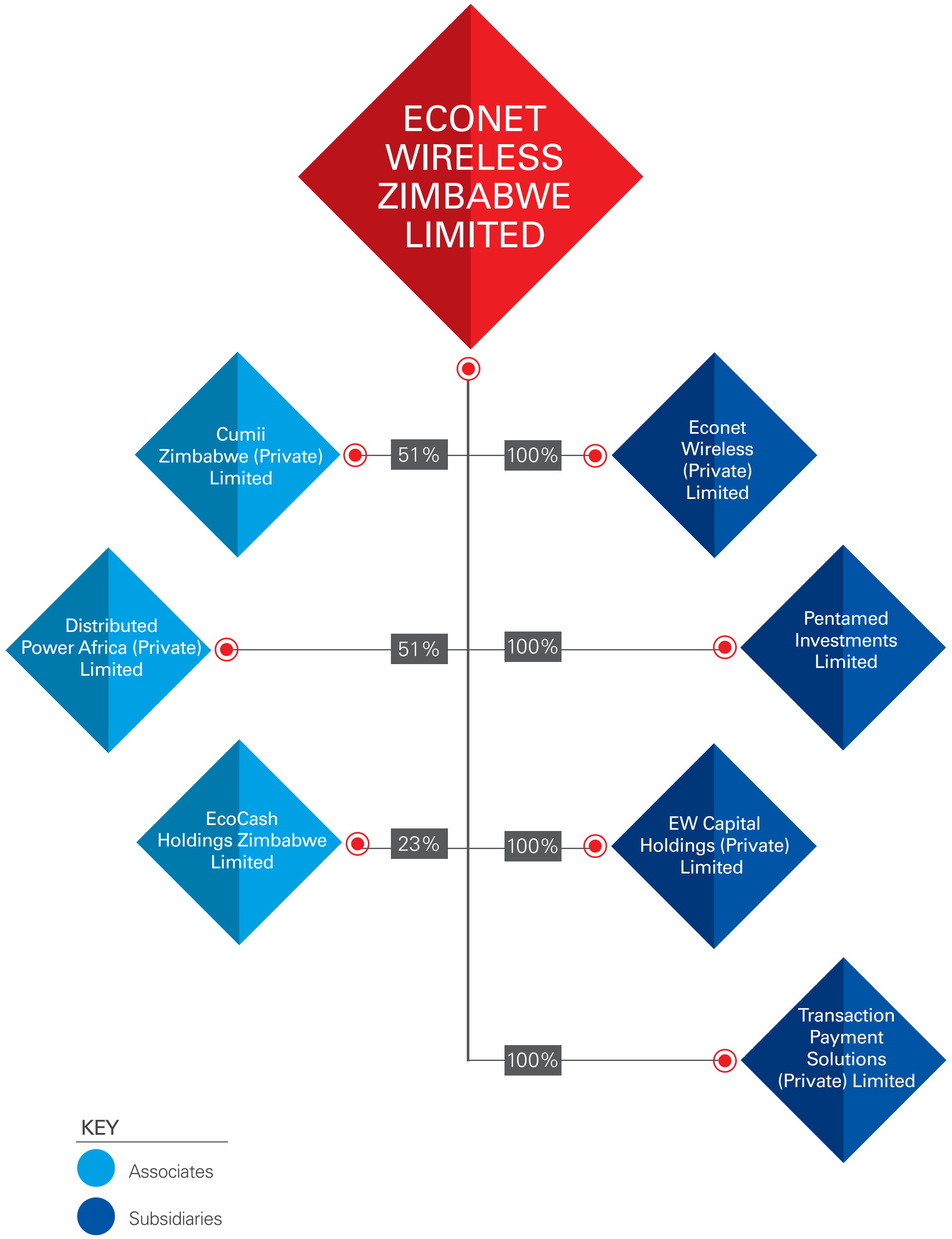
We recognise that the individual customer is the reason for our existence – all 1 135 of our staff members engage their skills and talents on a daily basis to ensure that our customers enjoy the best experience from the use of our products and services, including the pioneering of new product and services, or the enhancement of existing technologies to bring the future to our customers. We are on a drive to digitalise our internal processes to ensure enhanced service delivery. Mindful of our responsibility as a corporate citizen, we aspire to work pro-actively with all of our regulators and stakeholders to create an enabling operating environment which allows us to generate the strong, positive results our shareholders have come to expect of us.

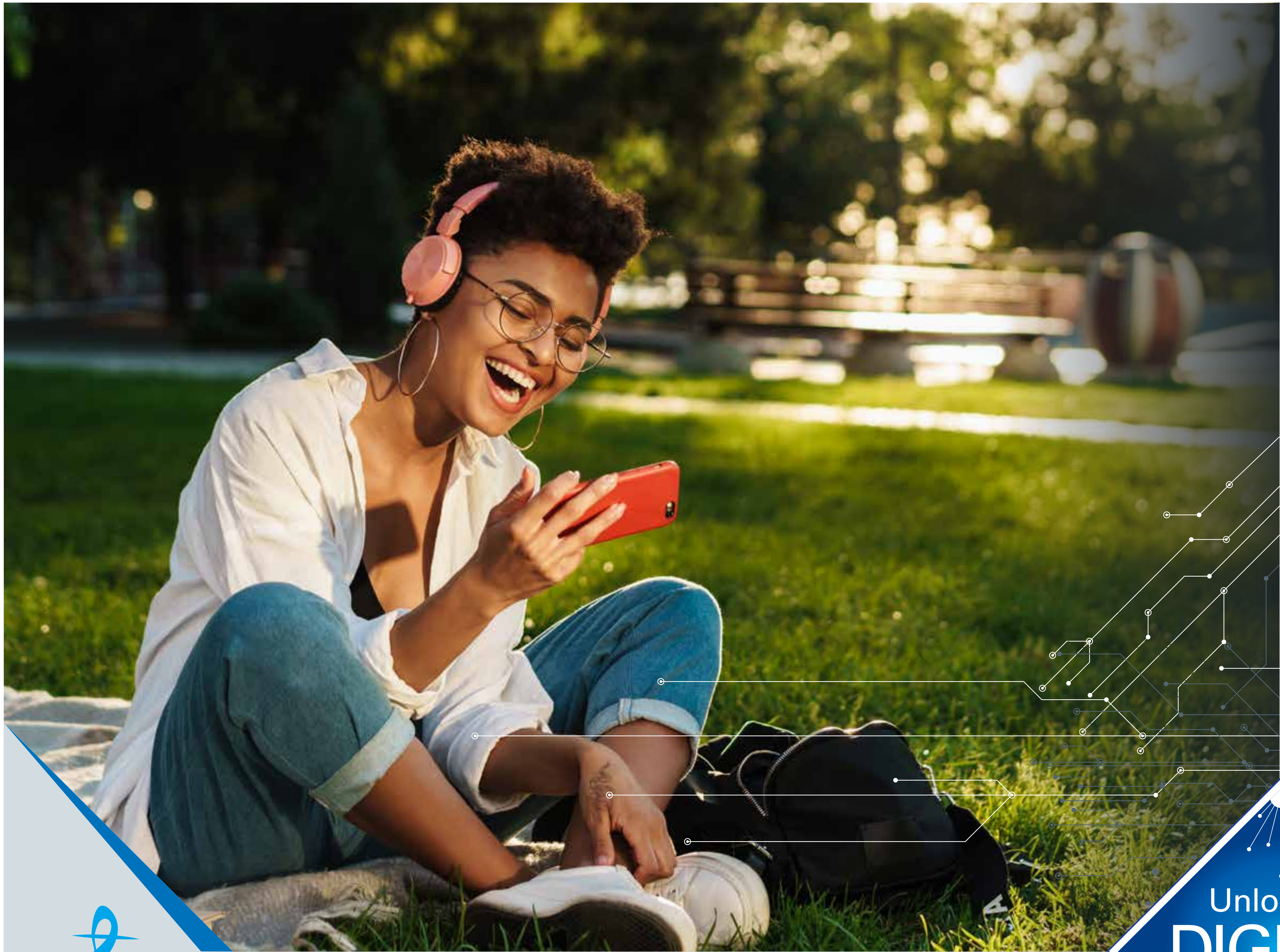
Our 7 Levers of Executional Excellence

CORPORATE STRUCTURE

THE ECONET GROUP

Organogram





Buddie Beatz Music

The Buddie Beatz Music platform has fast-tracked the adoption of digital music services in Zimbabwe

Buddie Beatz is a digital platform that gives customers access to 60,000 songs and over 6,000 artists that offer a myriad of music genres be it Gospel, ZimDancehall, Hip-hop, House, Mbira, Traditional, Sungura, Jazz, and Afro fusion leaving customers spoilt for music choice. Resonating well with music fanatics, the brand has over 2 million cumulative downloads.

The platform allows customers to stream music, activate caller ringback tones and listen to mobile radio on the go! Buddie Beatz has emerged to be Zimbabwe's number 1 Digital Music platform that promotes and supports the local arts industry through the digital distribution of local music across Zimbabwe and beyond.

ECONET Wireless

Unlocking
DIGITAL
Possibilities

OUR PRODUCTS AND SERVICES

We relentlessly offer solutions that bridge the digital divide across the country

Our Digital Transformation drive continues to unlock infinite opportunities, connecting customers through technology, whilst harnessing the power of future ready technologies such as 5G, Virtual Reality, Augmented Reality, Mixed Reality and Machine Learning. The theme **Unlocking Digital Possibilities** positions Econet Wireless as an innovative game changer committed to relentlessly offer solutions that bridge the digital divide across the country, and is well in line with our dream of a digitally connected future that leaves no Zimbabwean behind.

ECONET Wireless

UNLOCKING DIGITAL POSSIBILITIES | PRODUCTS AND SERVICES (CONTINUED)

Econet Data

+8% Active Data Customers

+46% 4G Devices on Net

+48% Data Usage

The way of life for many changed with the advent of Covid-19 as many things were virtualized, which is now regarded as the new normal. The need for data connectivity continued to grow and this resulted in Econet active data customer's growth of 8% compared to prior year. In 2021 Active 30 days customers were averaging 4.3 million and in 2022 customers averaged 4.5 million in December, being the peak. This customer growth was driven by various Customer management initiatives that included use of predictive analytics to reduce churn and frequency management campaigns. With the introduction of the Smart Kambudzi device, smartphone penetration went up by 2.6% to 63%, which also helped in increasing the data active customers per day to 2.56 million (December peak).

Additionally, the device strategy also increased the 4G devices on the Econet network by 46% to close the year at 1.2 million 4G capable devices. Our Digital Lifestyle Network positioning blended well with this environment and in 2021 we managed to increase data usage by 48% driven by data packages such as Private Wi-Fi Bundles, E-Learning Bundles, weekend hourly bundles and the affordable smartphones which addressed the needs of the Zimbabwean customers. Introduction of reverse billing saw more corporate customers joining the Econet network, with over 30 corporates signed up to date. These have contributed to the growth of data usage in Zimbabwe.

The net effect of these initiatives was a strong performance; usage averaged 4.2 petabytes per month whilst data revenue closed the year at 64% above prior year (2021). In the coming year, more focus will be on growing customer numbers to 4.7 million through introduction of Gaming bundles, WhatsApp calling and value segmented propositions.

Voice

+40% Contribution to Total Revenue

+46% Revenue Growth

+4% Customer Activity

Voice revenue remains a strong pillar of the business, contributing over 40% of total service revenue. Revenue from voice for the 2022 grew by 46% over prior year. Growth was driven by effective customer value management (CVM) initiatives in lower affordability segments through bundle offers as well as upward momentum in customer activity which grew by 4% from 6.6 million to 6.86 million monthly voice customers. All initiatives implemented were informed by strong data analytics as well as intelligent product recommendation engines. Going forward, analytics, prediction models and overlay services will be key to manage the headwinds on circuit switched voice arising from customer behaviour shifts brought on by the Covid-19 pandemic as well as the OTT services. We are also following the European Telecommunications Network Operators' Association's discussion with European policy makers on the need for OTT players to share costs of infrastructure investment.

UNLOCKING DIGITAL POSSIBILITIES | PRODUCTS AND SERVICES (CONTINUED)

Short Message Service ("SMS")

9.3 Billion Text Messages Exchanged

+25% Revenue Growth

5.4 Million Users per Month

The short message service (SMS) is part of the products on offer on our menu as we continue to improve the digital lifestyle of our customers. It is a service for sending short messages to mobile devices and is commonly called "texting" or "text messaging." Through SMS we are able to effectively reach our customers and in turn our customers are better able to communicate using this affordable platform. This has been particularly crucial during the Covid-19 pandemic, where the need for remote communication has grown coupled with the need for affordability. For 2022 there were on average 5.4 million monthly active customers on SMS. The total SMS count was 9.3 billion. Total revenue grew by 25% compared to the previous year.

YoMix

1.2 Million Downloads

+15% Revenue Growth

YoMix is a digital flexible value package that empowers Econet customers to design and purchase customized bundles of voice, data, SMS and other content services. YoMix addresses the issue of choice, convenience and the efficient use of value by the customer. It is a one stop shop for customers to buy everything they need according to their preference, thereby bringing flexibility. Other services within the YoMix mobile App include gaming and entertainment. YoMix also features a gifting functionality where customers can share personalized bundles with their friends and loved ones. To date, YoMix has 1.2 million cumulative downloads. Over the past year, YoMix revenue grew by 15% compared to prior year. Our focus for 2023 is to add more use cases to further increase convenience to the customer and grow additional revenue. New use cases will include P2P Bundle/Wallet sharing which will allow customers without balances to enjoy Econet services, while their friends/family pay for them, as well as Group Product Purchase Mix, which will allow corporates to tailor-make bundles for their employees according to their needs.

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UNLOCKING DIGITAL POSSIBILITIES | PRODUCTS AND SERVICES (CONTINUED)

Buddie Beatz Music

+2 Thousand Artists Added

+4% Revenue Growth

+15 Thousand New Songs

Our music content services produced a robust growth driven by increases in artist engagements/ sign-ups and content database on our platforms. We added 15,000 songs and over 2,000 new artists across all music genres. Despite a challenging year due to the impact of Covid-19 on discretionary spend on music content services, there has been a growth rate of 4% in our customers that was driven by content-based campaigns. Covid-19 also negatively impacted our artists' livelihood, however, the regular artiste pay-outs cushioned them throughout the period. In the next financial period, we anticipate exciting growth emanating from new innovations and partnerships to further grow our digital music content platform.

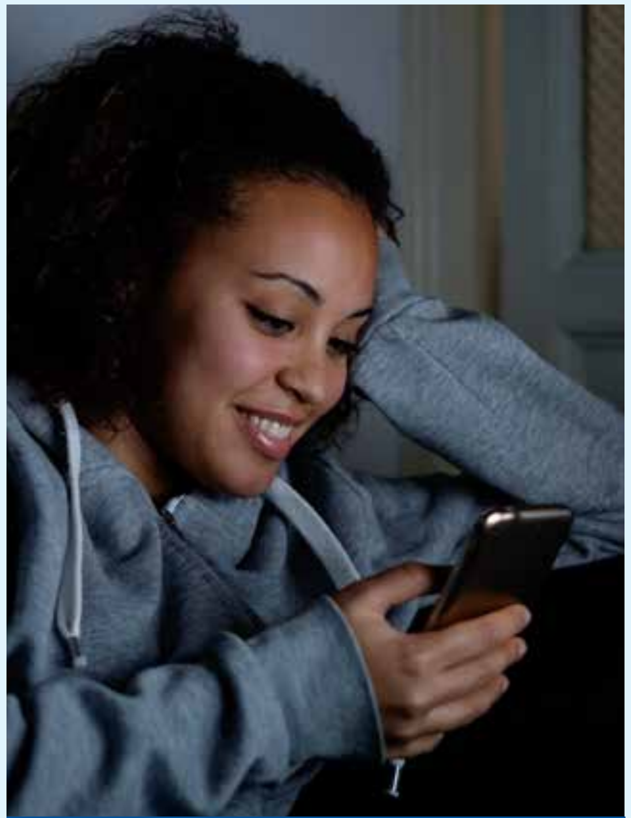
OmniContact (Business Process Outsourcing)

20 Active BPO Customers

200 New Call Centre Agents Hired

+50% Women in Leadership Positions

In our quest to be the leading Business Process Outsourcing company of choice, OmniContact offers a robust, dynamic and low cost call centre providing service solutions to our customers locally and around the globe. It is committed to and exhibits operational excellence and this has translated into revenue growth and profitability and an enhanced experience for our clients' customers. In addition to inbound and outbound call centre services, we also offer Digital Customer Management solutions through which we can provide key insights into customer trends and behaviour. With a capacity of over 3,000 agents, we are primed to deliver optimal value to our clients. Presently our customers are predominantly located in the region, with a presence in the US and UK markets, spread across various industry sectors including telecoms, energy, agriculture, health and Church organisations.



Gaming

+96% Revenue

+10% Customers

+11% Subscriptions

Our gaming service offers diversity to our gamers; from SMS based games, game stores to html games. This has helped us meet our gamers' needs, from the young to elderly gamers. Key milestones in 2022 were around the launch of YoFootball, H5 Gaming, YoGamification and Loyalty gaming platforms. A rollout of different gaming genres matching different customer profiles ensured growth in customer numbers whilst unlocking new digital possibilities. We have witnessed commendable growth on all KPIs that is 96% growth on revenue against 2021. Customers grew by 10%, subscriptions grew by 11% against prior year, which is phenomenal growth against the background of Covid-19. The pandemic minimized social interactions, leaving customers with limited and compromised entertainment sources and resulting in our gaming solution becoming the go-to source of entertainment. Our focus area will be to unlock latent gaming desires in our customers and be the go-to gaming sphere in Zimbabwe and the region.

SUPERIOR CUSTOMER EXPERIENCE

4.5m Customers Using Self-care

89% First Contact Resolution of Queries

73% Customer Satisfaction Score

+14% Increase in C/Sat Score

76% Customer Effort Score

Customer empowerment and automation of processes that were previously manual has positively influenced customer experience metrics, coupled with a robust network expansion.

- Customer Satisfaction (CSAT) improved by 14% in 2022 from 64% to 73% on the back of improved data connectivity through commissioning of 120 LTE core-located sites across the country. Furthermore, concerted effort to re-engineer customer services processes and empowering Customer Services Representatives to offer First Contact Resolution (FCR) resulted in FCR growth from 67% to 89%.

- Customer Effort Score (CES) grew by 26% to 76% during the same period by empowering customers through several initiatives that were rolled out. Seamless bill payment for our Post-Paid customers created the convenience of paying bills in the comfort of their homes or offices through the mobile phone. 30% of the Post-Paid customers (1,200) have utilised the platform to date. Further, we launched a SIM-swap self-service in December 2021 meant to decongest our shops. A total of 4,5 million customers are registered on the self-care platform and currently our shops are handling 80,000 SIM replacement requests per month. This solution is expected to reduce SIM replacement related traffic by 30% within the first half 2023.

SUPERIOR CUSTOMER EXPERIENCE (CONTINUED)

The following initiatives will be executed in 2023 to further enhance and transform our customer experience journey:-

- Automation relief of key customer pain points (processes) and creating additional self-care use cases.

- Growth in customer appetite to use digital platforms like WhatsApp to get queries resolved, inspired the business to explore investing into Artificial Intelligence (AI) –WhatsApp BOT to increase operational efficiency targeting to resolve 250,000 conversations per month and further augment the existing digital channels such as Yamurai Bot, Facebook and Twitter support handles.

- Creation of a customer centric organisation by having all staff undergo a Customer Experience Culture transformation initiative in the first half of the new financial year.

Customer Experience

The platform assisted over 70% of total customer queries, handled by our representatives working from home

Digital Channels and Self-Care
To improve on accessibility and offer uninterrupted customer experience, we invested in a remote customer service tool (Freshworks) that integrates all social media platforms. This robust system created convenience for our customers who were affected by the lockdown restrictions due to Covid-19 pandemic. The digital platforms such as Facebook, WhatsApp and Twitter created an alternative channel to complement the traditional voice and walk-in customer services channels.

Further convenience for our customers was created through the launch of Dynamic SIM Allocation (DSA) which meant over 2,000 channel partners could offer SIM replacement services across the nation. 350,000 SIM replacements were processed through DSA.

NETWORK TECHNOLOGY COVERAGE
THE BEDROCK OF DIGITAL CAPABILITIES

The introduction of 5G network will increase speed and quality of service

Our ability to build and deliver a world class platform on and from which a plethora of life changing digital solutions can be innovated depends on the quality and availability of a reliable and efficient telecommunications network. It goes without saying, therefore, that our desire is to be the leader in implementing the technological advancements that would enable Econet to retain market leadership in terms of network size and capabilities. Tremendous strides have been made to improve network coverage across the country, with 65 additional sites installed during the year in review. Ranging from 2G and 3G network improvements in rural areas to increase connectivity to rural populations, and 4G and the recently launched 5G networks in and around urban centres to improve internet connectivity as part of Econet's transformation into a Digital Service Provider. The increase in base stations notably improved accessibility in more remote areas of the country, whilst the introduction of 5G network will increase speed and quality of service, making the network more reliable, consolidating our market position and, more importantly, allowing us increased scope to improve our solutions offering to our customers and stakeholders.

Network Improvements

Based on our 2022 network improvement plan, we managed to accomplish the following:

Planned Improvements	Progress to date
Commission new sites	12/65 commissioned to date
Upgrades to LTE sites	213/226 LTE sites completed
3G Licence upgrades	50/ 50 licence upgrades done
Increase HLR capacity	HLR increased by 2 million subscribers

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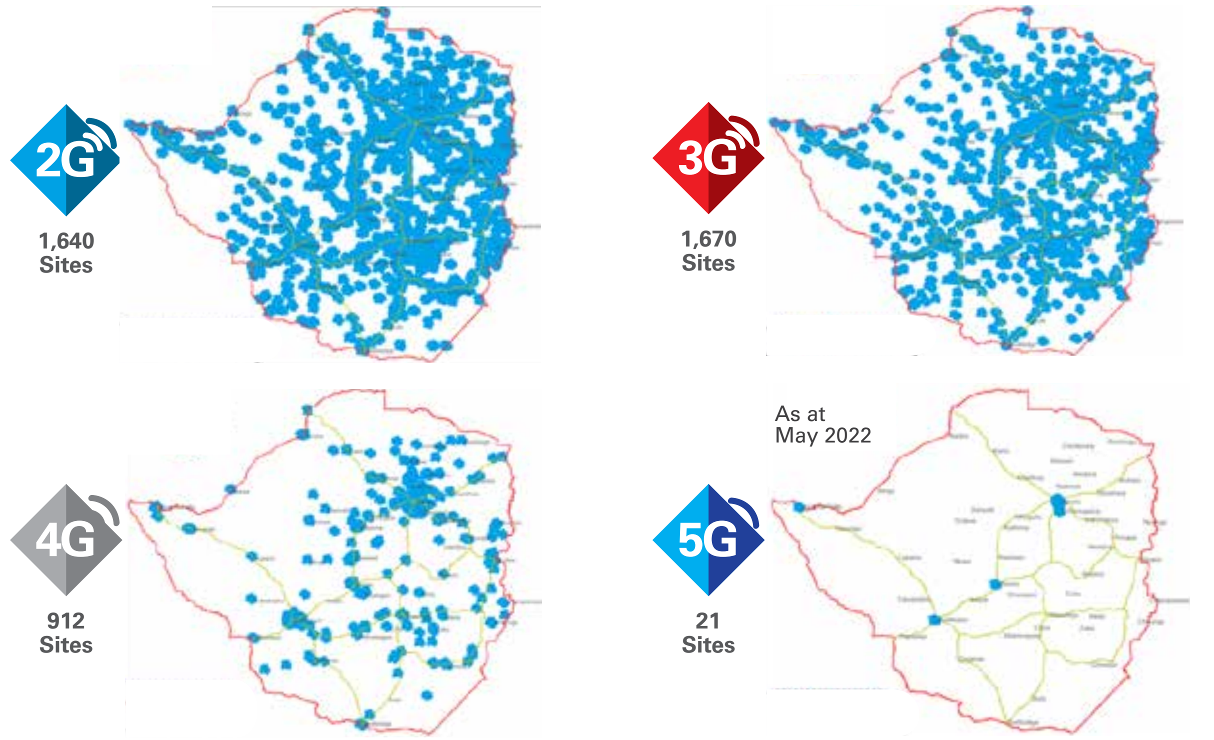
NETWORK COVERAGE 2022



2G	3G	4G	5G
93% Population 78% Geographic	84% Population 71% Geographic	39% Population 5.9% Geographic	+1% Population +1% Geographic
		+11% population +45% geographic	Initial investment in new technology

CORPORATE MEMBERSHIPS AND AFFILIATIONS

The business values growth to its body of knowledge and subscribes and affiliates to various organizations that champion common causes that are aligned with our goals, values and mission. Below is a list of some of the organizations which the business has membership with.

Institution	Objectives
Chartered Institute of Marketing (CIM)	The world's largest community of marketers that support, represent and develop marketers, teams, leaders and the marketing profession as a whole.
Information Systems Audit and Control Association (ISACA)	To help technology professionals and their enterprises to realise the positive potential of technology and enable innovation through technology.
Institute of Directors Zimbabwe	Promotes and develops corporate governance best practices and ethical leadership in Zimbabwe.
Institute of Chartered Secretaries and Administrators	Promotes efficient administration of the organization using modern technology
Marketers Association of Zimbabwe	Promotes marketing professionalism and synergies, thereby ensuring that marketing is learnt, recognized and implemented to the highest levels.
Employers' Confederation of Zimbabwe (EMCOZ	Promotes and protects the interests of Zimbabwean employers and workers by lobbying government on national policies, practices and standards on labour, employment and socio-economic issues.
Zimbabwe Institute of Engineers (ZIE)	Promotes the advancement of Engineering and facilitates the transfer and dissemination of Engineering knowledge. The institution also sets and maintains appropriate standards of Engineering and technician competence.
Business Council for Sustainable Development (BCSDZ)	Provides most influential forums on Corporate Social Responsibility (CSR) issues.
Institute of People Management of Zimbabwe	Establishes appropriate qualifications, defining codes of conduct, promoting research, spreading knowledge of personnel and training management and labour relations, and liaising with relevant authorities in regard to professional manpower policies and practices.
Institute of Chartered Accountants	To enhance the international standing and recognition of the qualification CA(Z) for the benefit of its members to support them in proving quality services in the public interest.
Institute of Internal Auditors	Provides dynamic leadership for the global profession of internal auditing.
Contact Centre Association of Zimbabwe	Provides expert customer service and call centre advice.
Chartered Institute of Customer Management (CCIM)	Advocates in customer service excellence, enforcing quality & standards.
Chartered Institute Projects Managers Zimbabwe	To provide guidance on project management competence.
United Nations Global Compact	A call to companies to align their strategies and operations with ten universal principles related to human rights, labour, environment and anti-corruption, and to take actions that advance societal goals and the implementation of the SDGs.

AWARDS AND RECOGNITION

During the year in review, a number of awards were won by the company as well as recognition for individual staff members for their contributions to society.

Company Awards

#	AWARDING INSTITUTIONS	AWARD/ CITATION	DATE
1	The Financial Gazette / OLDMUTUAL	2021 Top Companies Survey Award	July 2021
2	Business Weekly / Financial Markets Indaba	Capital Markets Corporate Governance Award	November 2021
3	IPM Institute of People Management of Zimbabwe	Private Sector Human Resources Digitalisation	December 2021
4	IPM Institute of People Management of Zimbabwe	Private Sector Wellness Leadership	December 2021
5	LinkedIn Learning	Best Culture of Learning in Sub-Saharan Africa	December 2021

Contribute to the building of robust, resilient and empowered communities for the future

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

Our aim is to build and operate a world class network that allows us to fully transform to a digital services provider

Stakeholder Engagement and Partnerships for Shared Value Creation

We engage fully with all of our stakeholders in every facet of our business operations, and 2022 has been no different. In fact, we have sought to elevate our engagement to a level that reflects the growing maturity of our stakeholder management program and recognise the positive and mutual benefits of open, honest engagement that can accrue to both our stakeholders and ourselves. The following represent the key stakeholder engagements in the year under review, the significant engagement outcomes and the relevant Sustainable Development Goals ("SDGs") in pursuit of which the engagements were undertaken.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholders	Key Engagements	Key Interests	Engagement Outcomes	Sustainable Development Goals Supported
Government We are a partner in national and socio-economic development. We seek involvement in legislative and policy framework development in areas of mutual interest	Ministry of Health	• Covid-19 containment & elimination	• Partnership in vaccination programme	3
		• Ongoing efforts to eliminate Cholera by 2028	• Attended National Taskforce meetings as a founding member of the National Taskforce for Cholera Elimination	3
	Department of Civil Protection	• National Civil Protection Committee liaison	• Contribution to current Civil Protection activities and ongoing build-back-better activities from Cyclone Idai disaster • Community awareness and disaster risk warning initiative through mobile communication	11
	Traffic Safety Council of Zimbabwe	• Public awareness on Road Safety	• Safe roads for our communities	17
	Reserve Bank of Zimbabwe	• Forex allocations & legacy debt clearance	• Engagements continue to take place in this regard	17, 9
	ZIMRA	• Fiscal support to national socio-economic development through payment of taxes	• Continued to be a leading contributor to the national fiscus. 2022 contributions totalled ZW$31.1 billion	8, 17
Suppliers Our supply chain is a key cog in the efficient and effective delivery of our products and services	Supplier Sustainability Self Assessment Program rolled out to top 54 suppliers	• Sustainability advocacy & understanding in the supply chain	• We encourage all our suppliers to fully embrace and adopt principles of sustainability & responsible business operations, and to consider becoming members of the United Nations Global Compact. Going forward, this program will be rolled out to our SME suppliers	12, 17
	Key suppliers (Ericson, ZTE, Huawei)	• Provision of quality Digital Services and service support	• Build and operate a world class network that allows us to fully transform to a digital services provider. Our suppliers reflect our commitment to achieving this goal	9, 17
Media Beyond our customers, our reach to the wider public and the world relies on objective, transparent and honest media partners	Press briefings and press releases Prompt and timely responses to media queries	• To tell our side of the story and enable our stakeholders to understand and participate in our journey as we continue to grow	• Positive media support including the publication of many articles that accurately enunciated our position or objectives on matters of importance to us and/or our stakeholders	17
	Website refresh	• To keep our valued stakeholders updated and informed with regards to what is happening in the business	• Updated, modern website. We encourage all stakeholders to get in touch and provide feedback through links provided on the website	

STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholders	Key Engagements	Key Interests	Engagement Outcomes	Sustainable Development Goals Supported
Regulators As responsible corporate citizens, we aim not only to comply, but to collaborate with our regulators in developing appropriate enabling operating environments.	Postal & Telecommunications Regulatory Authority of Zimbabwe ("POTRAZ")	• Regulatory support • Tariff viability • Policy and framework development and support	• Involvement in policy formulation, specifically Telecommunications Pricing Index	8
	Parliament of Zimbabwe	• Legislative collaboration	• Provided input for various legislation that impacts our industry	17
	Zimbabwe Energy Regulatory Authority	• Enabling environment for deployment and provision of solar electricity	• DPA continues to engage the Ministry on regulatory issues affecting the industry including but not limited to: • Net metering • Specific solar projects	7
	Environmental Management Agency ("EMA")	• Environmental protection • Emissions control and management	• Collaboration on tree planting day - 1,100 trees planted • Continued compliance with generator emission quality	13 15
Customers The reason for our existence and success, we greatly esteem our customers and seek to deliver value and maximize their experience with our products and services	• Product and service roll-outs • Social media and contact centre engagements/ feedback • Trade Fair interaction and experience • Promotions and campaigns	• Consumers of our products and services • Enabling individual, corporate and SME customers to engage and operate their business, with respect to communication, data and financial transactional overlay services • Optimize customer experience	• Obtained critical feedback which helps us to constantly review how we can improve our service delivery • Delivered the first 5G experience in Zimbabwe • Improved customer experience and customer loyalty • Improved social license to operate • Achieved a customer satisfaction score of 81% for 2022 • Increased customer count of 14.9 million (13 million in 2021)	17 10

STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholders	Key Engagements	Key Interests	Engagement Outcomes	Sustainable Development Goals Supported
Investors To deliver superior returns on investment and offer the opportunity to be part of something bigger through extended value creation for all stakeholders and the environment	• Annual General Meeting • Shareholder and market updates through our website and Annual Report	• Exceptional business performance • Return on Investment • Compliance with requirements of the Companies Act, underpinned by robust corporate governance principles, practices and leadership • Injection of capital for continued business growth and investment	• Resilient business performance in the face of militating macroeconomic operating environments • Increased shareholder and market confidence as evidenced by the superior performance of our share price on the local bourse	8 17
Staff The backbone of our service delivery infrastructure; the wellness of our human capital and talent pool is of paramount importance to the business	• LAWES staff engagement survey • 3 CEO staff briefings • Digitalisation of talent management processes • Multiple staff wellness initiatives	• A motivated and inspired workforce • To develop a high-performance culture within the business • To reward exceptionally talented staff and to create exciting career paths that encourage self-development and growth	• Revamped the reward structure to encourage performance • An improvement in the overall level of staff engagement • As a result of frequent engagement with Executive leadership, staff were at all times well aligned with business imperatives, helping the business to perform above target in most respects • An effective agile working program in the face of Covid-19	8 17 5
Industry and Business Partners	United Nations Global Compact participation	• Global best practice	• Became a signatory to and member of the UNGC, joining +13,000 companies globally • Attended several UNGC workshops and seminars from which key lessons on Sustainability, Gender and Human Rights were derived for implementation within our business	17
	Telecoms Operators Association of Zimbabwe ("TOAZ") Partners, Dealers, Franchisees and Suppliers	• Industry-specific regulations • Enhanced Value Chain performance and efficiencies	• Joint collaborations with industry regulator on key issues such as forex sales/ pricing • Seamless service delivery throughout the year ensuring customer satisfaction	17
Community and Local Authorities	Various community development programs through Higherlife Foundation	• Enhance social license to operate • Contribute to the building of robust, resilient and empowered communities for the future	• Provided access to inclusive & quality education • Improved maternal health & wellbeing • Rural transformation with sustainable livelihoods • land availed for additional base station sites	11

A platform for youth to showcase their capabilities and nurturing them to fulfil their potential

Elevate is a Youth Empowerment platform powered by Econet and is open to Econet prepaid customers aged 16-34 years and focuses on empowering the youth. The Elevate Platform has over 1 million youths utilising the platform and it gives them the power to shape their own lives and unlock their potential. This will help develop the youth to become more responsible for their own destiny (personally, professionally and spiritually) while turning them into productive citizens and equipping them with life skills and resources. Elevate continues with its quest to support the youth.

ELEVATE

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We need commitment and intentionality to build a more sustainable and inclusive nation, more respectful of the environment, people and diversity. This is a collective effort, in which Econet is a key role player.

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

Mrs F. Gandiya
GENERAL MANAGER
SUSTAINABILITY

Going forward, we will place a strong focus on mitigating ESG risk factors through engaging our stakeholders and investing in digital technologies that will ensure we leave no one behind

MESSAGE FROM GENERAL MANAGER - SUSTAINABILITY

During the period under review, we continued to experience unprecedented change brought about by the Covid-19 pandemic in 2020. This caused a shift in terms of how people live, work and interact and changed the way we do business. However, despite these very challenging times, we found a way through adversity. The business responded to the changing environment and our responsibility to enhance the positive development of the people and the planet while mainstreaming our business objectives and strategies to meaningfully contribute to the Sustainable Development Goals and the societies in which we operate.

The pandemic impacted how companies operate and accelerated digital adoption of smart solutions across communities, with people embracing digital technologies as an enabler for day-to-day needs. Against this

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MESSAGE FROM GENERAL MANAGER - SUSTAINABILITY (CONTINUED)

backdrop, the business had to be responsive and agile in dealing with the surge in demand for online connectivity. The critical role to address these societal needs of digital empowerment to give people access to work, school, family and health. Our advanced network technology supported the social distancing measures to curb the spread of the virus by providing the connectivity required to enable the use of mobile money for payments, online education and commerce.

In pursuit of the continuous development of our environmental, social and governance reporting, this report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. Our report also serves as a contribution to our Communication on Progress – an explicit responsibility as a signatory to and member of the UN Global Compact (UNGC) and our commitment to the United Nations Global Compact 10 Principles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

The focus of our sustainability strategy has always been to create value for all stakeholders, from our customers, shareholders and employees to the broader community. We aim to integrate the core ESG priorities within our businesses with a strong focus on innovation, digital enablement and good supply chain governance. It is also how we believe we can strengthen financial resilience for the business in the long term. To achieve this, our ESG strategy continues to drive shared value in the economy and the communities we operate in, through responsible ESG practices. The business executives recognise this and have had Environmental, Social and Governance metrics embedded in their performance scorecards. Through asserting ownership of ESG from the executive level of the business down to the operational level, we aim to ensure the promotion of our sustainability strategy within the business as we drive the development of digital solutions that empower people. The Board continues to exercise oversight on the company's performance with respect to ESG factors as a part of their duty to directly oversee our corporate strategy.

Going forward, we will place a strong focus on mitigating ESG risk factors through engaging our stakeholders, offering support to local communities, protecting our environment and investing in digital technologies that will ensure we leave no one behind as the world evolves. Our goal is to continue to deliver a wide range of products and services designed to present sustainable digital solutions to some of society's most pressing challenges through our various businesses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY (CONTINUED)

Environmental Social and Governance Framework

In recent time the term ESG has come to be used to represent sustainability. Using the ESG framework allows organizations to zero in, from a strategic point of view, on the fundamental aspects involved in each of these three dimensions. The EWPL sustainability agenda continuously identifies factors that need to be proactively managed for long term resilience. Our sustainability topics are organised into five key sustainability dimensions. These dimensions inform the strategic development of our ESG framework and Key Performance Indicators. ESG indicators show our impact on SDGs and disclose our sustainability performance.

	ESG	Dimensions	Material Issues	Attendant SDGs
Sustainability Management and Reporting	Environmental	Environment	• Greenhouse gas Emissions • Air Quality • Energy Management • Waste and Wastewater Management • Waste and Hazardous Waste Management • Ecological Impact	7 Affordable and Clean Energy; 13 Climate Action; 15 Life on Land
	Social	Human Capital	• Labour Practices • Employee Health and Safety • Employee Engagement Diversity and Inclusion	5 Gender Equality; 3 Good Health and Well-Being; 1 No Poverty
		Social Capital	• Human Rights and Community Relations • Customer Privacy • Data Security • Access and Affordability • Production Quality and Safety • Customer Welfare • Selling Practices and Product Labelling	1 No Poverty; 2 Zero Hunger; 3 Good Health and Well-Being; 4 Quality Education; 6 Clean Water and Sanitation; 10 Reduced Inequalities
	Governance	Leadership and Governance	• Business Ethics • Competitive Behaviour • Management of the Legal and Regulatory Environment • Access and Affordability • Critical Incident Risk Management • Systematic Risk Management	16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals; 11 Sustainable Cities and Communities
		Business Model and Innovation	• Product Design and Lifecycle Management • Business Model Resilience • Supply Chain Management • Physical Impacts of Climate Change	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production

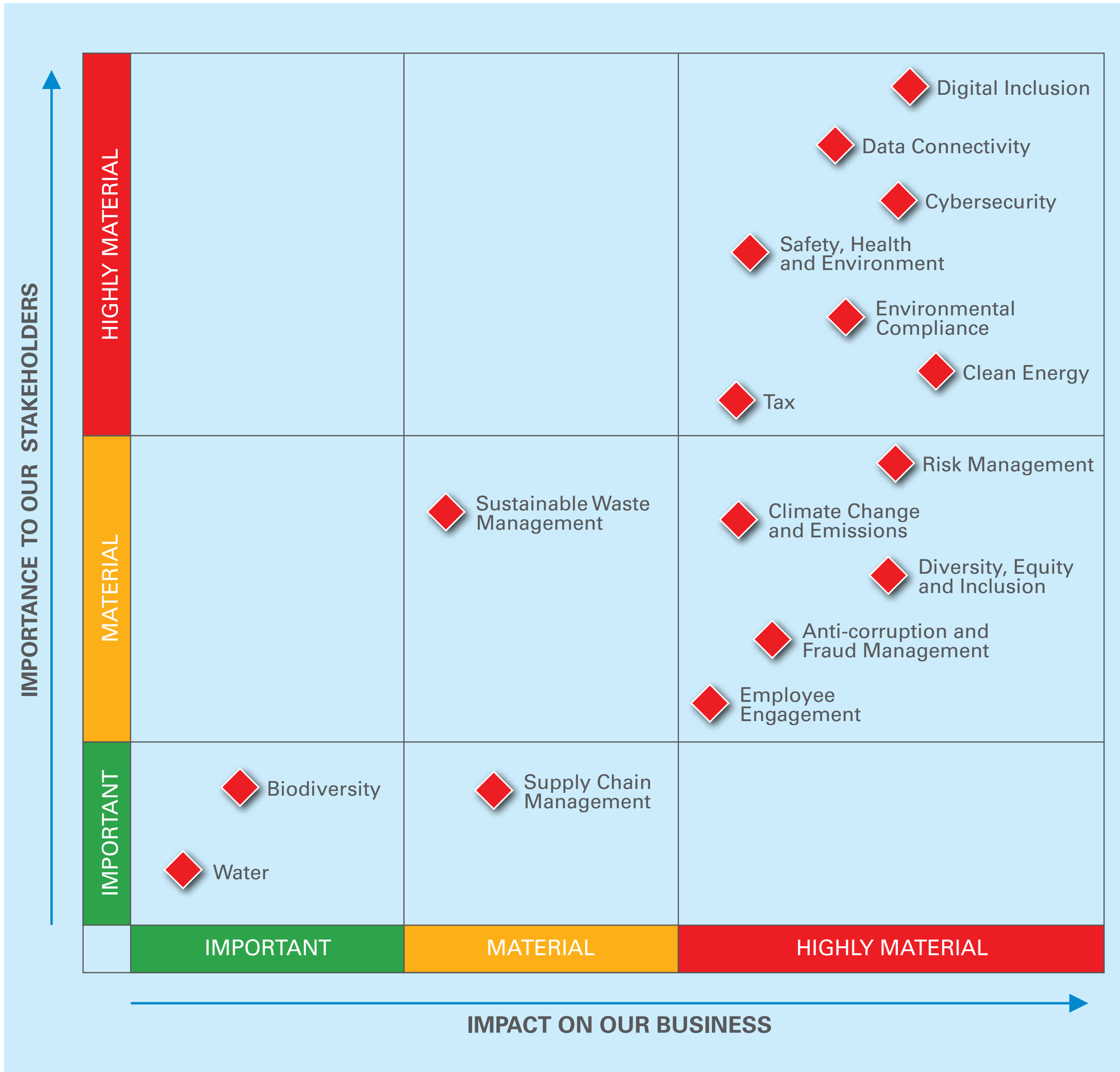
THE ESG MATERIALITY MATRIX

Materiality Assessment

Our materiality assessment was informed by the reporting standards, media articles, feedback from stakeholders and their impact to the business. The process is as below:

1. We identified our stakeholders
2. We developed a universe of ESG issues relevant to our operating environment
3. We evaluated the ESG Issues based on their relevance to the business
4. We evaluated the relevance of the ESG issues based on their importance to our stakeholders
5. We generated Materiality Matrix
6. We engaged internal stakeholders
7. We ranked and established our 2021 ESG Materiality Matrix

Our ESG Materiality assessment identifies the most relevant or material issues from an ESG perspective. These are the areas that the business will track and manage periodically in order to enhance and measure our sustainability footprint. Concentrating on these material issues will reduce overall business risk and improve business compliance.



ESG PERFORMANCE HIGHLIGHTS

Sustainability Hits and Misses

In pursuit of our sustainability agenda, we continually hold ourselves accountable for our performance, celebrating our achievements whilst taking stock of the areas where we can do more.

ESG DIMENSION	KEY PERFORMANCE INDICATOR	2022	DIRECTION CHANGE		2021	2020	2019
ENVIRONMENT • Environmental Care	tCO_2e per Base Station per Year	38.37	+20%	🙂	47,74	36.63	30.88
	Maintained "Blue Zone" rating for the quality of our generator emissions	Blue	-	🙂	Blue	Blue	Blue
	Cumulative: Office sites on solar power	9	+2	🙂	7	6	3
	Fuel spillages	17,421 litres	-22%	☹	14,244 litres	3,335 litres	5,718 litres
	Cumulative: Base station sites on solar power	216	+44	🙂	172	132	116
	% Electronic recharges	88%	+5%	🙂	83%	82%	92%
	Environmental levies / penalties levied against Econet	Nil	Nil	🙂	Nil	Nil	Nil
SOCIAL • Human Capital	Percentage of female employees	39%	+0.9%	🙂	38.1%	39%	39.1%
	Percentage of female graduate trainees hired	65%	+12%	🙂	53%	n/a	n/a
	Percentage of women in managerial and senior positions	30%	+3%	🙂	27%	26%	30.8%
	Number of employees with disability	5	0	🙂	5	n/a	n/a
	Employee engagement score	4.38	+0.21	🙂	4.17	4.13	n/a
• Social Capital	Number of houses repaired/ stands serviced under the Cyclone Idai project	237	0	🙂	237	253 377	n/a
	Data security | DLP System success rate	100%	+1%	🙂	99%	n/a	n/a
	Amount invested in social security and infrastructural development	ZW$ 148 million	-		ZW$ 134.7 million	ZW$ 110,7 million	n/a
GOVERNANCE • Leadership and Governance • Business Model and Innovation	Contribution to the national economy (fiscus)	ZW$31.1 billion	+155%	🙂	n/a	ZW$ 1billion	n/a

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OUR IMPACT ON GLOBAL GOALS
SDG AGENDA 2030

Our contribution is both direct and indirect. Our direct contribution speaks to our specific role as a digital services provider in the technology space

One of the glaring takeaways from the latest edition of the Conference of the Parties (COP26) held in late 2021, was the recognition that progress towards attainment of the Sustainable Development Goals by 2030 had been derailed by a plethora of challenges, some of global origin and impact, and others local. Nevertheless, as a responsible corporate citizen, the mandate to play our part, in our own small way, is never lost upon us. We recognise that our operational diversity and economic capacity bestows upon us the responsibility to plough back into the community, the environment and the national economy in order to contribute to the perpetuation of a sustainable operating environment now, and into the future.

As a leading digital services provider, we acknowledge with humility and excitement the lessons that Covid-19 has delivered to the world at large; that the new normal, indeed the future, relies very heavily on the digital environment. We are therefore proud to be able to contribute to the achievement of the Global Goals in Zimbabwe. Our contribution is both direct and indirect. Our direct contribution speaks to our specific role as a digital services provider in the technology space.

ECONET'S IMPACT ON THE SDGS

Our Sustainability Footprint

Good Health and Wellbeing
- 1,106 staff tested positive for Covid-19 across the Group
- 95% of staff fully vaccinated (1st & 2nd doses)
- 6 staff health and safety seminars held | cumulative attendance of 4,700
- Seminar topics covered, nutrition, health, Covid-19 and Physical wellbeing
- Care and support for 1,106 staff that tested positive for Covid-19

Quality Education
- HLF | 350,000 primary and secondary children educated
- HLF | 37,500 technical and university scholarships granted
- Mentorship | 700,000 learners accessed mentoring for the next generation of leaders

Partnerships for the Goals
- Over 60 stakeholder engagements conducted
- Multi-stakeholder coordination to promote national awareness on public health risks
- Increased contribution to HLF for Social Responsibility programmes

Gender Equality
- EWZL | 39% of employees are female
- EWZL | 30% of managerial posts held by women
- 65% of the graduate trainee intake were females

Affordable and Clean Energy
- DPA | 4,025 MW of solar energy produced
- DPA | 216 solar installations projects deployed
- Carbon emissions at installed sites reduced by 2,853 metric tons
- 8.3% Solar Net Metering achieved

ECONET'S IMPACT ON THE SDGS (CONTINUED)

Sustainable Cities and Communities
- Renovated St. Noah Staff Medical Facility in Ruwa
- Chimanimani (Cyclone Idai) | Completion of roof and structural repairs of 30 Schools, 3 Clinics and 5 Medical Staff houses

Responsible Procurement and Consumption
- Engaged 54 tier 1 suppliers in a sustainability self-assessment exercise

Decent Jobs and Economic Growth
- EWZL Group | 1 135 direct jobs created
- EWPL | ZW$ 31.1 billion total contribution to the Fiscus/ National economy
- EWZL | ZW$ 224 million in commissions paid to Brand ambassadors, vendors, franchisees

Life on Land
- Solid waste disposal | safe disposal and recycling of over 90,000kgs of solid waste
- Electronic waste disposal | safe disposal of over 14,000kgs of computer & electronic waste
- No fines or penalties for environmental breaches by the regulator

Peace, Justice and Strong Institutions
- Over 9,347 warrants of search and seizure received and executed for law enforcement
- DPA | 5 Excellence awards received
- EWPL | 10 excellence awards received

No Poverty
- EWZL Pension Fund | construction creates rental income generating asset for the benefit of their members on retirement
- Employment was created for consultants, contractors and workers who worked on the renovations.
- Service providers that include cleaning entities, security companies have also been engaged resulting in further employment creation thus alleviating poverty

UNGC PARTNERSHIP FOR ENHANCED SUSTAINABLE DEVELOPMENT

United Nations Global Compact

- The virtual UNGC Uniting Business LIVE conference was held from the 20th to the 22nd of September 2021. As a member, we are benefiting tremendously from these engagements and learning from other organisations that share similar sustainability ambitions to us.
- UNGC events that were held in 2022 were as follows:

UNGC Event	Key Learnings
How to Advance Women's Leadership in Climate Action Webinar	• Business has an important role to play in tackling structural barriers hindering women's ability to adapt to climate change and fully contribute to climate-related processes • Ensure and track equal participation of all genders in climate-related processes and transition strategies, including community and stakeholder consultations • Set targets and take proactive steps to recruit women in climate-related roles and decision-making positions
Business Ambition for Climate Action	• Need for corporates to focus more on achieving net-zero targets
International Chamber of Commerce (ICC) Make Climate Action Everyone's Virtual Business Forum	• How companies can remove some common barriers to net zero • Next-generation business leaders have the responsibility to influence and manage their teams in navigating the climate crisis
10th Annual Forum on Business and Human Rights	• There are increasing calls for more human rights-based legislation globally. • Companies need to increase learning and training on the subject in order to foster awareness and preparedness
Uniting Business Africa Conference	• Private sector called upon to demonstrate more SDG leadership to achieve goals by 2030 • Emphasis on collaboration between public and private sectors in driving sustainable business practice (stakeholder engagement)

LOOKING AHEAD 2023 STRATEGIC FOCUS FOR SUSTAINABILITY

Without a doubt, the coming year will present its own challenges, headlined by the downstream economic effects of the Russo-Ukrainian war which has overshadowed the ongoing Covid-19 epidemic. As the digital transformation juggernaut rolls on, it is imperative that we align ourselves to be able to continue to deliver on our Sustainability promise: **to conduct responsible business whilst delivering value for all of our stakeholders!**

Increased Collaboration

We will enhance our cooperation with the United Nations Global Compact and like-minded industry and sustainability partners as we deepen our direct and indirect impact on the Sustainable Development Goals. We have already signed up for the Early Adopters program and have shared our initial Communication of Progress report as at 31 May 2022.

Digital Transformation for Sustainable Development

Expansion of our network data capacity will translate to increased opportunities for society and industry to evolve, whilst continued investment into using renewable energy to power our network infrastructure is expected to eliminate the increased carbon footprint related to network expansion. Operationally, we will enhance the tracking and evaluation of our ESG performance in order to improve our capacity for responsible business decision-making.

Engaged for Good

Greater levels of staff engagement means that internally, we are set up to deliver and even more exciting level of customer experience. The launch of the My Talent Hub program in March of 2022 was a watershed moment in the journey towards a high-performance culture, one of whose many benefits is improved customer service delivery

Stakeholder Engagement and Social Responsibility for shared value creation

Our journey will never be complete without the many stakeholders who have traversed the road with us thus far. Proactive, transparent engagement with all stakeholders will accelerate our ability to meet our goals and enable the sustainable creation of value for which Econet has come to be known. We will similarly listen to our valued customers and seek to improve those of our internal processes that deliver customer privacy, data security and customer welfare. The communities in which we operate will continue to be the focus of our Social Responsibility programs and other corporate social investment initiatives as we seek to empower young Zimbabweans and promote gender equity for a sustainable future.

YoMix

YoMix Empowers customers to mix & bundle Voice, Data and SMS & Value Added Services on the go

With over 1.2 million registered customers, YoMix, is a Do It Yourself (DIY) bundle purchase application that empowers customers to mix and bundle Voice, Data, and SMS & Value Added Services on the go. With Covid-19 lockdown restrictions on mobility, YoMix has been a customer go-to App to buy Econet data, voice, and SMS services anytime, anywhere. The platform commands 300,000 monthly active customers. It also offers customers the option to buy bundles for friends and loved ones (YoMix gifting), buy bundles on credit (Airtime Credit) amongst its functionalities.

DO-IT-YOURSELF (DIY)

Unlocking DIGITAL Possibilities

MIX AND BUNDLE

ECONET Wireless

ENVIRONMENTAL

MANAGEMENT APPROACH

At Econet Wireless, we are committed to integrating sound environmental practices into our business operations and ensuring our subcontractors are compliant with all statutory obligations and best practice conformance. Our impact on environmental sustainability focuses on the following issues; climate change and emissions, clean energy, sustainable waste management, SHE and biodiversity.

In 2022, the business joined the GMSA climate change task force which enables us to benchmark our climate change initiatives with other telecommunication companies internationally. The GSMA task force is an industry wide plan to achieve net-zero emissions by 2050 in line with the Paris Agreement which aims to limit global warming to well below 1.5 degrees Celsius, compared to pre-industrial levels.

Our involvement with the GSMA Climate Change task force provides guidance on our climate action initiatives. Furthermore, it informs our climate action strategy which we implement to reduce the risks and impacts of climate change. During the reporting period, the business became a member of the United Nations Global Compact (UNGC) and one of the recommendations from the UNGC is setting science-based climate change targets. We are in the process of internally setting climate change targets to become carbon neutral across our entire footprint by 2030.

We have an Environmental and Social policy which defines the business' commitment towards Safety, Health and Environment (SHE). The policy is operationalised by a SHE Management System (SHEMS) which is implemented across the group. SHEMS covers all staff members, contractors and protection of customers and communities in which we operate. Our efforts to attain environmental sustainability have resulted in us implementing a risk based approach in all our endeavors.

PRECAUTIONARY APPROACH

Econet Wireless has adopted a precautionary approach in most of its business operations. The precautionary principle is inherent to Econet's risk and opportunities management approach and precautionary measures are integrated in our sustainability strategy. Managing sustainability risks is very critical for the business due to the potential reputational damage, legal liabilities, and negative impact on the environment, economy, society and people. As such, the risk management process at Econet includes strategic business continuity management, planning and disaster preparedness dimensions. In addition to monitoring, analysing and mitigating risks, the aim is also to identify opportunities. Econet continuously initiates measures to live up to its responsibilities towards customers, shareholders, employees and other stakeholder groups.

CLIMATE CHANGE AND EMISSIONS

In this decade of action, our impact on climate change is a priority. To meet our climate change targets, an emission reduction strategy has been proposed. Our partnership with Distributed Power Africa has led to the installation of 216 (cumulative) solar base stations and 9 commercial solar installations at Econet offices and Data Centres across the country.

The period 2020 to 2030 is considered a decade of critical climate action. According to the United Nations Environment Programme's (UNEP) Emissions Report in 2019, the world will not be on track to meet the goals of the Paris Agreement if global GHG emissions do not fall by 7.6% each year between 2020 and 2030.

At Econet Wireless, we are a responsible digital services provider and are committed to reducing our carbon footprint. Using guidance from the Greenhouse Gas Protocol Corporate Accounting and Reporting standards, we have scientific methodology to monitor and calculate our GHG emissions monthly. Currently, we track Scope 1 and Scope 2 emissions; we progressively aim to include Scope 3 emissions in our carbon footprint as we improve our data collection processes. We have adopted the operational control approach to consolidate GHG Emissions data from our various emission sources.

CLIMATE CHANGE AND EMISSIONS (CONTINUED)

In addition, we are strengthening our capacity in carbon footprint accounting and disclosure which will enable us to identify areas of improvement and establish a means of emission reduction as part of SDG 13 on climate action. The information below discloses our greenhouse gas inventory from our Scope 1 and Scope 2 emission sources for the period under review and in comparison, to the last two years. We used the 2020, 2021 and 2022 emission factors from the Department for Environment, Food and Rural Affairs (DEFRA) in our carbon footprint. The Emission factor from IGES (O.9801 tCO2e/MWH) electricity specific emission factor was applied for electricity purchased on the Zimbabwean national grid.

Reduction of Green House Gas Emissions

Reducing the company's carbon footprint and moving towards carbon neutrality is being promoted through the installation of solar base stations and the powering of Econet office sites and major switching centres with solar. This is complemented by tree planting initiatives. The following data shows the Econet Wireless greenhouse gas reduction per base station per year with emissions showing a decline. This is due to the increase in the installation of solar base stations in comparison to base stations running on diesel.

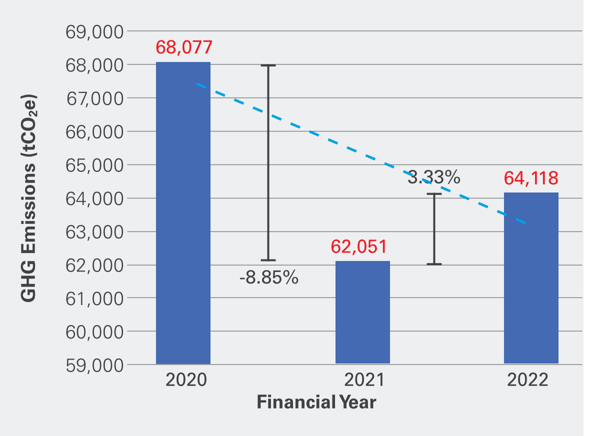
	2020 Baseline	2021	% Change (2021 from 2020)	2022	% Change (2022 from 2021)	% Change (2022 from 2021)
Total tCO2e Emissions (Scope 1 + 2)	**68,077**	**62,051**	**-9%**	**64,118**	**-6%**	**3%**
Total tCO2e Emissions (Scope 1)	**28,314**	**22,295**	**-21%**	**26,833**	**-5%**	**20%**
Total Energy Consumption (GJ) (Scope 1 + 2)	**475,289**	**377,365**	**-21%**	**409,222**	**-14%**	**8%**
GHG emissions (Scope 1 + 2) **tCO2e** /number of subscribers	0.0053	0.0047	-	0.0067	-	-
Petrol & Diesel in Vehicles	**-**	**2,418**		**3,749**		**55%**
Energy Use in Facilities (kWh)	**26,387**	**18,194**	**-31%**	**21,070**	**-20%**	**16%**
Diesel (stationary) (BTS, Retail, Switches)	**26,371**	**18,192**	**-31%**	**21,067**	**-20%**	**16%**
LPG	16	2	-88%	3	-81%	50%
Refrigerant Usage	1,927	1,683	-13%	2,014	5%	20%
Total tCO2e Emissions (Scope 2)	**39,763**	**39,755**	**0%**	**37,285**	**-6%**	**-6%**

Base Year Recalculations

Due to the changes in our calculation methodology and improvements in the accuracy of emission factors and activity data that resulted in a significant impact on the base year emissions, we recalculated our GHG base year and historic emissions for 2020 and 2021.

In 2022 our total Scope 1 and Scope 2 GHG emissions was 64,118 tCO_2e which is a 5.8% reduction from the base year.

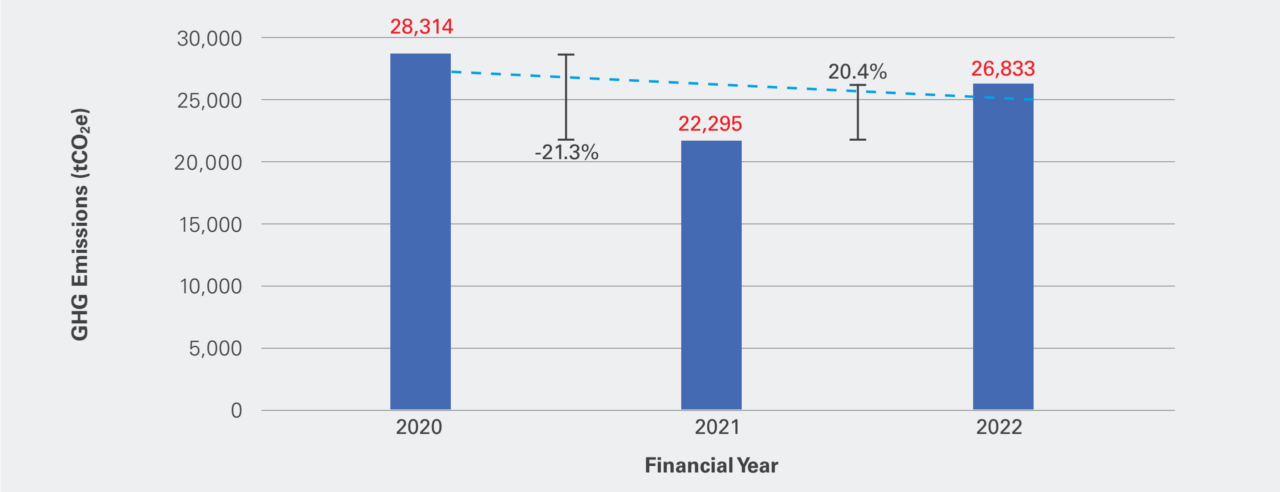
Econet Scope 1+2 Emissions



CLIMATE CHANGE AND EMISSIONS (CONTINUED)

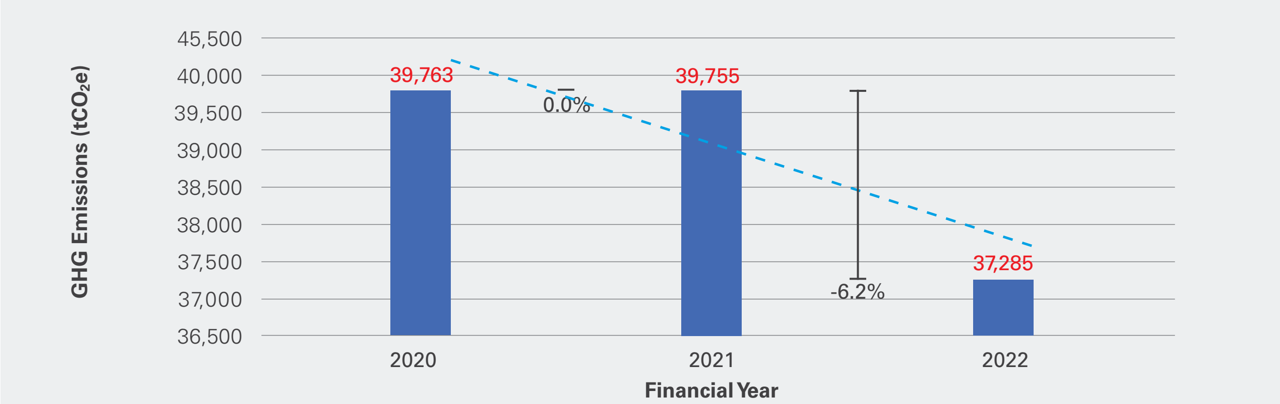
Total Scope 1 emissions amounted to 28,314 tCO_2e in 2020 and reduced by 21.3% to 22,295 tCO_2e in 2021. This reduction was due to the decrease in diesel used at base stations and increased use of grid electricity as a source of energy. From 2021 to 2022 Scope 1 emissions increased by 20, 4% from 22,295 tCO_2e to 26,833 tCO_2e due to increased diesel usage at base stations and vehicle fleet. The increase in diesel usage at base stations in 2022 was caused by increased load shedding and longer turn-around time to resolve distribution faults by the utility.

Econet Scope 1 Emissions

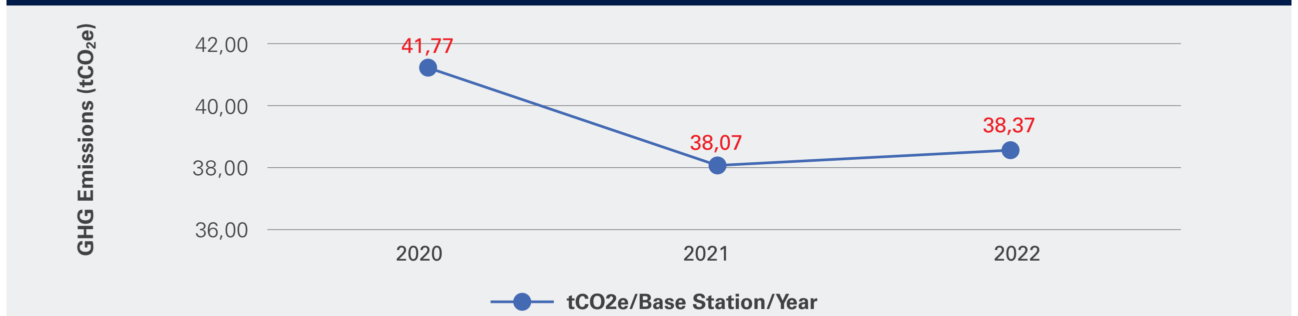


The decrease in utility electricity use from 2021 to 2022 resulted in a 6.2% reduction in Scope 2 emissions from 39,755 tCO_2e to 37,285 tCO_2e, which was a 6.23% decrease from the base year. The decrease is attributable to the ongoing deployment of solar photovoltaic and lithium-ion battery upgrades on base stations.

Econet Scope 2 Emissions



Econet GHG Emissions (tCO_2e per Base Station per Year)



The push for solar power has reduced the amount of carbon dioxide emitted from base stations as shown in the chart above. 2021 saw the installation of over 100 solar base stations, hence the reduction from 41,77 in 2020 to 38,07 in 2021. 2022 saw the upgrading of 65 base stations, hence the slight increase in emissions per base station.

CLEAN ENERGY FUTURE

GHGs Avoided through Photovoltaic (Solar) Generation

GHG Emissions Avoided			
Source	Electricity (kWh)	Electricity (MWH)	Emissions (tCO_2e)
BTS Sites	419 889	420	412
Buildings	276 265	276	271
Switches	881 310	881	864
Total	**1 577 464**	**1 577**	**1 547**

Carbon Offsetting
In 2022, we continued our tree planting initiatives through the provision of 1 150 trees to staff for planting. Tree planting promotes and preserves our biodiversity whilst offsetting the greenhouse gas emissions from our operations. Tree planting initiatives were implemented because they create a positive brand perception amongst our stakeholders through promotion of environmental stewardship, trees absorb carbon dioxide and clean the air and they produce oxygen in the process, removing air pollution and lowering air temperature and the initiative will increase sustainability awareness and a social license to operate.

Air Quality
Econet regularly monitors stationary generator emissions to ensure that the company is compliant with the Environmental Management Act CAP (20:27) (Atmospheric Pollution Control Regulations S.I 72 of 2009) regulated by the Environmental Management Agency. During the period under review the emissions were in the blue band. We regularly monitor our generator emissions on an annual basis to ensure we implement controls to reduce air pollution from our generators and vehicles.

In line with SDG 7, Affordable and Clean Energy, Econet's focus is to ensure sustainable energy solutions are implemented within its business operations. This is done working with its sister company Distributed Power Africa (DPA) to promote clean energy solutions. Econet Wireless is focused on renewable energy efficiency, including IoT solutions and renewable energy certificates.

Our energy sources are electricity, diesel, petrol, and solar. We monitor energy consumption from these sources on a monthly basis. Monitoring and measurement ensure that we are aware of the trends of energy usage and identify methods of energy saving.

Energy consumption has a significant contribution to our environmental impact. We have put in place some initiatives to minimise the impact of our energy consumption. The first one focuses on managing anomalies. Another one monitors energy consumption and its drivers to rectify issues as they arise hence reducing our significant environmental impacts from energy consumption. We invest in renewable energy sources and focus on extracting greater efficiencies from our infrastructure and facilities. We have adopted supplier environmental assessments with equipment manufacturers, product vendors and tower management partners in our technical infrastructure value chain to help us reduce energy use and GHG emissions.

Energy Management
The following are some of the demand side sustainable energy management initiatives the business has adopted:

- Adoption of energy efficient lighting – Econet has adopted the use of LED lighting and the culture of switching off lights and air-conditioners thus reducing energy requirements.
- Adoption of server virtualization – This approach where the business uses cloud-based servers is a significant step that reduces both energy and space required for servers.
- Adoption of new technologies – the approach has enabled the business to purchase the latest equipment which has higher energy efficiency and lower power consumption on all new projects.
- Adoption of Performance Optimized Data Centres (POD) – this configuration uses precision coolers versus the traditional flood cooling, thus saving energy.

Networks and the Environment
Installation of base station sites creates significant environmental impacts. Econet ensures Environmental Impact Assessments (EIAs), Environmental Management Plans (EMPs), environmental implementing policies are done for sensitive areas and heritage sites. Econet ensures that environmental, health and safety matters are considered and addressed during the process of planning, installation, deployment and maintenance of base station sites, and the construction of network communication cables.

Econet constructs its infrastructure in a manner that visually blends into the environment, to address community concerns about the aesthetic aspects of towers located in these areas. Environmental Management Systems (EMS) addresses network infrastructure and environmental impacts. Essential environmental processes and procedures are used to manage site construction and infrastructure implementation, waste reduction, prevention of environmental pollution, land management, flora, fauna and water.

SUSTAINABLE WASTE MANAGEMENT

At Econet, we have been implementing an Integrated Waste Management (IWM) plan as part of our strategy and our commitment to Sustainable Development. Our waste management approach involves Reduce, Reuse, Recycle and Dispose. Our vision for the future is to move to a circular economy waste management model. The table below shows methods used for waste management in 2022.

Waste Management Initiatives

Category of Waste	2021 Quantities	2022 Quantities	Disposal Method(s)	Integrated Waste Management Strategies
Feeder cables	3,120kgs	7,020kgs	Reduce & Recycle	• Sold to licensed dealers
Used oil	720 litres	2,100 litres	Reuse	• Auctioned the used oil to interested and licensed third parties
Used batteries	N/A	1,800kgs	Refurbishment	• Returned to supplier for recycling and/or refurbishment
Electronic waste	N/A	7, 239kgs Printed Circuit Board (PCB)	Reduce & Recycle	• Sold to licensed recyclers through Clean City
	24 laptops	24 Laptops	Recycle	• Staff sales for end-of-life laptop • Staff auction for reusable devices such as cell phones and laptops • Collection by e-waste recyclers • Donations excess/obsolete supplies such as cell phones, desktops and laptops
Scrap metal	660kgs	16,475kgs	Reduce & Recycle	• Sold to licensed scrap metal dealers
Aluminum	N/A	13,668kgs	Reduce & Recycle	• Sold to licensed interested third parties
Used Cabinets	N/A	63,800kgs	Reduce & Recycle	• Sold to licensed dealers through Clean City

2020 - did not measure

Recharge Cards Reduction Strategies
Econet has been reducing physical recharge cards in the market for legal compliance and to reduce waste whilst promoting electronic recharge. This initiative has been integrated into our waste management plan, working in collaboration with the Environmental Management Agency (EMA) to reduce physical recharging by 80%.

Physical versus Electronic Recharge

Variable	2020 (Baseline)	2021	2022	2022 Direction
Physical Recharges (ratio) *	27%	31%	21%	
Electronic Recharges (ratio) *	73%	69%	79%	
Physical Recharge Cards (by weight)	-	**+ 28%**	**- 57%**	

*KPI restated to account for actual recharges processed through the network

Average electronic recharge was at 79% up from 69% in 2021 and physical recharge was at 21% during the year in review, against an electronic recharge target of 80 % which was set in December 2018. The business' strategy of moving to electronic recharge will see a reduction in physical recharging and waste generation.

Spill Management
Most of the diesel spillages recorded in the year were a result of vandalism of fuel tanks and connections due to theft of fuel at base station sites used for stand-by generators installed to provide for redundancies due to loss of grid power. An estimated total of 17 073 litres were lost due to spillages in 2022 as compared to 14,244 litres in 2021, a 19.9% increase. The business has embarked on site hardening and invested on physical security in order to curb the risk of vandalism and theft on sites.

	2020	2021	2022	Direction
Total Fuel Spillages (litres)	3,335	14,244	17,073	

ENVIRONMENTAL CARE AND COMPLIANCE

Econet Wireless Zimbabwe Limited recognizes that management of the environment is an integral part of successful business operations. We are committed to achieving high standards of environmental care and compliance with relevant local statutes as well as alignment with applicable international standards which includes ISO standards (OSHAS 45001 and the Environmental Management System 14001), the United Nations Sustainable Development Goals and OECD requirements. Local legislation includes the Factories and Works Act and the Environmental Management Act. In 2022, the business was not penalized, in any form, for any non-compliance with environmental laws and/or regulations.

Our approach to Safety, Health and Environment (SHE) governance is premised on a commitment towards voluntary compliance and cooperation with regulatory authorities in Zimbabwe. This strategy, which results in improved stakeholder engagement and relations, encompasses, among other things, the review of applicable statutes, staff training on compliance, enforcement and the conducting of compliance reviews across all business operations. In our operations we ensure Environmental Impact Assessments (EIAs) and Environmental Management Plans (EMPs) are conducted for sensitive project sites. Our waste management initiatives are guided by the aforementioned standards and regulations. All these initiatives are monitored and supervised by the ESG Board Committee.

We remain committed to continuous improvement through the identification of environmental risks and issues that affect staff, business operations and the society. At the core of this process is the development of preventative measures that address such risks and issues to ensure the attainment of strategic objectives.

Environmental Care Dashboard

The following table highlights our 3 year performance for our key indicators:

#	Disclosures	2020 (Baseline)	Change (2021 from 2020)	Change (2022 from 2021)	2022 Direction
1	Business Fines or Prohibitions	-	1	-	↓
2	Environmental Accidents	-	4	2	↓
3	Spillages (litres)	-	+ 327%	+ 20%	↑
4	Fuel Usage (Base Stations) (litres)	-	-	35%	↑
5	Fuel Usage (Motor Vehicles) (litres)	-	-22%	+ 14%	↑
6	Total Electricity Usage (kWh)	-	+ 6%	+ 29%	↑
7	Water Usage (litres)	-	- 40%	- 39%	↓
8	Office Electricity Usage (kWh)	n/a	n/a	936K	n/a

N/A - KPI was not tracked in this period.

Future Programs

The following are some of the strategic programs that will see the business transforming its operations toward energy efficiency, waste management and conformance with United National Sustainable Development Goals and Climate Change Agenda Key Strategic Intentions	Timelines
• Developing and implementation of programs to achieve carbon neutrality in the network iby 2030	2030
• Installation of 499 Solar sites in the network in the next 2 years in order to ensure green energy and energy efficient for our operations	2 years
• Implementation of strategies for e-waste monetisation and recycling	2 years
• Strengthening Stakeholder Engagement and Collaboration to ensure compliance and cordial relations	Continuous

ENVIRONMENTAL CARE AND COMPLIANCE (CONTINUED)

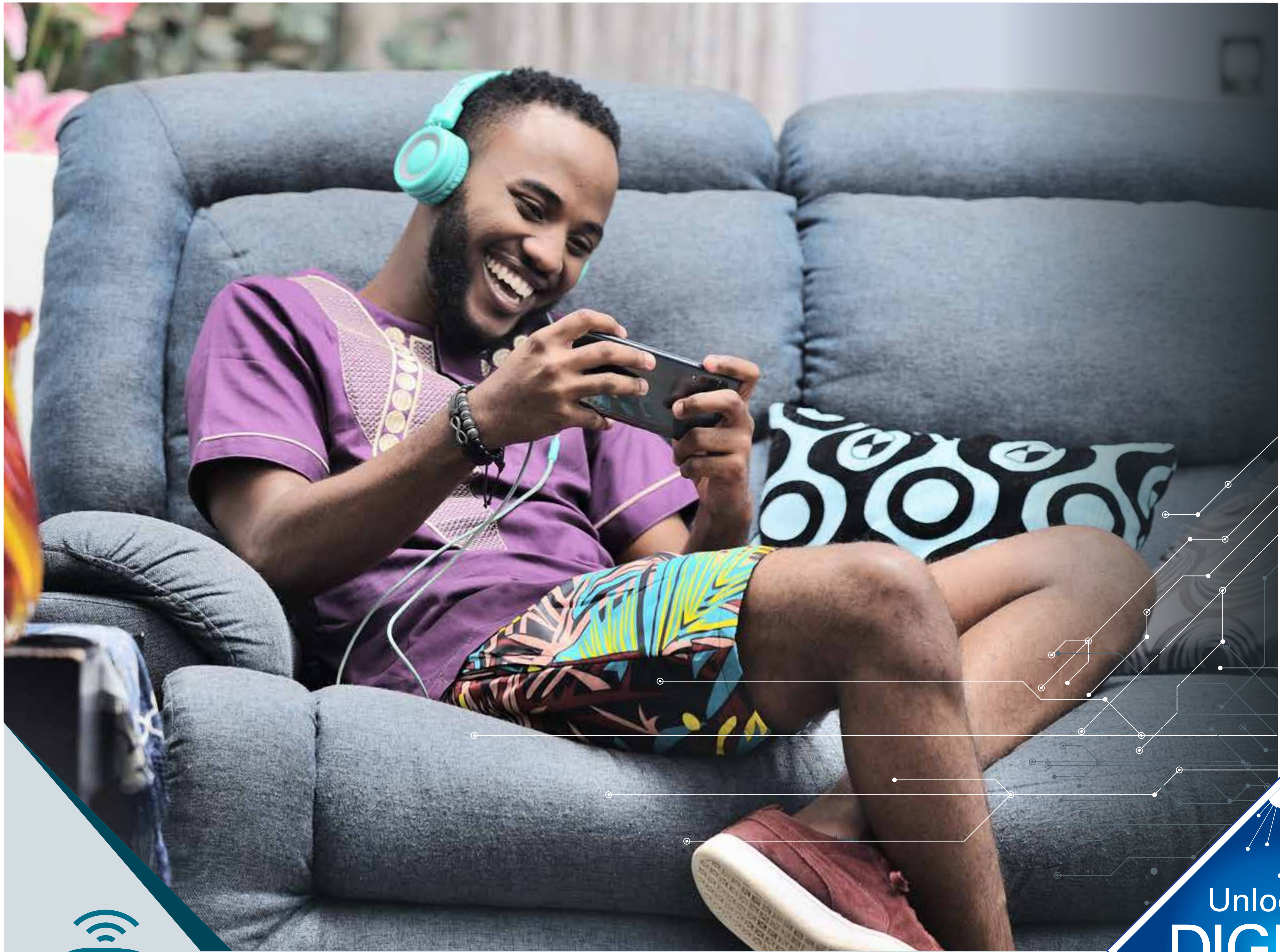
BIODIVERSITY

As we unlock digital possibilities the conservation of nature and biodiversity ecosystems remains important to us. We endeavour to conform to the requirements of international guidelines that are drafted to protect biodiversity. These include the National Parks and Wildlife Act (Zimbabwe), the Convention on Biological Diversity (CBD), the Convention on Conservation of Migratory Species, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Ramsar Convention on Wetlands, the World Heritage Convention and the International Plant Protection Convention (IPPC).

Other conventions and processes with links to biodiversity include the United Nations Convention to Combat Desertification (UNCCD), the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Forum on Forests (UNFF).

Our efforts to preserve biodiversity positively impact SDG 15 - life on land - which aims to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss. The table below captures some of these efforts conducted in 2022:

International convention	Econet's initiatives
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	Distribution of the following tree species amongst staff. 120 Eureka Lemon 120 Oranges 120 Guavas 120 Litchis 200 Kenyan Croton 150 Privet Hedge 200 Terminalia Mantally
Ramsar Convention on Wetlands	Conduct EIAs and EMPs and avoidance of constructing base stations on wetland areas.
United Nations Framework Convention on Climate Change (UNFCCC)	Solar projects aimed at reducing emissions from GHG.



Gaming

The rollout of different gaming genres ensured the growth in customers whilst strengthening our digital lifestyle positioning

Mobile gaming has emerged to be the world's key source of entertainment in this digital era. Econet answered the call and launched Econet gaming services in September 2019. The platforms offer over 4,500 games that are under YoPlay and YoGamez brands. Categorised as virtual reality, trivia, racing, action and adventure games, the platforms offer on the go gaming experience that is suitable for all ages.

Gaming is critical to relax the mind whilst contributing to mental wellness especially in this period where youth are battling with the negative effects of COVID-19.

ECONET Wireless

OUR IMPACT ON SOCIETY

MANAGEMENT APPROACH

Covid-19 remained a large part of life during the year under review. The country saw a steady decline in cases and fatalities. The vaccine uptake was high, with over 10 million doses administered in Zimbabwe. Econet was active in the community, spreading awareness through various social media campaigns and building a health facility in collaboration with Ministry of Health & Child Care as contribution to the health sector.

COVID-19 AND THE COMMUNITY

COVID-19 infections were decreasing in Zimbabwe during the period under review, with less than 50 new infections reported on average each day. Likewise, the case fatality rate is currently 2.2% from as high as 4.2% demonstrated by the reduction in daily cases.

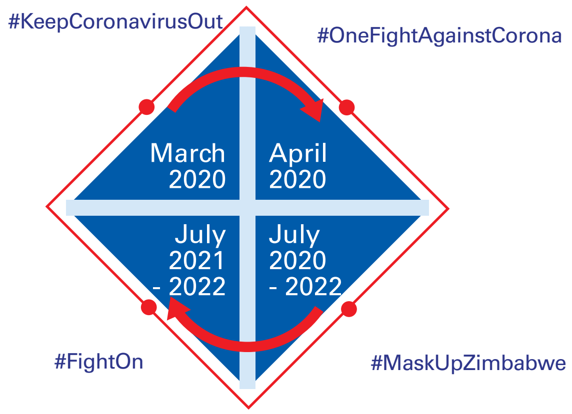
Further, as compared to the previous waves, Omicron has low Case Fatality Rate (CFR) despite high numbers of cases reported. The national recovery rate remains at 97%. To date, Zimbabwe has administered at least 10,176,297 doses of Covid-19 vaccines which is enough to have vaccinated about 34.7% of the country's population.

TERRITORY	CONFIRMED CASES	DEATHS	CASE FATALITY RATE	VACCINES ADMINISTERED
Zimbabwe	247,383	5,467	2.2%	10,176,297
Africa	11,786,000	253,000	2.2%	464,589,464
World	505,035,185	6,210,719	1.3%	11,324,805,837

Source: https://Covid-19.who.int/ as at 21 April 2022
https://www.statista.com/statistics/1232773/total-number-of-Covid-19-vaccination-doses-in-africa/

Econet Group's Fight against COVID-19 in the Community

Econet invested heavily in building community awareness through campaigns aimed at sustaining the COVID-19 preventive momentum and encouraging adherence to precautionary measures, as follows:



Partnership with MoHCC and Higherlife Foundation to Combat COVID-19. Partnering with the MoHCC, the Econet Group has thus far implemented the following initiatives in an effort to lessen the COVID-19 burden in the community:

- Produced and distributed awareness materials totalling 74,000 and 49,200 Fliers and Posters respectively in communities, through its wide reaching platforms including sms, posters, billboards and radio programs
- Fundraised in support of COVID-19 alleviation initiatives via EcoCash and Steward Bank, raising ZW$ 1.4 million and US$ 31 from 8,772 donors.
- Donated 45 ventilators to government hospitals
- Established 20 isolation centres across the country
- Donated personal protective equipment (masks, sanitisers and protective suits) to all state hospitals and 100,000 free testing kits to ensure responder protection
- Provided water to Clinics in Harare +200,000 litres delivered to date
- Conducted public disinfection in partnership with the MoHCC
- Implemented the Inform, Test, Trace, Isolate, Treat (ITTIT) Framework through partnership with MoHCC
- Free Health Status Report (HSR) medical reports / Travel Pass uploads for all Zimbabweans through Sasai app
- A total of 357 families supported through home based care support and groceries.
- National Hand washing campaign through HLF in all provinces across the country with a donation of 50,000 soaps and community training on hand washing to combat COVID-19.

COVID-19 AND THE COMMUNITY (CONTINUED)

Donated
45 Ventilators
to Government Hospitals

A total of
357 Families
Supported through Home Based Care Support and Groceries

Covid-19 treatment and isolation facilities for Econet group staff were extended to private patients in the community.

Econet Funded Covid-19 Facility
(St Noah Medical Centre)
The facility was approved by the MoHCC to support both staff, families and the community in the event of Covid-19 cases requiring medical attention.

KEY SUSTAINABILITY COMMEMORATIONS OBSERVED/ATTENDED

An all-round healthy population is key to global sustainability and thriving societies. Locally, Econet joined the global family in raising awareness, knowledge and practical participation in critical aspects of community wellness, as follows:

Breast Cancer Awareness Month - Oct 2021	Strength Courage Hope • Emphasized early diagnosis to maximize successful treatment • Corporate awareness for staff • 166 staff (6%) members screened • Cancer survivor's testimony • Specialist Doctors insights shared • PINK-UP awareness run – 7/21/35km • Online breast cancer awareness competition for the public	Access to Diabetes Care – If Not Now, When? • Promoted the importance of taking coordinated and concerted actions in the management, care, prevention, treatment, and education of diabetes • Sponsored voluntary screening – 458 staff (17%) screened	**World Diabetes Day**
National Tree Planting Day 5 December	Trees and Forests for Ecosystem Restoration and Improved Livelihoods • Gearing up Econet's battle against carbon emission – journey to Net Zero • 1,150 trees distributed to staff for planting	Re-imagining Youth Skills Post-Pandemic • Paying tribute to the resilience and creativity of youth through the Covid-19 crisis • Hosted a Youth Skills Social Media Motivation & Engagement Competition • Social media engagement with youths on Twitter, Facebook, Instagram & LinkedIn	**World Youth Skills Day**
International Friendship Day	Deepening International Friendships • Encouraged staff to reconnect, engage and keep connections and networks that are essential to their health and wellness. • Related posts shared on four (4) social media platforms	Transforming Food Systems: Youth Innovation for Human and Planetary Health • Celebrating the potential of youth as partners in today's global society. • Related posts shared on three (3) social media platforms	**International Youth Day**
World Suicide Prevention Day	The goal was to raise awareness about suicide prevention, emphasizing the following: • Every 40 seconds someone takes their own life (WHO) translating to over 800,000 suicide cases per year • for every suicide that results in death, there are as many as 40 attempted suicides • There is so much more to live for • Staff emailers to raise awareness	Keeping us, our food and vaccines cool • Participated in the call to make the world a better place by preserving the ozone layer • Solidarity and awareness posts were made on various social media platforms	**World Ozone Day**

HIGHERLIFE FOUNDATION

BUILDING BETTER COMMUNITIES FOR A SUSTAINABLE FUTURE

Higherlife Foundation celebrated its 25th year of impacting lives and shaping communities

HIGHERLIFE FOUNDATION

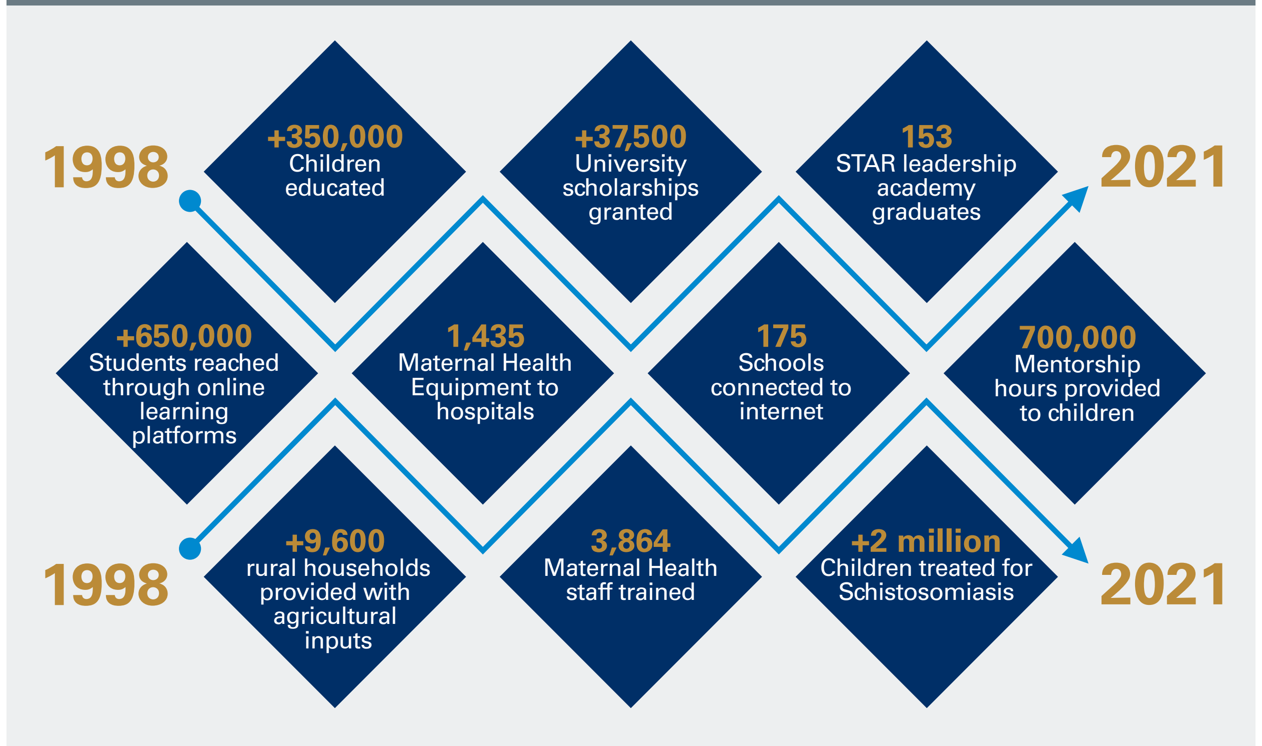
Celebrating 25 Years of Positive Impact

Higherlife Foundation is a social impact organization whose mission is "Investing in Human Capital to Build Thriving Individuals, Communities and Sustainable Livelihoods". It is the social responsibility arm of the Econet Group who, since inception, have provided funding for its local operations and programs. In 2021, Higherlife Foundation celebrated its 25th year of impacting lives and shaping communities. We are grateful to have had the opportunity, for 25 years, to contribute to the building of future leaders, educating children and providing developmental support to communities in all provinces of Zimbabwe.

HIGHERLIFE FOUNDATION

BUILDING BETTER COMMUNITIES FOR A SUSTAINABLE FUTURE (CONTINUED)

Celebrating 25 Years of Positive Impact



HIGHERLIFE FOUNDATION
BUILDING BETTER COMMUNITIES FOR A SUSTAINABLE FUTURE (CONTINUED)

Community Development Interventions – 2022

Higherlife Foundation's key interventions for this financial year were anchored on three pillars: **Education, Global Health, and Rural Transformation and Sustainable Livelihoods,** collectively impacting seven (7) SDGs:

HIGHERLIFE FOUNDATION
BUILDING BETTER COMMUNITIES FOR A SUSTAINABLE FUTURE (CONTINUED)

HLF - Maternal Health

Community Challenge	Interventions	Outcomes and Impact
Shortages of maternal health medical equipment and personal protective equipment High maternal mortality ratio of 462/100,000 live births High neonatal mortality rate of 32/1,000 live births	• Provision of critical basic and large-scale equipment and Personal Protective Equipment (PPE) to 16 hospitals to address the shortages that lead to incorrect risk assessments, diagnosis, and treatment. • Training of doctors, nurses, midwives, and auxiliary staff to improve their knowledge, expertise, competence, and service delivery.	**1,435** Basic and large-scale equipment and Personal Protective Equipment donated to 16 hospitals **3,864** Doctors and medical staff trained

Additionally, we anticipate that the following impacts will be realized through this program:

1. Reduction of the institutional Maternal Mortality Rate from 277 to 70 maternal deaths per 100,000 births.
2. Reduction of the Institutional Neonatal Mortality rate from 84 to 12 neonatal deaths per 1,000 live births.
3. Contributing to the reduction of the global maternal mortality ratio (SDG 3.1).
4. Contributing to the reduction of neonatal mortality (SDG 3.2).
5. Improved access to quality essential healthcare services (SDG 3.8).
6. Supported the health workforce's development, training, and retention in developing countries (SDG 3.c).
7. Improved coordination in national and community-level Disaster response.
8. Early detection and control of public health emergencies

Rural Transformation and Sustainable livelihoods

The Climate-smart agriculture initiative is focused on tackling food and nutrition insecurity and building thriving rural green entrepreneurs by increasing household incomes in support of SDG targets 1.1 and 1.2. The RRA goal is to reach 300,000 households and impact 1.8 million people by 2026. Based on the current projections in the global economy, this SDG will become a critical focus going forward, and we believe our current efforts will go a long way in building resilience at community level.

HLF – Rural Transformation

Community Challenge	Interventions
An estimated **4.6 million** people are food insecure. **43%** of Rural Households have poor consumption patterns. An estimated **49%** living in extreme poverty	• Climate-smart agriculture training for **9,641** rural households **(102,200 people)** • Provision of agriculture inputs for 9,641 rural households • Increasing rural households by **230%** productivity while halting the degradation of natural resources • Expect to create a social valuewithin households • Increasing household incomes by at least **39%**

Outcomes and Impact

	102,000 People from 9,641 households trained on climate smart agriculture	**65%** Of people trained are women
300 Teachers trained in sign language	**9,000** Tonnes output expected from trained households	**320** Direct green jobs created at demonstration farms
	10% Contribution to national training goal	**700** Learners mentored
	1,300 Study packs distributed	**3,705** Children impacted
1,235 Guardians trained	**2,700** Educators trained on Disaster Risk Reduction	**67** Fellows received medical assistance
	640 Covid-19 community, district and ward committees trained	**25,000** Benefited from study packs

CYBER SECURITY - ENSURING OUR CUSTOMERS' DIGITAL SECURITY

Preservation of confidentiality, integrity and availability – these are the core elements of the security triad, the trust embedded in our products and services. As Econet Wireless has evolved into Digital Service Provider, we have ensured the transition is customer centric with a focus on ensuring that adequate measures are in place with regards to cybersecurity risks. This is in alignment to regulations, and internal company policy. Cybersecurity is a key pillar within the ESG framework, directly in service of the social pillar. It plays a critical role in protecting the personally identifiable information of our 14.9 million connected customers, information systems, communication networks, programs and data – where the ever increasing materiality of cyberattacks present a high risk to the value of companies and ultimately the stability of society.

In response to this threat, and as part of building operational resilience, Econet has

- Implemented cybersecurity solutions such as a Security Incidents and Events Management system and database monitoring systems to guard the infrastructure and ensure preservation of integrity to all transactions performed on our platforms.
- Embedded operational controls which are assured on quarterly basis through our Internal Audit teams and Information Security assurance specialists. To further enhance stakeholder value, we also partake in external assurance to give an independent opinion to the resilience of our infrastructure.
- Partnered with civic society to educate the general public on safe transaction mechanisms when interacting with technological platforms – this is done through our shop personnel who are routinely trained on cybersecurity matters as well as public broadcast on national radio and social media of cybersecurity awareness. This is also done in collaboration with fellow Econet Group companies to ensure the messaging is consistent with our products and services. We managed to achieve 103 963 impressions on social media and 5,000 on National Radio within the last session of the awareness broadcast, which goes to reach a wider market through incorporating other methods such as SMS to further disseminate the awareness. Topical issues of broadcast include the following:

  - Social engineering
  - OTP Fraud
  - Card Cloning
  - Fake SMS
  - Device & SMS Security

SOCIAL

HUMAN RIGHTS AND COMMUNITY RELATIONS

PARTNERSHIPS FOR ACCELERATED SOCIAL IMPACT

Econet continually seeks to contribute to the achievement of mutually acceptable purposes and goals, through partnerships with various like-minded organizations. In the financial year under review, the company partnered with, or donated towards over 60 charitable/ developmental causes at various levels in society.

ONGOING ACTIVITIES FOR CYCLONE IDAI

Our commitment to rebuilding schools, homes and clinics as part of efforts to restore dignity to families and communities affected by the 2019 Cyclone Idai disaster remains steadfast. Whilst restoration efforts are inherently a long term project, not made easier by worsening economic conditions, we are pleased to report significant progress in our endeavours.

PHASE 1		PROGRESS AS AT APRIL 2022
	237 Houses • 79 Chipinge • 158 Chimanimani	**Repairs are now 100% complete and certified**
PHASE 2		
	30 Schools	• 30/30 (100%) - Roof and structural repairs completed. • 7/30 (23%) - Paint work in progress • 5/30 (17%) - Paint work completed. • 3/30 (10%) - Schools inspected and certified
	7 Clinics	• 5/7 (71%) Material deliveries done/in progress and repairs started • 3/7 (43%) Roof and structural repairs completed. • Paint work, inspection and certification outstanding for all 7 clinics
	8 Clinic Staff Houses	• 7/8 (88%) - Deliveries done/in progress and repairs started • 5/8 (63%) - Roof and structural repairs completed. • Paint work, inspection and certification outstanding for all 8 clinic staff houses
PHASE 3		
	250 Houses Roof Repairs • 80 Chipinge • 170 Chimanimani	• 94% - Materials delivered Phase 3 repairs are targeted for completion in 2023

HUMAN CAPITAL IMPACT

ENGAGED STAFF FOR HIGH PERFORMANCE

At Econet Wireless, we appreciate the tireless and dedicated efforts of each and every one of our staff members in pursuit of exceptional service delivery. We know that in order for such inspired levels of commitment to be maintained, for the benefit of our customers and stakeholders, our staff must remain motivated and empowered, primed to perform at their best in the high performance culture that we seek to inculcate in the business. We therefore leave no stone unturned in our efforts at supporting staff and creating the enabling environment that they require in order for them to flourish. Prevailing economic headwinds continue to impede some efforts to achieve our goals, nevertheless our staff appreciate the efforts made by the business to engage them honestly with a view to co-create the Econet that we want.

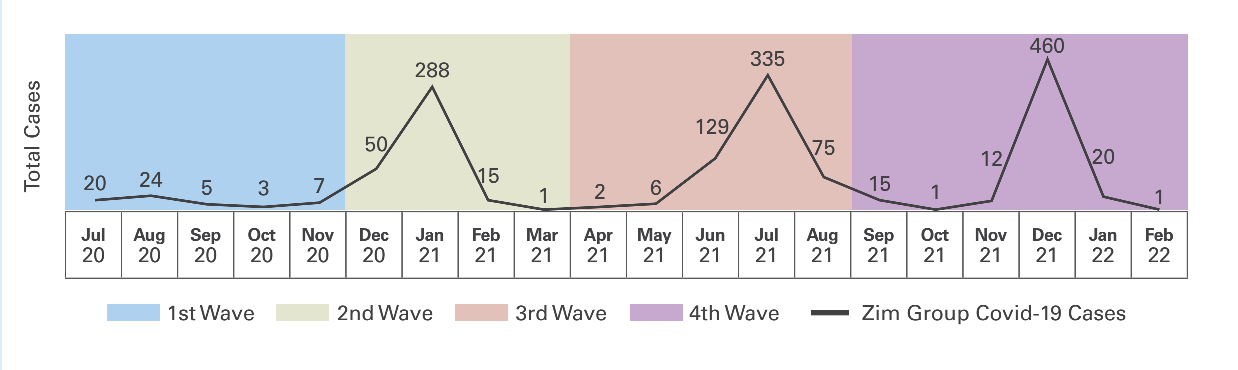
ECONET GROUP COVID-19 UPDATE (MARCH 2020 – FEBRUARY 2022)

Covid-19 Overview

The dashboard below shows the Covid-19 Statistics for the combined Econet Group's staff i.e. (Econet Zimbabwe, EcoCash Holdings and Liquid Telecoms Zimbabwe staff only).

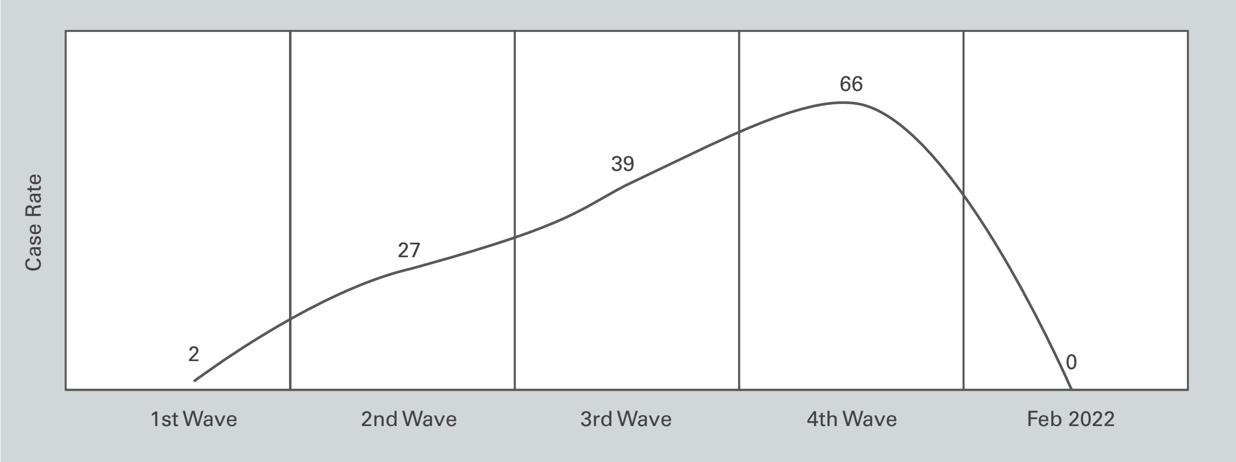
Cumulative Covid-19 Deaths within the Econet Group	Cumulative No. tested positive to Covid-19	Cumulative No. Recovering from Covid-19	Cumulative No. in the Covid-19 Facility as at Feb-2022
7 (0.2%)	1,106 (37%)	1,106 (100%)	0 (0%)

Positive Covid-19 Case Incidence



The Covid-19 fourth wave recorded the highest number of infections than the other waves, however, there were no deaths recorded. This was consistent with the National and Global Statistics. The fourth wave recorded 9 hospitalisations against a total of 83 hospitalisations logged in the third wave, showing an 89% drop in hospitalisations.

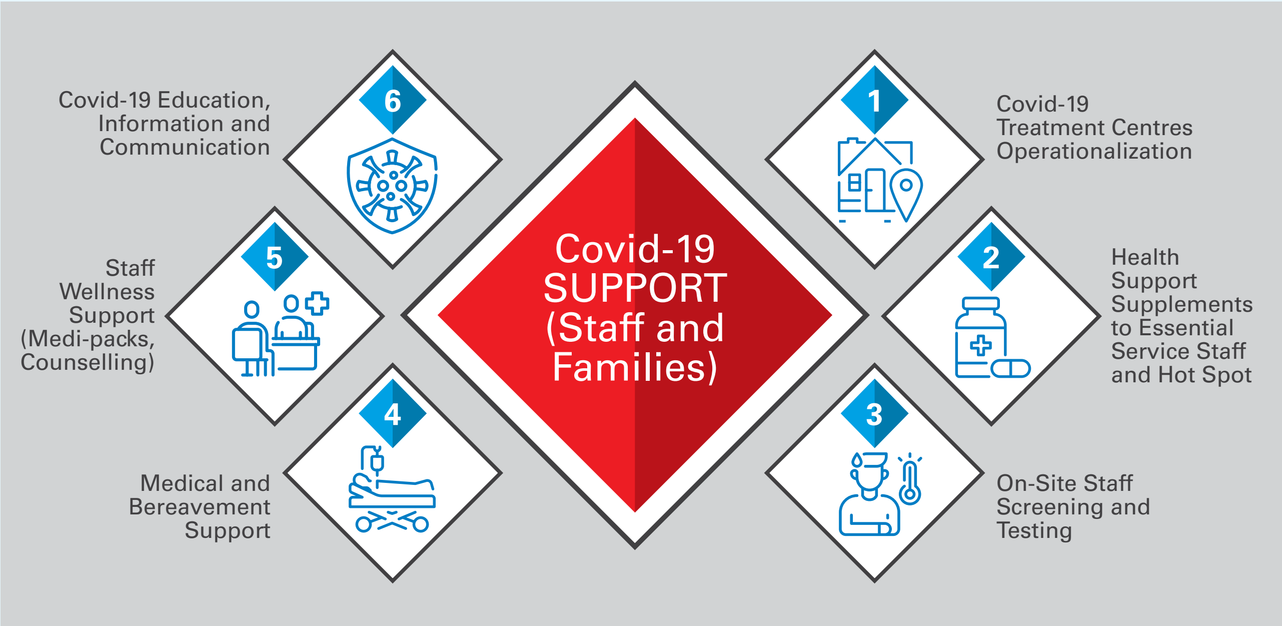
Average Daily Case Rate at the Highest



The drop in the average daily case rate indicated containment of the Covid-19 pandemic within the business despite the highly infectious Omicron variant.

COVID-19 SUPPORT FRAMEWORK FOR STAFF AND FAMILIES

To alleviate the impact of the Covid-19 pandemic above, the company put in place a Covid-19 support framework and rolled out all the support initiatives ensuring staff wellbeing during the pandemic.



Covid-19 Survivor Stories at St Noah Medical Centre

I am now so fit and able bodied that I have resumed my duties of herding cattle and other household tasks. I am thankful for the assistance you rendered to me; even my fellow community members are amazed at how I have recovered and have been asking where I got the help from. The medical staff (at St Noah) conducted themselves very professionally, even going out of their way to treat me…"

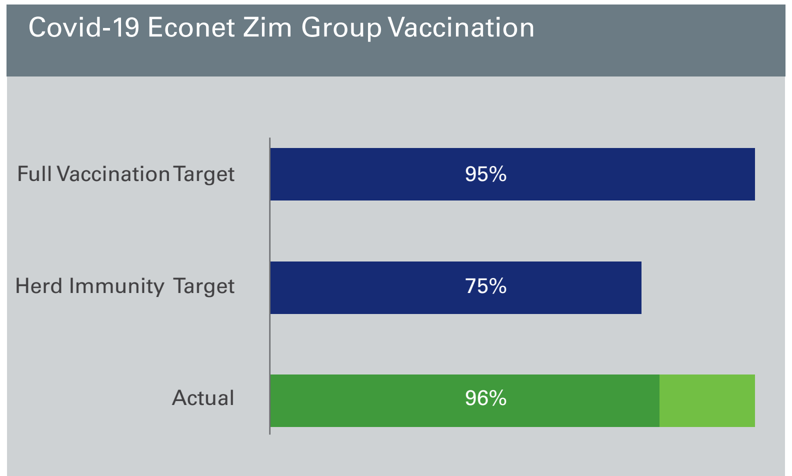
"…to the staff at St Noah Ruwa Hospital, I'm really thankful. I really want to thank you and appreciate you from the bottom of my heart. I am a living testimony. I'm now fine. I'm now strong. Now I can testify to people about Covid-19 and tell them that there are still Nurses and Sisters out there who continue to go out of their way in treating their patients…"

OUR COVID-19 VACCINATION DRIVE

The business partnered with vaccination facilities in all 10 provinces across the country to deliver seamless access to the vaccines for staff and their families as well as the creation of On-site Vaccination centres for staff. This impacted positively on staff access to vaccines.

The business surpassed its full vaccination target from voluntary uptake of the vaccines.

Region	Vaccination Centres
Harare	5
Masvingo	3
Bulawayo	2
Manicaland	2
Midlands	1
Victoria Falls	1
Chitungwiza	1



The Vaccination Booster Shot campaign is now underway with the Executive team leading by example and booster shot information broadcasts being carried out on our communication platforms.

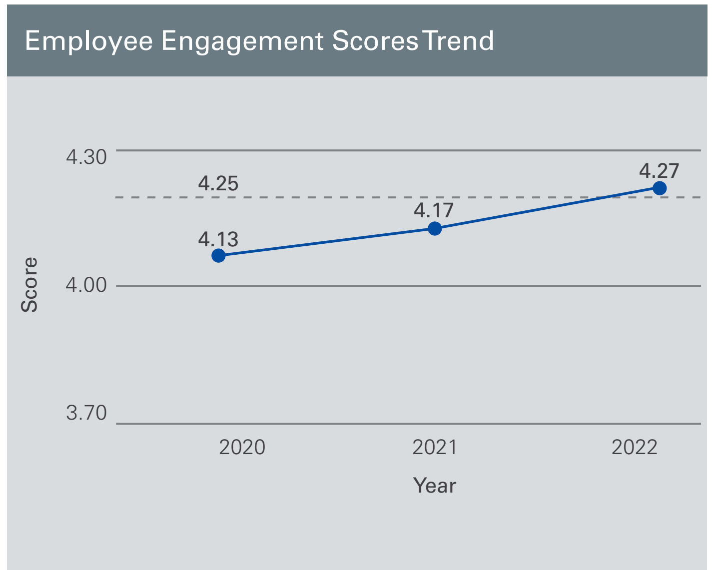
OUR TALENT

How we are Changing our Employee Experience

The business implemented a Human Resources Information Management System. The system transformed the manner in which the business dealt with performance goal setting, performance monitoring and performance review; talent management process and reward management in the process building a high performance culture as the business transforms to a Digital Services Provider.

Improving our Employee Engagement

Employee engagement is key in ensuring staff participation, motivation & alignment across the business. The Engagement Index (EI) for 2020 and 2021 periods were below the targeted score of 4.25 (75th percentile score), when the business achieved an EI score of 4.13 and 4.17, respectively, with a highest possible engagement score being 5.00). The execution of the subsequent engagement action plans led to a significant turnaround in the EI score which increased to 4.27 (84th percentile) in the 2022 survey showing great strides in the improvement on staff issues in a tough socio-economic environment and also in the wake of the Covid-19 pandemic. If we remove engagement scores from factors that relate directly to socio-economic environment issues that are beyond the Company's control, our overall scores would be significantly higher.



PERFORMANCE AND RECOGNITION

Pay for Performance

In line with the Performance Culture framework, the business implemented a performance-focused remuneration model in 2021. This has hinged the high performance culture imperatives amongst staff and teams, where superior performance is rewarded appropriately.

Furthermore, the business has scoped out and implemented a performance based incentive model which links individual, teams and business performance and recognises performance efforts across the business.

We Recognise Superior Performance

To further drive the High Performance Culture, The business implemented an Employee Recognition Programme where exceptional contributions made during the year are awarded and H1 2022 saw the inaugural Awards Ceremony hosted virtually.

CAPABILITY DEVELOPMENT

2022 Skills Development Focus

The skills development focus for 2022 was driven by three imperatives.

	Digital Services Provider Transformation	Leadership Development	Shift to 4IR
IMPERATIVES	Digital transformation was anchored on learning focused on the DSP Enablers	Innovation which makes an impact supported by strong Leadership and coaching	Learning targeted the 9 pillars of the 4th Industrial Revolution transformation as relevant for the Econet business
LEARNING AREAS	• Advanced Analytics • Omni-channel Customer Management • MediaSmart Cities • Agile Infrastructure Management • Partner Enablement Ecosystems	• Leadership Development • Coaching • Mentorship	• Big Data Analytics • Autonomous Robots • Simulation • System Integration • Augmented Reality • Internet of Things (IOT)

CAPABILITY DEVELOPMENT (CONTINUED)

Transforming the Learning Culture

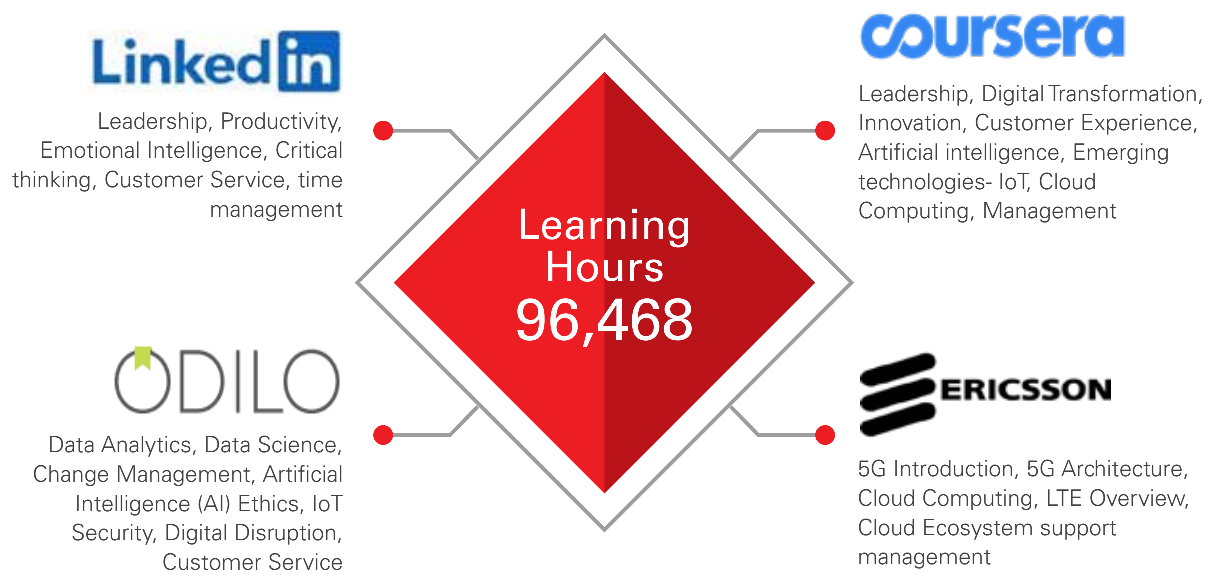
To align learning with the modern trends and the agile working arrangements, the business embarked on a learning culture transformation. This entailed transforming from Delivered Learning where training is provided to the staff member (e.g. training calendars set and in-class trainings arranged) to Accessed Learning, where staff members actively seek learning on online learning platforms, search for content online, and other Massive Open Online Courses (MOOCs). To this end, the business ran learning culture transformation initiatives that impactfully transformed how we learn. Three new online learning platforms were commissioned in the IPDC framework – Odilo, Coursera & Ericson in addition to the already existing LinkedIn Learning Platform.

LinkedIn Learning Award

- Econet Wireless Zimbabwe scooped the 2021 LinkedIn Learning Award for Best Culture of Learning in Sub-Saharan Africa.
- The Talent Awards are a celebration of companies around the world who are moving and implementing innovative talent interventions.
- The Best Culture of Learning Award recognises companies which have invested in the learning and development of their employees by connecting them to relevant and applicable skills.

Skills Development Platforms for Accessed Learning

In line with the Strategy to transform our learning culture as well as the mission to build digital skills, the business launched Innoversity 2.0 which is dubbed Innoversity & Personal Development Centre (IPDC). This saw the addition of three online learning platforms ODILO, Coursera, and Ericsson to the already existing LinkedIn Learning platform.



CAPABILITY DEVELOPMENT (CONTINUED)

Skills Development Platforms for Accessed Learning

98% Activations	1,794 Total Viewers	89% Utilization	36,808 Courses
Activation of Online Learning Platform Licences Purchased	Active search and accessing of online learning courses and paths	Our staff are taking time to utilize the learning platforms in an agile working arrangement	Course completion on the platform contributing towards skill gap closure

A learning culture transformation initiative, together with the new learning platforms, has enabled a shift from delivered learning to accessed learning where staff are in control of how and what they want to learn while aligning with the organization's goals. The business has not only been able to surpass the training hours and course targets set for 2022, but also made progress in the acquisition of the requisite skills for delivery of set business objectives. The business increased its learning hours three-fold between 2021 and 2022 from 23,500 to 96,400 hours.

PROFESSIONAL AND OTHER DEVELOPMENT PROGRAMS

Technical Skills Continuous Development

To ensure that the business stays at the forefront of technology, the business continues to leverage on its partnership with Ericson (in addition to the digital platform) in rolling out continuous development programs in 5G Technology, Cloud Computing and Cyber Security among many other technical fields.

The TOPP Program

In addition to the Graduate Trainee Program, the business implemented the Training Outside Public Practice (TOPP) program. The objectives of the program are to:

- Encourage greater entry into, and upward mobility within the accountancy profession, especially for those wishing to practice as Chartered Accountants within the organisation.
- Increase the supply of skills by creating more professional training opportunities for potential Chartered Accountants in and outside of the organisation.
- Promote education, training and retention of key accounting professionals
- Social responsibility: the business will be making an investment into the future of the trainees as well as of the country.

100% of the TOPP candidates were females.

Graduate Trainee Program

The Graduate Trainee Program has been revamped to ensure that it fits perfectly with the business' goals. The current stock of Graduate Trainees are undergoing comprehensive training which ensures a well-rounded professional in the various functions of the business. Our Graduate Trainee program seeks to:

- Develop skills to provide appreciation and capacity for senior roles
- Develop competencies that will enable our Graduate Trainees to contribute practically and effectively within the business.
- Develop an appreciation of the importance of team work and group cohesion across the business.
- Provide graduates with an environment to develop and explore new ideas and innovations to the benefit of themselves and the business as a whole.

EMPLOYEE DIVERSITY

"At Econet Wireless, diversity, inclusivity, collaboration and equity, are at the core of who we are. We can only successfully attain our vision which is to create a digitally connected future that leaves no African behind, if we embrace the richness of the diversity of our people. Therefore our commitment is to see a diverse, inclusive, collaborative and equitable work place now and in the future"

Our Diversity Focus Areas

Corporate Policy	Primary Dimension	Secondary Dimension	Organizational Dimension	Cultural Dimension
At the heart of enhancing diversity is the creation of policies that encourage Diversity, Equity & Inclusion (DEI). Policies include – Diversity and Inclusivity, Talent Acquisition, Talent Development	These are the key metrics that we measure. These include the demographic variables that make up our talent – Gender, Age, Physical Ability, Race & Ethnicity	These are the secondary characteristics of the talent. These include Religion, Marital Status, and Geographic Location and Education	These variables of DEI are at the macro -organizational level. They will be used to measure involvement and spread of talent in the different functions of the organization. These variables include – Job Tenure, Job Level, and Work Experience and Management Status	These variables assess the talent perceptions/values that impact the implementation of DEI initiatives in the organization. The issues to be considered include perceptions of personal space, Individual boundaries, individualism vs Collectivism views, Communication styles and Power Distance

2022 Diversity Progress Update

Total Number of Employees [1,135 | **1,278**]

Generational Diversity	Gender Diversity	Skills Diversity	Disability	Contract Type	Progression
Gen Z (Up to 24 yrs.) [4%]	% of Female Employees [39% | **50%**]	Technical Skills [33%]	Employees with Disability [5 | -]	Permanent [81.0%]	Progression [51%|**50%**]
Millennials (25 to 40 yrs.) [65%]	% of Women in Managerial Roles [30% | **50%**]	Customer Facing Skills [43%]		Long Term [12.0%]	Female Progression [44%|**50%**]
Gen X (41 to 56yrs) [29%]	Female Placements as % of Total Vacancies [39% | **50%**]	Supporting Skills [24%]		Short Term [6.8%]	Females in Trainee Positions [65%|**50%**]
Baby Boomers (57 to 75yrs) [2%]				Expatriate [0.2%]	

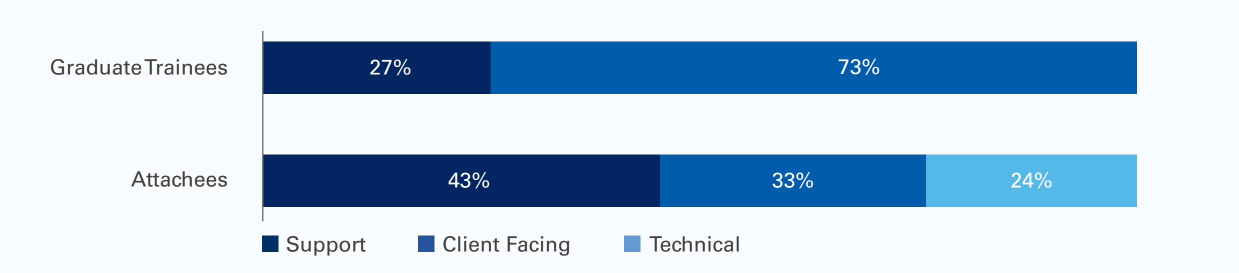
[Actual | **Target**]

EMPLOYEE DIVERSITY (CONTINUED)

Generational Diversity

The Business has a diverse talent pipeline across the various generations with Generation Z boosted by the Graduate Trainees that are recruited on an annual basis as well as taking on board Student Attachees to strengthen the pipeline of resource requirements in the DSP journey. The distribution of our trainees is as follows:

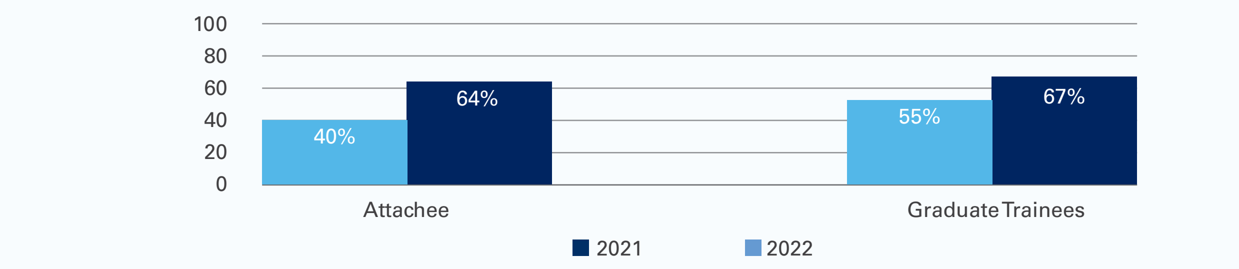
Distribution of Trainees Across Functions



Gender Diversity

The business continues to focus on encouraging and promoting gender diversity in line with Sustainability Development Goal 5 (SDG 5). From 2021 to 2022 overall female representation increased by 1% to 39% while females in management increased from 27% to 30%. Female promotions have also improved from 32% to 44% between the two financial years. To continue to impact these metrics, effort is ongoing towards improving the female placement ratio by ensuring equity in capable candidate representation in the selection process. Furthermore, our skills development programs are such that we bring into the pipeline enough female representation to cover any gender gaps. Female representation in trainee programs has improved among attachés by 24% and among GTs by 12%.

Females in Trainee Positions



Skills Diversity

The business has a diverse mix of Technical (33%), Customer Facing (43%) and Support skills (24%) aligned with the business objectives of a Digital Service Provider, anchored on a Customer Centric culture focus and digital capabilities provisioned on a world class network platform.

Employees with Disability

The business continues to be an equal opportunity employer which does not discriminate against disability.

Contract Types

81% of the staff are on a full time basis, whilst 19% are made up of fixed long term and short term contracts that include Expatriates staff (0.2%) with expert skills vital for delivering business needs whilst executing knowledge transfer to identified local resources.

Pay Parity

The business continues to drive equity amongst staff on remuneration. 2021 and 2022 have seen the Female and Male employees earn ±4% of each other's salaries across the business implying pay parity and equal earning potential between the two groups.

EMPLOYEE DIVERSITY (CONTINUED)

Key Diversity Achievements in 2022

In addition to the Diversity Metrics, key achievements included the following:

1. **Development of the sexual harassment policy and staff training.** This was done in partnership with the International Labour Organisation to elaborate on the sexual harassment issue
2. **Leadership Development Programs Implementation.** These include the Success Motivation Institute (SMI) programs and the Franklin Covey Programmes. Female representation stood at 46%.
3. **Coaching and Mentorship Programs Implementation.** Female representation stood at 30% with plans to boost it in 2023.
4. **International Women's Day Commemorations.** 1,478 members of staff attended the virtual event

Diversity Outlook for 2023

OBJECTIVES		
EMBEDDED DIVERSITY AND INCLUSION	**DIVERSE TALENT**	**CULTURE AND BELONGING**
Diversity and Inclusivity is embedded in all our systems, processes and work.	Our workforce reflects the diversity of the wider society	Everyone is welcome, safe and can belong
INITIATIVES		
• Development of the Diversity & Inclusion Policy • Re-establish recruitment & selection procedures for diversity emphasis	• Re-establish recruitment & selection procedures for diversity emphasis • Leadership Development programs to enhance leadership capacity for DEI awareness • Talent Pipeline development with emphasis on Diverse groups uplifting i.e. GDP, TOPP	• Define Organizational Culture & CX Culture (combined) for internal (employees) and external (customers) inclusion and belonging • Develop an EVP for the business incorporating DEI • Engagement Action Planning to deal with issues affecting diverse groups • Harassment (Sexual & Physical training)
OUTCOMES		
• The management and staff have the knowledge and resources to effectively incorporate DEI • DEI is included in all aspects of our work	• We embrace diversity of thought, skills and experience for its contribution to how we work • All functions benefit from the benefits of diversity	• Everyone feels psychologically, emotionally and physically safe in the workplace • Ability to attract, develop and retain diverse talent

OCCUPATIONAL SAFETY, HEALTH AND WELLNESS

Econet Wireless Zimbabwe Limited recognizes that Safety, Health and Environment (SHE) performance is an integral part of efficient and successful business operations. Econet is committed to achieving high standards of safety, health and environmental management. It is the company's desire and effort to ensure compliance with all applicable safety, health and environmental laws, regulation and conformance to international standards which includes ISO standards, the United Nations Sustainable Development Goals and OECD requirements. Econet Wireless Zimbabwe Limited is driven by the desire for excellence and bringing value to 'Our Community, Our Environment and Our Business'.

Occupational Safety and Health Management

Our strategy and operational frameworks are aimed at conformance with local safety, health and environmental legislation, standards and international requirements. These local legislation and international standards among others include: - the Factories and Works Act; Environmental Management Act; ISO OSHAS 45001 and the Environmental Management System 14001. Econet Wireless Zimbabwe Limited is committed to continuous improvement through the identification of risks and issues that affect staff, business operations and the society. At the core of this process is the development of preventative measures that addresses such risks and issues to ensure the attainment of strategic objectives.

OCCUPATIONAL SAFETY, HEALTH AND WELLNESS (CONTINUED)

Staff Training and Awareness

Econet deliberately undertook training and some programmes to raise awareness. A total of 2,650 staff were trained in the following areas during the year to ensure competencies were developed for new staff members to effectively manage SHE, Covid-19 and related issues and risks: -

SHE Induction	72 New employees trained
Covid-19 Champions and Care Givers	290 Covid-19 Champions and Care Givers trained
First Aid Training	23 First Aiders trained
Covid-19 Staff Awareness and Vaccination Campaign	2,650 Staff participants
Covid-19 Staff Vaccination Awareness Campaign	2,046 Staff members attended (online)
Group Staff Counselling	164 Staff members participated

In addition to effective trainings, Econet is dedicated to ensuring its staff's safety, health and wellness through the provision and use of personal protective clothing and equipment in accordance with the WHO and local legislation on safety and health. Staff members are encouraged to participate in SHE programmes as the business values staff participation and contribution as key to the successful implementation of the programmes.

Safety and Health Performance Dashboard

The following table highlights 3 year performance for our key indicators

#	Disclosures	2020	2021	2022	Risk Direction
1	Occupation Injuries	5	1	6	↑
2	Occupational Fatalities	1	0	0	↔
3	Business Fires	3	2	3	↑
4	Fleet Accidents	49	36	37	↑
5	Fleet Accident Costs	* new kpi	$50,262	$85,186	↑

Artificial Intelligence

Through the digital world of smart machines, experience the future, today.

As artificial intelligence becomes ubiquitous, Econet has not been left out in adopting it as part of its digital transformation journey. This is evident in many aspects of the business from enhancing the customer experience by the use of chatbots to improving network reliability by predictive network maintenance.

ECONET Wireless

BUSINESS MODEL AND INNOVATION

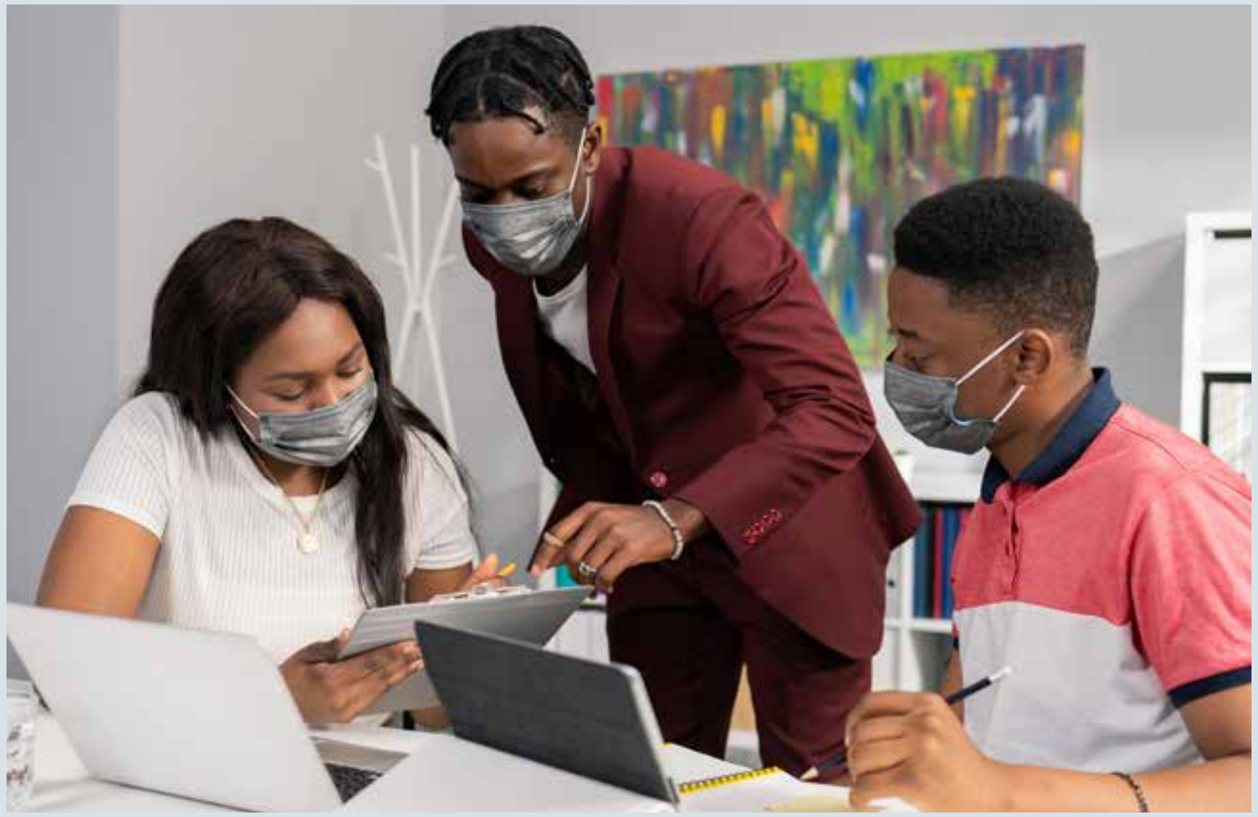
MANAGEMENT APPROACH

At Econet, our approach to managing risks and opportunities involves addressing business ethics, fraud, corruption, bribes, fiduciary responsibilities and other risks that have potential negative impact on the business.

We have designed and implemented controls to manage the legal and regulatory environment through effective stakeholder management and engagement. In addition we have put in place policies and internal processes to mitigate systemic risks.

We are establishing a continuous focus on policies, training and internal controls and scaling up our capabilities to work with sophisticated technology in this volatile environment to prevent the various risks that threaten the business.

BUSINESS MODEL AND INNOVATION

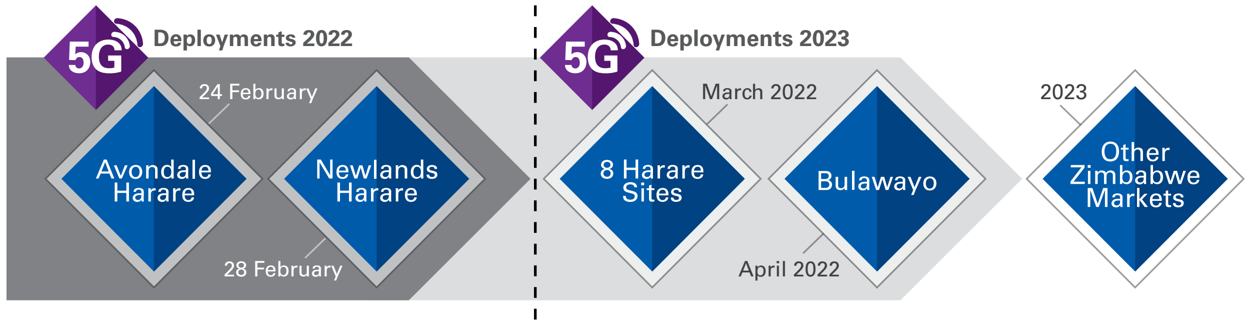


A CULTURE OF INNOVATION

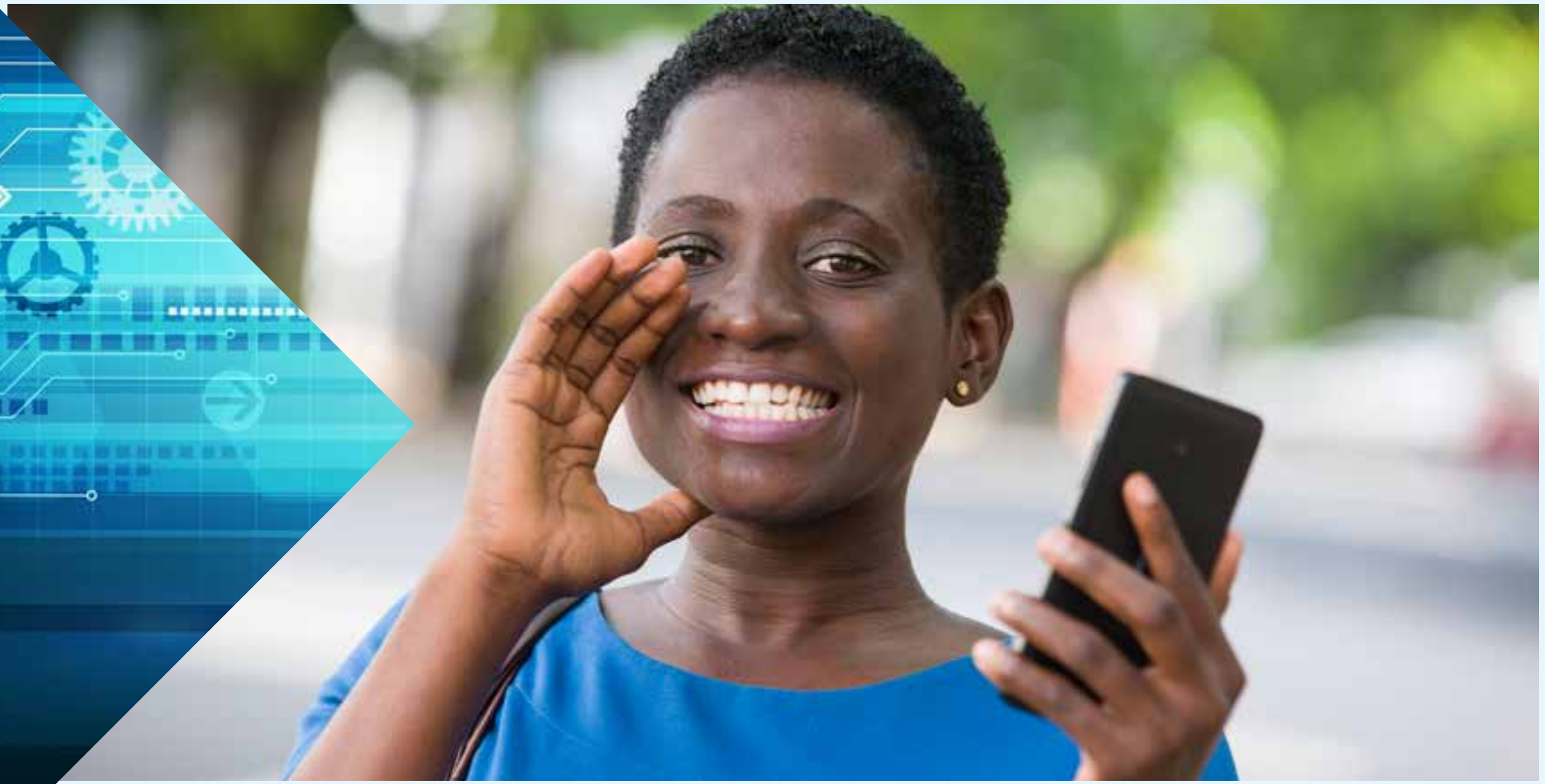
Despite the socio-economic shocks and interruptions to normal business, we have continued to prioritize innovations in keeping with our core values. Indeed, in times of turmoil and disruption, it is those who are agile and able to innovate that survive the buffeting. We continually encourage our staff to develop and bring innovative ideas to the business which they feel may be used to improve business performance.

5G Launch

A **BIG** milestone in making sure our customers are always **FIRST** to experience new innovations and technologies. We are excited to be the **FIRST** to have launched **5G technology in Zimbabwe** on, Thursday 24 February 2022, and we are proud to invite our customers and stakeholders to walk together with us on our digital journey. The launch of 5G technology will usher in a new era of super-speed internet connectivity and infinite digital possibilities that will spawn direct and downstream benefits for most sectors of the economy, the informal sector, education, the entertainment industry and individuals at large



BUSINESS MODEL AND INNOVATION (CONTINUED)



As we innovate solutions and products, we understand that we interact with the environment as well as issues to do with people and their sustainability

ENTERPRISE BUSINESS SOLUTIONS

Econet's Enterprise Business Solutions designs digital solutions for customers in Zimbabwe. EBS contributes to revenue growth and profitability by providing relevant and customized Business-to-Business (B2B), Business-to-Government (B2G) and Business-to-Business-to-Others (B2B2x) to address customer pain points and deliver bankable value to customers in the Corporate, MSME, Public and Agriculture segments. As we innovate solutions and products, we understand that we interact with the environment as well as issues to do with people and their sustainability.

BUSINESS MODEL AND INNOVATION (CONTINUED)

EBS looks to address ESG issues through the incorporation of the Sustainable Development Goals in the following ways:

SDG Goal 2: Zero Hunger - Agriculture and Food Security Description:

Smart agriculture - Supporting smart irrigation technology and greenhouse machine to machine technology (M2M)
- Outlook: Smart Herd launch 2023 Q1 POC with Mafaro Farm for livestock tracking with M2M functionalities
- To assist in monitoring and increasing the national herd

SDG Goal 7: Affordable and Clean Energy

- Smart Metering for Zimbabwe Electricity Supply Authority (ZESA)
- Monitoring of electricity usage and reduction in waste and ease of revenue collection for the authority

SDG Goal 4: Quality Education - Private APN, Zero Rating, E-education

- Cyber Security Strategy for Zimpapers (Q4)
- Outlook: Cyber Security training for Manufacturing and Mining Sector

SDG Goal 6: Smart Water and Sanitation Smart Metering for Zimbabwe National Water Authority (ZINWA)

EBS is the Technology partner for Satewave and Helcrew in delivering smart meters for water meters countrywide roll-out (June 2021), with a potential impact of 6,000 families
- LORA licence granted by POTRAZ (Q4)
- City Councils Automated USSD Payments Designed to:
  - Optimise water usage and conservation
  - Reduction in waste and likelihood of poor sanitation diseases such as Cholera
  - Revenue collection improvement in the PAYG model

FOSTERING SUSTAINABLE SUPPLY CHAINS FOR ACCELERATED SUSTAINABILITY IMPACT

Supplier Sustainability Management Program

Ensuring sustainability from the supply chain level is important in reducing latent risks. During the year under review, the Supplier Sustainability Management Program was launched and we made great progress in its implementation. One of the most effective methods of inculcating the sustainability culture throughout the business environment and beyond, is to infuse it into the supply chain. Group Procurement maintains a Supplier Code of Conduct Policy document which is shared with all suppliers with whom we conduct business. The Code includes the standards required of our suppliers on the environmental, social and corporate governance (ESG) front. The Supplier Code of Conduct ensures transparency and quantifiable measures on their ESG impacts throughout their business activities. By monitoring suppliers, Econet will have a more detailed scope of its own latent impact. As detailed in our policy, violation of our standards may lead to termination of the relationship in the event of an illegal action or if corrective action is not taken by the supplier within the agreed upon time-frame.

SUPPLIER SUSTAINABILITY MANAGEMENT PROGRAM

2022

TopTier suppliers (category of suppliers accounting for 80% of the spend)

1. Invite suppliers to complete a Sustainability Self Assessment Questionnaire and submit sufficient supporting evidence
2. Conduct Validation and Audit Process
3. Develop an improvement plan in collaboration with the supplier, as necessary
4. Monitor suppliers to ensure execution of agreed action and adherence to performance plan

2023

MidTier suppliers (category of suppliers with annualised spend above $100,000)

5. Implementation for Mid tier suppliers will be rolled out in 2023

1. All new suppliers to be on-boarded to our supplier database will complete the Supplier Sustainability Self Assessment Questionnaire followed by either desk based validation or on-site assessment audit will be required before engagement.
2. Group Procurement will produce an integrated report on the Supplier Sustainability Program annually.

Fifty-five (55) top-tier suppliers were identified to undergo Sustainability Self-Assessment. This was done via questionnaire, followed by a review process carried out by Econet, with results as follows:

31% Leaders | 49% Average | 20% Laggards

Leaders (31%) – suppliers who are proactively managing their ESG risks. No immediate action required.

Average (49%) - suppliers are generally managing key ESG risks well, however, there are opportunities identified that need to be addressed. Action required is to work with the suppliers to develop an improvement plan whose progress the Supply Chain Management team will monitor.

Laggards (20%) - these suppliers have relatively more unmanaged ESG risks. Action required to conduct onsite audit to validate ESG risks and work with suppliers to develop an improvement plan which will be monitored for progress

Going forward, we will also seek to encourage and influence our suppliers to join the United Nations Global Compact, as that would enhance the success of their sustainability programs. The supplier sustainability program will also be rolled out to more suppliers in 2023.

FOSTERING SUSTAINABLE SUPPLY CHAINS FOR ACCELERATED SUSTAINABILITY IMPACT (CONTINUED)

Supporting Local Industry and Suppliers

We are committed to investing in the local market by promoting the procurement of goods and services from domestic suppliers, including small to medium enterprises. We recognize that by so doing, we enable them to pass the downstream benefits to their staff, contractors and labourers and the families that are dependent on them, too. Limited technological advancements in the local economy mean that for some of the mission-critical network equipment we are forced to retain foreign suppliers.

LEADERSHIP AND GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

11 SUSTAINABLE CITIES AND COMMUNITIES

ENTRENCHING AN APPROPRIATE RISK CULTURE

Regardless of the availability of resources (technological, financial and people), strategic superiority and enabling environment, an absent, or poorly designed and deployed risk management framework represents the quickest and easiest route to significant loss of value for a company and its stakeholders, in particular its investors. Risk management and the promotion of ethical conduct is thus of paramount importance to the leadership and staff of Econet Wireless. In fact, compliance issues and the management of risk at functional and team levels has consistently been retained on the company's strategic pillars for some years now.

Successful management of risk requires utmost buy-in and support of the Board and senior management, and we are proud to say that we have both at Econet Wireless. Strategically, the Board of Directors have overall responsibility for managing risk, doing so through the Board Risk Committee which is chaired by an independent non-executive director in line with best practice principles of corporate governance. The Board of Directors delegates its authority through the company's Governance, Risk and Compliance Policy, to the Chief Risk Officer, who assumes responsibility for the design, development and implementation of Econet's Risk Management framework, working with senior management and staff across the business.

MANAGING ETHICS, RISK AND FRAUD

Econet Risk Management Framework

Broad Risks Facing the Business

We continually evaluate the potential impact of adverse events on the operation of Econet Wireless. 2022 has been characterised by a number of these, which include economic factor attributed to foreign currency shocks, effects of widespread disruptions from COVID-19 pandemic, geopolitical tension and conflicts, and regulated tariff which maybe uneconomical for business sustainability. The risk issues are summarised as below.

MACRO-ECONOMIC FACTORS

Inflation:
- Yearly inflation closed the year 2021 at 60.74%.
- Value erosion of customer purchasing power thereby confining their priorities to basic goods hence impacting demand of our products or services.

Foreign Exchange Shortages:
- Unavailability of foreign currency for projects that strictly require the payments in foreign currency.
- Foreign currency shortages continue to be experienced thereby affecting service delivery.

Foreign Exchange Rate Volatilities:
- Currency volatility continues to be a cause of concern.

Key Mitigations:
- The business will continue to engage relevant stakeholders to improve access to foreign currency as well as explore alternative ways to increase USD revenue in line with the multi-currency system.
- Prepayments, where necessary, to lock in prices.

OPERATING ENVIRONMENT DISRUPTIONS

COVID-19 Pandemic:
- 2 major COVID-19 variants affected the business in 2021, Delta and Omicron. The government-imposed Level 4 lockdown twice in 2021.
- These affected staff members and this negatively affected productivity due to hospitalisation and mandatory quarantine.
- Surge in new infections in China, Hong Kong among nations with lockdowns already imposed in first quarter of 2022 pose a threat for 5th wave outbreak
- The business depends on local and foreign vendors for supply of key systems and network infrastructure. Due to COVID-19 and lockdown imposed by many countries. Global logistics and movement of goods - both sea and freight - have been disrupted resulting in cost increases.

Economic loss from Weather & Climate Disasters:
- Extreme weather conditions generally affect business operations through damaged access roads and increased power outages, while erratic rainfall patterns resulted in poor agricultural season that negatively impacted the national GDP and food security.

Key Mitigation:
- The business has been on a drive to encourage staff members to get vaccinated. To date, 95% of staff have received their first and second vaccines. Econet also provides free Covid-19 testing to staff members and their immediate families as well as basic medication or requirements to affected staff members.

MANAGING ETHICS, RISK AND FRAUD (CONTINUED)

Econet Risk Management Framework (continued)

REGULATORY ENVIRONMENT

- The business continues to use TPI index for determining its tariffs as stipulated in Circular 6 of 2020. The regulated tariff reviews have been lagging behind changes in macro-economic fundamentals.
- Some of the new laws in form of Acts or Statutory Instruments implemented during the year that have direct impact on the business include:
  - Data Protection Act Chapter 11:22 which was originally known as the Cyber Security & Data Protection Bill.
  - Compliance to SI 127 of 2021 Presidential Powers (Temporary Measures) (Financial Laws Amendment) Regulations, 2021
  - SI 95 of 2021: Telecommunications Traffic Monitoring System (TTMS).

Key Mitigations:

- Impact assessments carried out for very new regulation to determine its implication to the business and proffer mitigations.

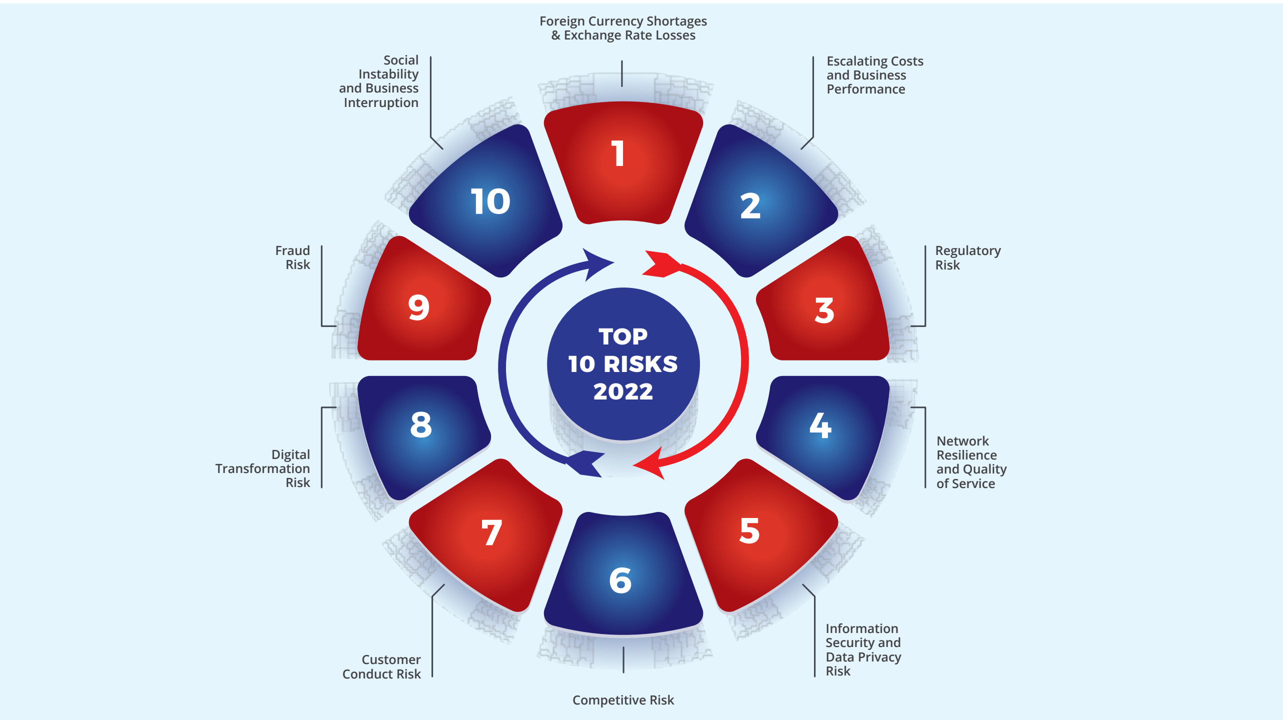
GEO-POLITICAL AND SOCIAL UNREST

- Socio-economic challenges faced by the majority of the country may also be a trigger for social unrests.
- Geopolitical and global trade forces are disrupting network equipment supply chains as well.
- Mozambique clashes and riots in South African had a negative impact on the operations of the business and the nation at large.
- Devastating combined effects of geo-political tensions between Russia and Ukraine, which adversely affected fuel, gas, fertilizer, wheat availability and prices.

Key Mitigations:

- The business continues to monitor the political situation while taking appropriate business measures to safeguard its infrastructure and resources to ensure uninterrupted operations.
- Business Continuity Management coverage with scope for triggers to respond to disruptions driven by social, economic and environmental factors such as Agile Working.

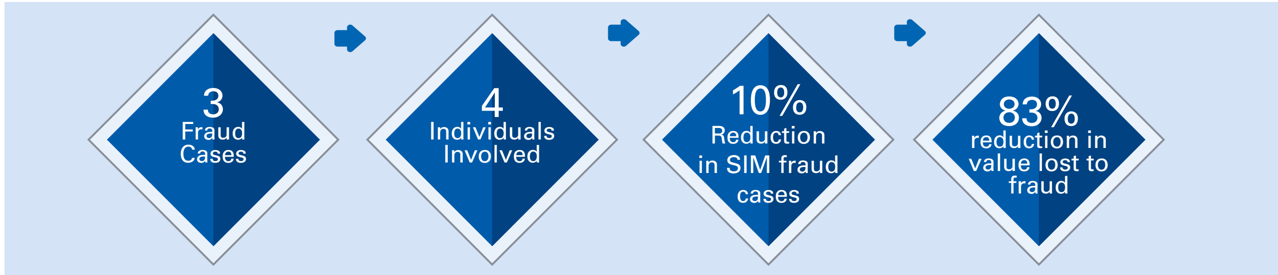
TOP 10 RISKS 2022



FRAUD MANAGEMENT

In spite of the best risk management processes deployed in any business, there remains the very real risk of occurrence of theft and fraud. In Econet, the Asset Protection, Security & Investigation teams assist to curtail this menace through appropriate strategic interventions.

Fraud Updates



The declining trend is expected to continue as more counter-initiatives are applied.

Deloitte Tip-off Anonymous

Only two (2) tip-offs were received and investigated. We have witnessed a low reporting rate with several months going with no report despite rolling out an awareness training in 2021.

- To address this, we are collaborating with Deloitte to conduct a Tip-Off Anonymous (TOA) Survey whose results will inform the need for the next planned awareness training session.

LEGAL AND REGULATORY ENVIRONMENT

Econet operates in a highly regulated environment and the compliance burden on the business cannot be over-emphasised. The diverse nature of our products and services adds to the complexity. During the period under review, twenty-four (24) pieces of legislation (new & amendments) came into effect, with varying degrees of potential impact on the business.

The most significant of these were:

- Postal and Telecommunications (Licensing, Registration and Certification) Regulations, 2021 [SI 12 of 2021], which ushered in a new licensing framework as they introduce new license categories.
- Regulatory Engagements on Products and Services – these increased tariffs, which was necessary in a volatile environment; however, tariff increases did not keep up with the rate of inflation.
- Implementation of a Centralized Subscriber Registration System - During the period under review POTRAZ shared with MNOs their system architecture for the proposed subscriber registration system which will act as the central database. The business has made submissions in respect of the proposed system and design. The Authority is also considering amending the Subscriber Registration Regulations. Submissions have already been made to POTRAZ highlighting areas we feel should be changed.
- POTRAZ also approved the use of US$ recharge cards in December 2021.

The business is re-orienting its approach to stakeholder management in order to make it more proactive in a bid to influence the regulatory environment and enhance its chances of achieving the target of 100% compliance with all applicable laws and regulations.

BOARD AND EXECUTIVE MANAGEMENT PROFILES

Board of Directors

The company would like to extend its gratitude to the Board of Directors, and to Senior Management for the sterling role they have played to guide Econet through an obviously difficult, if not volatile year. The following are the profiles and biographical details of the company's leadership team:

Dr JAMES MYERS (CHAIRMAN)

Mr STRIVE MASIYIWA

Jim is the Chairman of Econet Wireless Zimbabwe Limited. A 1962 graduate of Texas A&M University in Mathematics, he also holds a Masters in Mathematical Physics from the University of Arizona and a PhD in Industrial Engineering from Texas Tech. His professional career includes leading the international telecommunications practice with Ernst & Young and subsequently founding his own telecoms research company. He held senior management positions with AT&T as an Executive Vice President and President of Southwestern Bell International Development Africa. Jim has served as a director and President of the American Chamber of Commerce in Southern Africa and director of African Merchant Bank and MTN.

Jim also serves on the board of York Timbers Holdings Limited, a JSE listed company, and on the International Board of Texas A & M University.

Strive Masiyiwa is the Founder and Executive Chairman of Econet. Masiyiwa serves on several international boards including Unilever Plc, Netflix, National Geographic, Asia Society and the Global Advisory boards of Bank of America, the Council on Foreign Relations (USA), Stanford University, Bloomberg New Economy Forum, and the Prince of Wales Trust. A former board member of the Rockefeller Foundation, he is Chair Emeritus of the Alliance for a Green Revolution in Africa which he chaired for several years. An Honorary Fellow of the African Academy of Sciences, in 2019 Masiyiwa was awarded the Norman Borlaug World Food Prize Medallion. Masiyiwa was appointed in May 2020 as a Special Envoy of the African Union to help coordinate Africa's private sector to procure medical supplies to fight the spread of COVID-19. As AU Special Envoy, he also leads the Africa Vaccine Acquisition Task Team. In 2020, he was named amongst Bloomberg's 50 Most Influential People in the world, *New African Magazine's* 100 Most Influential Africans and *Mail & Guardian's* 100 Africans of the Year. In 2014, 2017 and 2021, Masiyiwa was listed amongst Fortune Magazine's "World's 50 Greatest Leaders". He and his wife, Tsitsi, co-founded the Higherlife Foundation and are signatories of the Giving Pledge.

Audit Committee:	Mr M Edge (Chairman), Dr J Myers, Mr G Gomwe and Mr H Pemhiwa.
Risk Committee:	Mr G Gomwe (Chairman), Mr Martin Edge and Mr M Gasela.
Remuneration Committee:	Dr J Myers (Chairman), Mr H Pemhiwa, Ms B Mtetwa and Dr J Chimhanzi.
Environmental, Social and Governance (ESG) Committee:	Dr J Chimhanzi (Chairperson), Ms T Moyo, Mr G Gomwe and Mr M Gasela
Nominations Committee:	Dr J Myers (Chairman), Mr H Pemhiwa, Ms B Mtetwa and Dr J Chimhanzi.

BOARD AND EXECUTIVE MANAGEMENT PROFILES (CONTINUED)

Board of Directors

Mr HARDY PEMHIWA

Dr DOUGLAS MBOWENI

Mr MARTIN EDGE

With over 25 years of senior executive experience across Africa, Hardy Pemhiwa is the Group CEO of the Econet Group and President & CEO of Cassava Technologies. Born in Zimbabwe, he holds a B.Eng (Computer Engineering) degree from University of London, Queen Mary College and an MBA (Finance) from Edinburgh Business School.

Dr Mboweni is the Chief Executive Officer of Econet Wireless Zimbabwe Limited. He has been with the Group since 1996 and was appointed to the board in December 2003. He is a Professor of practice with the University of Johannesburg.

Mr Edge is a UK CA and an Oxford MA, who joined the board in June 2013. In his chosen field of corporate finance and M&A, he has been a corporate finance advisor to many institutions in Europe and Africa over some 30 years, as well as spending some time as a Chief Finance Officer. He has advised on some of the most important transactions in Africa's telecoms sector. Mr Edge chairs the board's Audit Committee.

BOARD AND EXECUTIVE MANAGEMENT PROFILES (CONTINUED)

Board of Directors

Mr ROY CHIMANIKIRE

Mr Chimanikire joined the Group in 2009 from Deloitte & Touche, where he was a Partner. Mr Chimanikire is a qualified Chartered Accountant (Zimbabwe) and past President of the Institute of Chartered Accountants of Zimbabwe. He was appointed to the board in February 2016 as the Group's Finance Director and in 2020 he was appointed as the Deputy Chief Executive Officer.

Mr GODFREY GOMWE

Mr Gomwe was appointed to the board in May 2013. He is Chairman of the board's Risk Committee and he also serves as a member of the Audit Committee. He is a Chartered Accountant (Zimbabwe) and sits on a number of other boards. He has vast experience in the corporate world, having held various executive positions over the years.

Ms BEATRICE MTETWA

A lawyer whose achievements in the legal field have earned her international recognition, Ms Mtetwa was appointed to the board in October 2010.

BOARD AND EXECUTIVE MANAGEMENT PROFILES (CONTINUED)

Board of Directors

Dr JACQUELINE CHIMHANZI

Dr Jacqueline Chimhanzi is the CEO of the African Leadership Institute (AFLI) which works with Oxford University to nurture a new generation of African leaders through its flagship Archbishop Tutu Leadership Programme. She was, previously, the Senior Strategist of the Industrial Development Corporation of South Africa (IDC). Before that, she was a Strategy Lead at Deloitte Consulting where she was instrumental in setting up the Deloitte Africa Desk and advised clients on accessing opportunities on the African continent. At the University of Wales, she lectured Marketing as well as Strategy and authored and co-authored papers in peer reviewed leading international academic journals.

She is member of the board of the ONE Campaign and is an independent non-executive board member of the JSE listed ADvTECH Group – one of Africa's largest private education provider and sits on the Audit and Risk Committee and the Transformation, Social and Ethics Committee (TSEC). Jackie holds a BSc (Hons), MBA (with Distinction) and a PhD (Strategic Marketing), all from Cardiff University in the UK.

Mr MGQIBELO GASELA

Mr Mgqibelo McDonald Gasela is an Independent Consultant and Public Policy and Regulation Specialist in the Information Communications and Technology (ICT) sector in Africa.

He has previously worked as Group Head of Regulatory Affairs at the Econet Group responsible for media licence acquisition, compliance and regulatory affairs. Prior to that he spent over 15 years at MultiChoice Africa, leaving as Group Executive and Head of Regulatory Affairs in 2015.

Mgqibelo had a stint as Director of Business Development and Strategy at Vula Communications Holdings, a minority shareholder in Midi TV, the then owners of e-tv and before that worked as Acting Head of the Monitoring and Complaints Department at the Independent Broadcasting Authority (IBA), the precursor to the Independent Communications Authority of South Africa (ICASA).

Initially trained in the natural sciences, Mgqibelo holds a Postgraduate Certificate in Media Management from the Graduate School of Business of the University of Stellenbosch and a Postgraduate Diploma in Telecommunication and Information Policy from the University of South Africa.

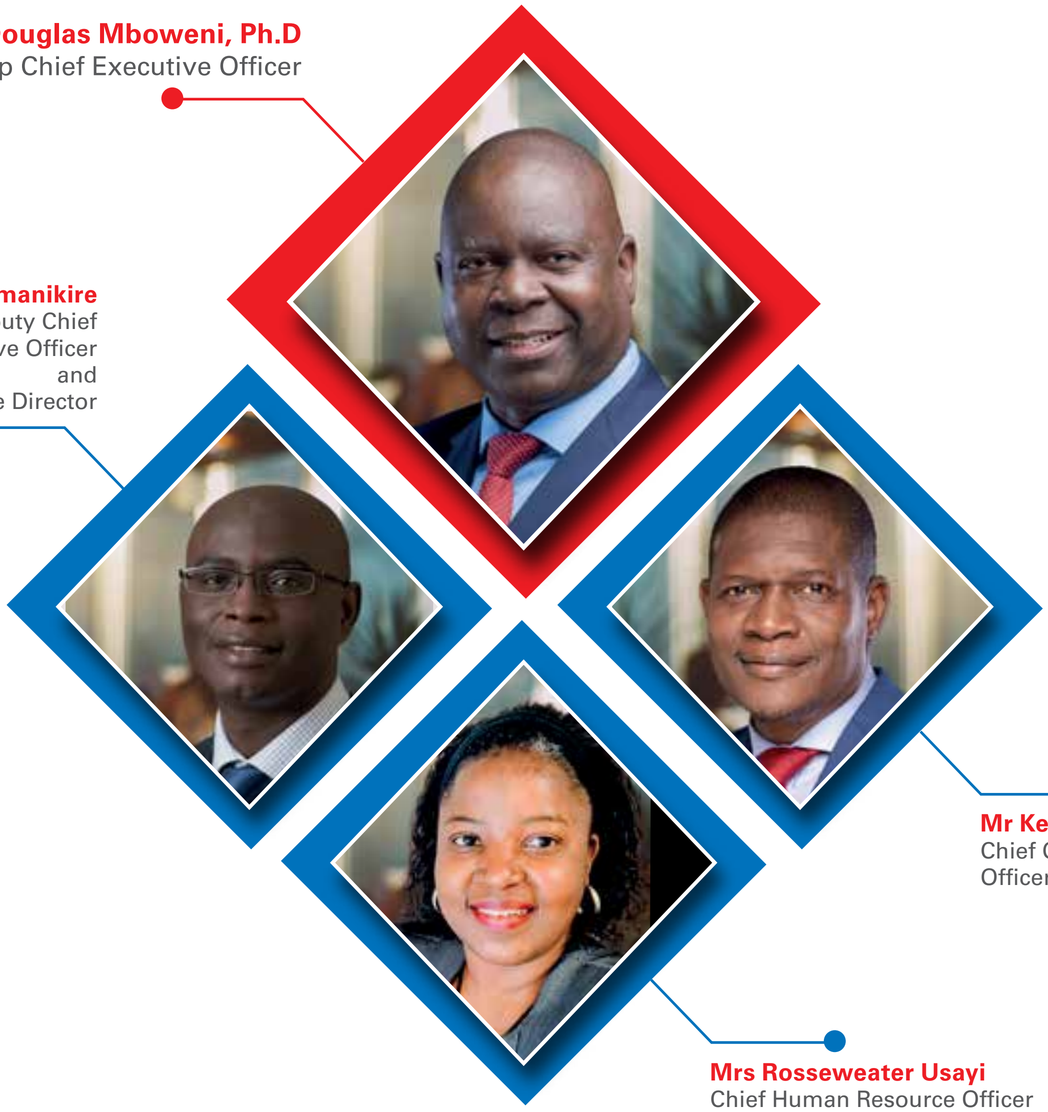
Ms THOKO MOYO

Thoko Moyo is a leadership and communications expert. She has advised C-suite executives in Africa, Europe and the US.

Her corporate governance experience includes serving on the Boards of both listed and private companies, and as a trustee of global not-for-profit organizations. Her studies in governance include time at Harvard University's Corporate Responsibility Initiative where she explored the intersection of corporate responsibility, public policy, and international development.

Thoko has undergraduate and post graduate degrees from Harvard University and the University of Zimbabwe.

BOARD AND EXECUTIVE MANAGEMENT PROFILES (CONTINUED)



Douglas Mboweni, Ph.D
Group Chief Executive Officer

Mr Roy Chimanikire
Deputy Chief Executive Officer and Finance Director

Mr Kezito Makuni
Chief Operating Officer

Mrs Rosseweater Usayi
Chief Human Resource Officer

Dr Douglas Mboweni - Please refer to the Board of Directors on page 111.

Mr Roy Chimanikire - Please refer to the Board of Directors on page 112.

Mr Kezito Makuni joined Econet Wireless in 2009 and is currently the Chief Operating Officer, since 2019. Kezito is a widely experienced businessman having worked in several countries in Africa and in roles spanning network design, project implementation, operation and maintenance, business startup, process re-engineering and sales for a fixed network operator as well as a major telecoms equipment vendor. He is an Engineer by profession and a Fellow of the Zimbabwe Institution of Engineers.

Mrs Rosseweater Usayi joined Econet Wireless in June 2020 as the Chief HR Officer. Rosseweater has 18 years experience in Human Resources spanning in-depth local experiences at various levels and a breadth of regional exposures across East & Southern Africa in her previous roles in the FMCG Sector with Unilever and more recently in the Food Inustry with National Foods Ltd where she was the Group HR Director. She holds a Bsc. Honours degree in Psychology from the University of Zimbabwe and an Msc. in Business & Organisational Psychology from the University of Liverpool and is a professional Member of the IPMZ.

CORPORATE GOVERNANCE

Good governance remains essential as Econet embarks on digital transformation

Accordingly, in the conduct of its business operations the Group ensures that the values of corporate governance, namely integrity, transparency and accountability, are observed and complied with

The Group recognizes that good corporate governance is the critical aspect in terms of building shareholder value and giving assurance on the sustainability of the business. Accordingly, in the conduct of its business operations, the Group ensures that the values of corporate governance, namely integrity, transparency and accountability, are observed and complied with. It acknowledges that an integral part of these values is to promote ethical, legal and transparent behavior in all its business dealings.

The Group continues to comply with and apply the corporate governance principles set out in the King Codes as well as the mandatory principles of governance as contained in the Zimbabwe National Code on Corporate Governance and the Zimbabwe Stock Exchange Listing Requirements. The Group is also regulated by a number of regulatory authorities. Management maintains regular contacts with the regulators, the objective being to ensure the Group's full compliance with the relevant laws and laid-down regulations.

During the year, the Group became a member of the United Nations Global Compact. The pact sets out principles through which companies undertake to pursue sustainable and socially beneficial policies and strategies.

The Board of Directors

Composition and Appointment

The Board's composition remained the same during the year. It has eleven members made up of three executive directors, one non-executive and seven independent non-executive directors. The board composition is fully compliant with Section 206 (2) of the Companies and Other Business Entities Act (Chapter 24:31). A non-executive director chairs the Board. The offices of the Chairman and Chief Executive Officer are separate. The Group recognises how it is essential to separate the two offices. Apart from the good corporate governance aspect, the separation ensures that the Chief Executive Officer and the executive focus on operational issues while the Chairman and the non-executive directors concentrate on the oversight role. In particular, this clear division of responsibilities enables the board Chairman to exercise effective leadership of the board.

The non-executive directors are drawn from a wide range of fields, thus ensuring that the Board has the right balance of skills and experience. The election to the Board of non-executive directors is subject to confirmation by shareholders.

In terms of the Company's Articles of Association and the Companies and Other Business Entities Act (Chap 24:31) at least one third of the directors must retire at every annual general meeting and, if eligible, can stand for re-election. At the last annual general meeting, held on 29 October 2021, the following directors were re-elected: Mr. R Chimanikire, Ms. T Moyo and Mr. M Gasela.

Accountability and Delegated Functions

The Board is responsible for the overall conduct of the Group's business in accordance with statutes and generally accepted principles of board duties. It is responsible for the Group's vision and strategic direction, its values and its governance. The Board is accountable to shareholders for the performance of the business and the Group's long-term success. It is the Board's responsibility to provide the leadership required for the Group to meet its performance objectives.

The Board is responsible for the preparation of financial statements for each financial period that give a true and fair view of the state of affairs of the Group as at the end of the financial period. To achieve this the Board monitors management's performance and also ensures that prudent and effective controls are in place all the time. In particular the Board ensures that financial managers conduct themselves with integrity and honesty and in accordance with the ethical standards of their profession.

Stakeholder Engagement

The Board recognizes the importance of engaging with stakeholders as a key aspect of good corporate governance. To this end the Board has delegated to the Chief Executive Officer, the Deputy Chief Executive Officer and the Chairman the responsibility of communicating with stakeholders and the investment community. Regular briefing meetings are held with analysts, institutional investors and the media at which a wide range of areas are covered, among them the Group's strategy, financial performance and corporate governance. The Board is kept fully appraised of the results of these engagements. Senior management also attends these meetings

CORPORATE GOVERNANCE (CONTINUED)

Rights
All directors have unhindered access to the services of the Group Company Secretary who ensures that all board members observe the administration protocols of board and board committee proceedings.

The following are the directors who served during the year: Dr J Myers (Chairman), Mr. S T Masiyiwa*, Mr. H Pemhiwa, Ms. B Mtetwa, Mr. G Gomwe, Mr. M Edge, Dr J Chimhanzi, Mr. M Gasela, Ms. T Moyo, Dr D Mboweni and Mr. R Chimanikire.

Directors' Interests
Directors' interests are disclosed before any board meeting and directors are requested to disclose their interests whenever these arise. This practice is in line with the requirements of good corporate governance.

Board Committees

To ensure that the Board can devote as much time as possible to strategic matters, the Board has delegated some of its functions to board committees. This ensures that each specific area is subject to an appropriate level of scrutiny. The Board has five committees: Audit Committee, Risk Committee, Remuneration Committee, Environmental, Social and Ethics Committee and Nominations Committee. The committees are each chaired by independent non-executive directors.

The committees deal with specific matters delegated to them by the Board. Each committee operates under its terms of reference.

Audit Committee
In addition to generally accepted responsibilities of audit committees, the Committee's responsibilities are spelt out in detail in Section 219 of the Companies and Other Business Entities Act (Chapter 24:31).

The Committee's primary role is to oversee the management and effectiveness of the Group's accounting and internal control systems. It provides, on behalf of the Board, effective control over the Group's finances and financial results and reviews the activity of the internal audit function and the performance of the Group's external auditors. In this regard it holds regular meetings with the Group's external and internal auditors to assess risk management and review accounting principles.

The Committee takes note of new legislation and new international reporting standards and ensures that these are implemented by the business.

The external auditors and the head of internal audit have unrestricted access to the Committee and its chairman and attend audit committee meetings. The Committee considers reports from the external auditors by way of assessing and evaluating the effectiveness of the Group's internal controls over financial reporting and disclosures.

The following constituted the committee during the year: Mr. M Edge (Chairman), Dr J Myers, Mr. H Pemhiwa, Mr. G Gomwe.

Three members of the Committee are independent non-executive directors while one member is a non-executive director.

The Committee met eight times during the year, four more than the scheduled meetings.

Risk Committee
The Committee's primary function is to oversee the risk management of the Group and to identify and monitor the key risk factors that may affect the Group. The Committee is cognizant of the fact that not all risks are within the control of the Group; it nevertheless brings these to the attention of the Board.

Upon identification of the risks, the Committee reviews the risks and their potential impact on the Group and brings this to the attention of the Board, together with recommendations on what measures to undertake to mitigate the risks. A particular area of focus is to ensure compliance by the Group of all legal requirements relating to its line of business. As is the case with the other committees, the ultimate objective of the Committee's function is to contribute to the building of a long-term sustainable business.

Members of the Committee are:
Mr. G Gomwe (Chairman), Mr. M Edge and
Mr. M Gasela.

The Committee met four times during the year. The Chief Risk Officer attends the meetings and presents reports outlining the Group's risk profile and progress in addressing the identified risks.

Remuneration Committee
The Committee advises the Board, and handles on the Board's behalf, issues relating to human resources, in particular remuneration, incentives and talent management. The ultimate objective is to attract into the Group people with the right skills and thereafter retain and motivate those people.

During the year, in response to the continuing negative economic environment, the Committee oversaw the implementation of various initiatives which sought to improve staff remuneration with a view to cushioning staff against the adverse impact of the economic hardships.

The members of the Committee are:
Dr J Myers (Chairman), Mr. H Pemhiwa, Ms. B Mtetwa and Dr J Chimhanzi.

Three members of the Committee, including the Chairman, are independent non-executive directors while one is a non-executive director.

The Committee met four times during the year. The Chief Human Resources Officer attends the committee meetings and provides materials on matters for the Committee's consideration.

CORPORATE GOVERNANCE (CONTINUED)

Environmental, Social and Governance Committee (ESG)
The primary function of the Committee is to assist the Board in matters pertaining to sustainability, stakeholder management, good corporate citizenship, ethics management and ensuring regulatory compliance. During the year, the Committee spearheaded the Group's successful application for membership of the United Nations Global Compact. By becoming a member, the Group undertakes, and has undertaken, to observe the principles set out by that body relating to sustainable business development. The Committee also overseas, and emphasizes the importance of, effective stakeholder management and pursuance by the Group of its social responsibility commitments.

Membership of the Committee is made up of four non-executive directors, all of them independent.

The following are the members of the Committee:
Dr J Chimhanzi (Chairperson), Mr. G Gomwe,
Ms. T Moyo and Mr. M Gasela.

The Committee held four meetings during the year.

Investor Relations

The Group continues to recognize the importance of communicating with the various stakeholders. To this end the Group holds analysts briefings at which investors and analysts are briefed on the Group's performance up to the end of that period. The communication offers the Group the opportunity to highlight its plans going forward. The engagement also enables the Group to receive valuable feedback on its performance and general perception of it by the investor community.

Two meetings are held with investment analysts each year, one after the release of the Group's interim results and the other after the release of the full year results, at which a full briefing of the Group's performance is given.
The Group's Annual Report and other corporate publications are available on the corporate website www.econet.co.zw.

Employment and Equity Practices

In terms of employment and equity practices the Group continues to instill in its people a culture of integrity, honesty and accountability. The overall objective is to ensure that the Group, through its people, performs well in terms of service and value delivery.

The Group is committed to equality of opportunity. It is the Group's policy to ensure that recruitment, promotion and all other aspects of employee management are free from discrimination, whether on the grounds of gender, disability or religious belief. All employees are accountable for adherence to equal opportunity and anti-discrimination policies.

Leadership development remains one of the key focus areas, the aim being to strengthen leadership skills within the Group. The Group also has in place an intern and apprenticeship program which prepares young people for entry into the labour market.

The Group recognizes the importance of effective employee communication. Accordingly a communication system is in place to keep employees informed of announcements and important developments in the Group.

The Group recognizes its obligation to comply with health and safety legislation and through training and communication, encourages employees to create and secure a safe and healthy working environment.

Trading in the Group's Shares

The Group has in place a policy specifying closed periods that prohibit trading in the Group's shares by directors, senior executives and employees. As a matter of policy all directors trading in the Group's shares, even outside of the closed period, require the prior approval of the Board Chairman. Senior management are required to notify the Financial Director prior to the transaction.

Independence of Auditors

The Group's Audit Committee confirms the independence of the Auditors, Deloitte & Touche, who were engaged by the Group for audit-related services. In keeping with good corporate governance principles with respect to rotation of external auditors, BDO Zimbabwe Chartered Accountants have since been appointed as the Group's new external auditors. A resolution confirming their appointment as auditors for the ensuing year will be proposed at the 2022 annual general meeting. Whenever necessary the Group calls upon the services of other firms to assist with non-audit management consultancy work.

Going Concern

The Directors have assessed, subject to the current and anticipated economic conditions, the Group's ability to continue as a going concern and hereby confirm that they are satisfied that the Group has adequate financial resources to continue in operational existence for the foreseeable future.

*Mr. Strive Masiyiwa retired from the Board with effect from 1 February 2022.

By order of the Board

Dr J. Myers
CHAIRMAN

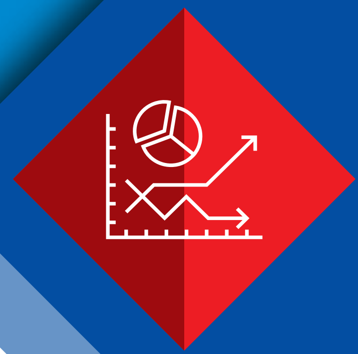
Dr D. Mboweni
CHIEF EXECUTIVE OFFICER

Mr C. A. Banda
GROUP COMPANY SECRETARY

8 July 2022

Quality of service remains our priority proven by our history of success in market leadership.

FINANCIAL REPORTING AND COMPLIANCE



CERTIFICATE BY THE GROUP COMPANY SECRETARY

In my capacity as Group Company Secretary, I hereby confirm, in terms of the Companies and Other Business Entities Act (Chapter 24:31), that for the year ended 28 February 2022, Econet Wireless Zimbabwe Limited has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Companies Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Mr C. A. Banda
Group Company Secretary

16 June 2022

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 28 February 2022. In the report "Group" or "Company" refers to Econet Wireless Zimbabwe Limited and its subsidiaries.

Principal Activities and Operations Review

The Group's principal activities during the year were the provision of telecommunication, media and technology services.

The Group maintained its commitment to transforming the business from a communication service provider to a Digital Service Provider; the initiatives put in place to achieve this goal continue to be in place. Meanwhile the Group also continues with its focus on innovation, as seen by the Group coming up with a number of new products and new innovative solutions in the financial and telecommunications sectors, resulting in the Group maintaining its market leadership position.

A review of the operations of the Group during the year is set out in greater detail in the Chairman's Report and the CEO's Operations Review.

The Group continued to maintain contacts with the various regulatory authorities by way of ensuring compliance with laws and regulatory requirements or explaining its stance on some of the issues.

The Group continued to keep in place the measures it had adopted to address, and deal with, the challenges brought about by the COVID-19 pandemic.

People

The challenges and hardships brought about by the tough economic environment continued during the year. The Group continued to explore ways of assisting its employees to overcome these hardships; a number of initiatives were implemented to cushion employees against the resulting financial challenges. By so doing, the business inculcates a spirit of belonging and a sense of purpose among employees, resulting in greater employee engagement and improved productivity.

The Group recognizes that proper management of its human resources and the development of skills are key to its overall business strategy. The Group therefore continued with implementation of training and skills development programmes, including leadership development and better decision-making. The Group also continued with its performance management system; the system enables employees to assess their own performance and development during the year with a view to identifying areas needing further improvement.

Also recognized was that the health and wellbeing of employees was a key factor in the Group's efforts to achieve its strategic goals. The COVID-19 pandemic remained the main challenge in this regard. To this end, the Group continued to keep in place its employee wellness programme, with special emphasis on adoption of measures to address the impact of the pandemic.

The programme to enable employees to speak out on various issues continues to remain in place. As previously observed this engagement has proved to be valuable for the business in that it gives employees the opportunity to put forward innovative ideas as well as constructive suggestions for problem solving. The feedback from employees contributes to better understanding of the Group's performance and areas needing improvement.

Dividend

A dividend of 60 ZW cents per share amounting to ZW$ 1.5 billion was declared in respect of the financial year ended 28 February 2022.

Share Capital

Details of the Company's share capital are set out in Note 24 on pages 201 to 202.

At the Annual General Meeting held on Friday 29 October 2021, shareholders authorized the Company to make on-market purchases of up to 10% of its issued ordinary shares.

The Directors who served during the year are:

Dr James Myers	(Chairman, Independent Non-executive)
Mr Strive Masiyiwa	(Executive)
Mr Hardy Pemhiwa	(Non-executive)
Ms Beatrice Mtetwa	(Independent Non-executive)
Mr Godfrey Gomwe	(Independent Non-executive)
Mr Martin Edge	(Independent Non-executive)
Dr Jacqueline Chimhanzi	(Independent Non-executive)
Mr Mgqibelo Gasela	(Independent Non-executive)
Ms Thoko Moyo	(Independent Non-executive)
Dr Douglas Mboweni	(Executive)
Mr Roy Chimanikire	(Executive)

*Mr Strive Masiyiwa retired from the Board with effect from 1 February 2022.

**Miss Elizabeth Tanya Masiyiwa was appointed to the Board with effect from 1 April 2022.

DIRECTORS' REPORT (CONTINUED)

In accordance with Article 81 of the Company's Articles of Association, at each annual general meeting, at least one third of the Directors must retire and seek re-election. The following Directors will retire by rotation at the next annual general meeting and being eligible, will offer themselves for re-election: Dr J Myers, Mr H Pemhiwa and Dr D Mboweni.

The Directors may appoint additional members to join the Board. Directors appointed this way will be subject to election by shareholders at the first annual general meeting after their appointment, as provided in Article 89.2 of the Company's Articles of Association.

The shareholding of Directors in the Company, held directly, indirectly or beneficially, is shown in Note 25 of the financial statements.

During the year no Director had a material interest in any significant contract with the Company.

At the Annual General Meeting shareholders will be asked to approve the Directors' fees for the year.

Register of Members

The register of members of the Company is kept at the offices of the Company's transfer secretaries, First Transfer Secretaries (Private) Limited. The register is open for inspection to members and the public during business hours.

Borrowing Powers

As provided in Article 102 of the Company's Articles of Association, the Directors can exercise, on behalf of the Company, its powers to borrow money for its operations.

The details of the Group's borrowings are set out in Note 37 to the financial statements.

Capital Commitments

Details of the Group's capital commitments and expenditure are set out in Note 38 of the financial statements.

Donations to Political Parties

In line with its policy, no political contributions or donations were made by the Group.

Auditors

A resolution to confirm BDO Zimbabwe Chartered Accountants as the Group's new external auditors will be proposed at the 2022 Annual General Meeting, in accordance with Section 191(2) of the Companies and Other Business Entities Act (Chapter 24:31).

By order of the Board

Dr J. Myers
CHAIRMAN

Dr D. Mboweni
CHIEF EXECUTIVE OFFICER

Mr C. A. Banda
GROUP COMPANY SECRETARY

16 June 2022

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 consolidated financial statements and related information. The Group's independent external auditors, Messrs Deloitte & Touche Chartered Accountants (Zimbabwe), have audited the consolidated financial statements and their report appears on pages 124 to 130 of these consolidated financial statements.

The consolidated financial statements for the year ended 28 February 2022 presented from pages 131 to 221 have been prepared with the aim to comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The consolidated financial statements have been prepared, to the extent possible in compliance with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31). They are based on the appropriate accounting policies which have been consistently applied, as modified, where necessary, by the impact of new and revised standards. The application of these accounting policies is supported by reasonable and prudent judgments and estimates.

The Public Accountants and Auditors Board (PAAB) issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019. Consequently, the Group adopted International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies and prepared the consolidated financial statements as if the economy had been hyperinflationary from 1 October 2018.

The external auditors, Deloitte & Touche have expressed an adverse opinion on these consolidated financial statements. 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 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 more fully explained in Note 41. 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.

The Directors are responsible for the preparation of these financial statements and for making reasonable and appropriate judgements to achieve fair presentation. In this process certain significant judgements are required in order to ensure that as far as is practicable these financial statements present a true and fair view of the trading performance and the statement of financial position of the Group as at the reporting date.

The Directors are also responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of related financial information included in these financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The systems of internal control are designed to provide reasonable, but not absolute, assurance as to the reliability of the consolidated financial statements, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated financial statements have been prepared in accordance with the accounting policies set out in the accounting policy notes, unless otherwise stated.

The Directors have reviewed the cash flow forecasts for the period 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.

The consolidated financial statements were approved by the Board of Directors on 16 June 2022 and are signed on its behalf by:

Dr J. Myers
Chairman of the Board

Dr D. Mboweni
Chief Executive Officer

These consolidated financial statements have been prepared under the supervision of Roy Chimanikire CA(Z).

Mr R. Chimanikire
Deputy Chief Executive Officer

Deloitte.

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

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 131 to 221 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.

Basis for Adverse Opinion (continued)

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 (continued)**

   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.

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 23% 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 17.2.

   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 17.2 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.

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.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted investments	
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.	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.

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.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Related party transactions and balances	
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.	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 the assumptions made by management in relation to the valuation of related party balances were supported by available evidence.

Other Information

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

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

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

- 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.

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
Chartered Accountants (Zimbabwe)
Per Tapiwa Chizana
Partner
PAAB Practice Certificate 0444
Harare, Zimbabwe

13 July 2022

ECONET Wireless

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 28 February 2022

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	**2022**	Restated* 2021	**2022**	Restated* 2021
Continuing operations					
Revenue	2	**87 274 138**	**57 932 621**	**67 065 626**	**26 718 207**
Other income	3	174 083	697 995	235 114	340 457
Share of profit / (loss) of associates	17	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	4	(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	6	724 510	455 918	583 555	206 377
Finance costs	7	(874 101)	(690 611)	(674 833)	(302 471)
Profit before tax from continuing operations	4	**21 870 092**	**2 522 384**	**22 579 216**	**1 889 115**
Income tax expense	9	(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	8	**(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**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 28 February 2022

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	**2022**	Restated* 2021	**2022**	Restated* 2021
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					
From continuing and discontinued operations					
Basic earnings per share (dollars)	10	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)	10	5.28	0.57	6.48	0.62
Diluted earnings per share (dollars)		5.28	0.57	6.48	0.62

* Refer to Note 40 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	**2022**	Restated* 2021	**2022**	Restated* 2021
ASSETS					
Non-current assets					
Property, plant and equipment	11	32 173 110	45 479 326	31 955 730	27 325 560
Right-of-use assets	12	2 737 147	1 460 368	2 737 147	879 170
Investment properties	13	178 828	199 075	178 828	119 847
Intangible assets	14	5 624 806	10 717 008	85 612	6 353 805
Investment in associates	17	5 536 489	4 653 536	2 061 437	847 103
Long-term receivables	22.2	3 008 466	4 095 405	3 008 466	2 465 514
Financial assets at fair value through other comprehensive income	18	33 825 056	20 236 478	33 825 056	12 182 756
Financial assets at amortised cost	16	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	21	3 065 832	3 298 498	2 898 202	1 866 161
Income tax receivable	31.3	-	692 326	-	416 794
Trade and other receivables	22.1	12 565 822	12 256 951	10 694 946	5 412 990
Financial assets at fair value through profit or loss	19	2 460	4 086	2 460	2 460
Cash and cash equivalents	31.4	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	8.2	-	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	24.3	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	26	24 525 654	21 126 226	59 971 164	41 463 553
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	15.3	4 965 306	7 521 078	4 889 537	4 496 671
Lease liabilities	23	2 097 105	1 085 785	2 097 105	653 664
Interest-bearing debt	30	6 489 532	9 000 891	6 489 532	5 418 713
Provisions	28	1 327 891	595 386	1 327 891	358 434
Total non-current liabilities		**14 879 834**	**18 203 140**	**14 804 065**	**10 927 482**
Current liabilities					
Deferred revenue	29	2 105 285	1 054 453	1 175 059	425 722
Provisions	28	162 908	60 872	162 908	36 646
Trade and other payables	27	11 805 096	15 081 971	11 805 096	9 079 642
Lease liabilities	23	388 444	250 294	388 444	150 682
Interest-bearing debt	30	777 775	-	777 775	-
Income tax payable	31.3	2 409 500	-	2 409 500	-
Total current liabilities		**17 649 008**	**16 447 590**	**16 718 782**	**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 40 for more details on the restatement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 28 February 2022

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

R. Chimanikire CA(Z)
Deputy Chief Executive Officer

16 June 2022

ECONET Wireless

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2022

	Inflation adjusted					
All amounts in ZW$ '000	Share capital and share premium	Retained earnings	Other reserves (Note 26) 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 14.1)	-	(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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 28 February 2022

Historic						
All amounts in ZW$ '000	Share capital and share premium	Retained earnings / (accumulated losses) Restated*	Other reserves (Note 26) 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**	**31 117 786**
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 14.1)	-	(6 317 257)	116 291	**(6 200 966)**	-	**(6 200 966)**
Balance at 28 February 2021 (Restated*)	**96 371**	**(6 243 431)**	**41 579 844**	**35 432 784**	**203 278**	**35 636 062**
Profit 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 40 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.

ECONET Wireless

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2022

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	**2022**	2021	**2022**	2021
Operating activities					
Cash generated from operations	31.2	34 824 073	13 073 421	30 421 122	7 979 731
Income taxes paid	31.3	(7 986 503)	(7 175 657)	(6 019 665)	(3 193 860)
Net cash flows from operating activities		**26 837 570**	**5 897 764**	**24 401 457**	**4 785 871**
Investing activities					
Finance income		161 291	18 672	119 136	9 008
Acquisition of intangible assets	14	(294)	(11 691)	(177)	(2 113)
Acquisition of shares in associate	17.2	(272 115)	(334 173)	(229 265)	(149 491)
Acquisition of financial assets at fair value through other comprehensive income	18	(11 272 384)	-	(8 668 076)	-
Purchase of investment property	13	-	(120 058)	-	(38 703)
Purchase of property, plant and equipment to expand operating capacity	11	(4 249 761)	(1 723 167)	(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)**	**(2 148 600)**	**(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 / (decrease) 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	31.4	**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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2022

Policy note	IFRS/IAS reference	Content
A	IAS 1(revised)	General information: Corporate information and currency of account
B	IAS 1(revised)	Basis of preparation
C	IAS 8	Adoption of new and revised standards and interpretations
D	IAS 21	Foreign currency transactions and balances
E	IFRS 3, 10	Business combinations and goodwill
F	IAS 28	Investment in associates
G	IAS 38	Intangible assets
H	IAS 23	Borrowing costs
I	IAS 16	Property, plant and equipment
J	IAS 40	Investment properties
K	IAS 36	Impairment of non-financial assets
L	IFRS 16	Leases
M	IAS 2	Inventories
N	IFRS 15	Revenue recognition
O		Other income
P	IAS 12	Income taxes (taxation)
Q	IAS 19	Employee benefits
R	IAS 1(revised)	Current versus non-current classification
	IFRS 5	Non-current assets held for sale
S	IFRS 13	Fair value measurement
T	IFRIC 17	Cash dividend and non-cash distribution to equity holders of the parent
U	IFRS 9, IFRS 7	Financial instruments
V	IAS 7	Cash and short term-deposits
W	IAS 32	Treasury shares
X	IAS 37	Provisions
Y		Fiduciary assets
Z	IFRS 8	Operating segments
AA	IFRS 2	Share based payments
AB	IAS1 (Revised)	Significant accounting judgements; estimates and assumptions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

A. GENERAL INFORMATION

A.1 Corporate information

Econet Wireless Zimbabwe Limited ("the Company") was incorporated in Zimbabwe on 4 August 1998 and its main operating subsidiary, Econet Wireless (Private) Limited, on 23 August 1994. The address of its registered office and principal place of business is Econet Park, 2 Old Mutare Road, Msasa, Harare. The main business of the Group is mobile telecommunications and related overlay services. The ultimate holding company for the Group is Econet Global Limited which is incorporated in Mauritius. Except where specific reference is made to the Company, the notes disclosed in these consolidated financial statements pertain to the Group.

A.2 Currency of account

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

B. BASIS OF PREPARATION

B.1 Statement of compliance

The consolidated financial statements have been compiled adopting principles from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), except for;

1. non-compliance with IFRS 13 - Fair Value Measurement, relating to the valuation of property, plant and equipment explained in Note 41; and
2. inappropriate application of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, on comparative information relating to intangible assets explained in Note 14.1.

The accounting policies set out below have been consistently applied from the previous year and through the current year, with the exceptions noted below in policy Note C "Adoption of New and Revised Standards and Interpretations"

B.2 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

The Public Accountants and Auditors Board (PAAB) issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019. The pronouncement was issued pursuant to a broad market consensus within the accounting and auditing professions that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. Consequently, these 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 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 this 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

B. BASIS OF PREPARATION (continued)

B.2 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies (continued)

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	69.98
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.

B.3 Compliance with legal and regulatory requirements

These consolidated financial statements have been prepared in accordance with the accounting policies set out below, and to the extent possible, in compliance with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31).

B.4 Use of estimates and judgments

Preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about the significant areas of accounting judgment; estimations and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in Note AB.

B.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 28 February 2022. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee if, and only if, the Company has;

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

ECONET Wireless

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

B. BASIS OF PREPARATION (CONTINUED)

B.5 Basis of consolidation (continued)

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including;

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Company voting rights and potential voting rights; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

C. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

C.1 New and amended IFRSs that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments *Interest Rate Benchmark Reform - Amendments to IFRS 9/IAS 39 and IFRS 7*. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments *Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and Phase 2 amendments have had no material impact on the disclosures or on the amounts reported in these consolidated financial statements as the Group does not apply hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

C. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (COUNTINUED)

C.1 New and amended IFRSs that are effective for the current year (continued)

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

In the prior year, the Group adopted *COVID-19-Related Rent Concessions (Amendment to IFRS 16)* that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
- There is no substantive change to other terms and conditions of the lease.

Adoption of Amendments to IFRS 16 had no material impact on the disclosures or on the amounts reported in these consolidated financial statements. The Group did not receive any COVID-19 related rent concessions or waivers.

C.2 New and amended IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17 (including the June 2020 amendments to IFRS 17)	Insurance Contracts
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting polices
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

C. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (COUNTINUED)

C.2 New and amended IFRSs in issue but not yet effective (continued)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

C. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

C.2 New and amended IFRSs in issue but not yet effective (continued)

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

C. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

C.2 New and amended IFRSs in issue but not yet effective(continued)

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

C. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

C.2 New and amended IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies (continued)

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error;
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

D. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Group's consolidated financial statements are presented in Zimbabwe dollars (ZW$), which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in currencies other than Group entity's functional currency (foreign currencies) are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on re-translation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss.

E. BUSINESS COMBINATIONS AND GOODWILL

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

E. BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below in Note F.

F. INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

F. INVESTMENTS IN ASSOCIATES (CONTINUED)

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss and other comprehensive income of an associate are shown on the face of the statement of profit and loss and other comprehensive income and represents profit or loss and other comprehensive income after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

G. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

After initial recognition, intangible assets are carried at revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on intangible assets is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

G. INTANGIBLE ASSETS (CONTINUED)

If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for the asset, the asset is carried at its cost less any accumulated amortisation and impairment losses.

If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. The fact that an active market no longer exists for a revalued intangible asset may indicate that the asset may be impaired and that it needs to be tested in accordance with IAS 36 Impairment of Assets.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

G.1 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate;

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- the intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during development; and
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Subsequent to initial recognition of the development expenditure as an asset, the asset is carried at revaluation less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. The intangible is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

G. INTANGIBLE ASSETS (CONTINUED)

G.2 License and software

The Group made upfront payments for the renewal of its mobile network operating license. The license was granted for a period of 20 years by the relevant government agency with the option of renewal at the end of this period. As a result, the license is assessed as having a finite useful life.

Software mainly comprises software held by Econet Wireless (Private) Limited.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

The software and licenses are amortised as follows:

- License held by Econet Wireless (Private) Limited is amortised over 20 years; and
- Software held by Econet Wireless (Private) Limited is amortised over 5 years.

H. BORROWING COSTS

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred.

I. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any revaluation increase arising on properties is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. Refer to Note K for details on impairment of non-financial assets.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use. Land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

I. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Containers form part of fixed assets and comprise returnable bottles and crates which are sold and re-purchased at current deposit prices and are stated at net realisable value. Net realisable value represents the current deposit price that is payable to customers when containers are repurchased from them.

Write downs of containers to net realisable value are expensed over four years. Container breakages and losses are expensed in the period in which they occur. Any gains in net realisable value are recognised in the period in which they occur.

The present value of the expected cost for the decommissioning of an asset after its use is initially included in the cost of the respective asset if the recognition criteria for a provision are met. An increase in the decommissioning liability is recognised in other comprehensive income and reduces the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation is recognised so as to write off the valuation of assets (other than land and capital projects under development) less their residual values over their useful lives, using the straight-line method as follows;

- buildings - 40 years;
- network equipment - 3 to 25 years;
- beverage plant and equipment - 25 years;
- office equipment - 4 to 10 years; and
- motor vehicles - 4 to 5 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

J. INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. Transfers are made to / (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

K. IMPAIRMENT OF NON-FINANCIAL ASSETS

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Note AB, Disclosures for significant assumptions; and
- Note 11, Property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

K. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units' (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Goodwill is tested for impairment annually at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

L. LEASES

L.1 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less and without any renewal option) and leases of low value assets (such as small items of office equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

L. LEASES (CONTINUED)

L.1 The Group as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which cases the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right of use asset, the costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in Note K.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see Note 4).

FINANCIAL REPORTING AND COMPLIANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

L. LEASES (CONTINUED)

L.1 The Group as lessee (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies the portfolio approach as a practical expedient to leases of similar characteristics as the effects on the consolidated financial statements of applying IFRS 16 to the portfolio would not differ materially from applying the standard to the individual leases within that portfolio.

L.2 The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

M. INVENTORIES

Inventories are assets (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) to be consumed in the production process or the rendering of services. The main categories of inventory recognised in the financial statements are; merchandise comprising calling cards, handsets, accessories and simcards; spares; stationery; fuel; and other inventories.

Inventories are measured at the lower of cost or net realisable value. Cost comprises all costs necessary to bring the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs incurred in the marketing, selling or distribution, where applicable.

Merchandise, raw materials and consumable stores are valued at cost on a weighted average cost basis. Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

Inventories are derecognised when they are sold, and the carrying amount is recognised as an expense in the period in which the related revenue is recognised.

Write downs to net realisable value and inventory losses are expensed in the period in which they occur. Obsolete and slow moving inventories are identified and written down to their estimated economic or realisable value.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is accounted for as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

N. REVENUE RECOGNITION

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is presented net of value added tax (VAT), rebates and discounts. The Group recognises revenue from the following major sources;

N.1 Sale of goods

The Group sells handsets and related accessories, equipment and other goods through dealers and directly to customers through its own retail outlets. 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. Full settlement of the transaction price is due immediately at the point of sale.

Sales-related warranties, if any, cannot be purchased separately and they serve as an assurance that the products sold comply with manufacturer specifications. The Group's warranties are fully backed by the respective product manufacturer or supplier.

Under the Group's standard conditions of sale, customers have a right to return faulty goods within 30 days from the date of sale to facilitate replacement by the manufacturer or supplier. Accordingly, it is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the nature of the Group's returns.

N.2 Prepaid mobile services

Revenue from the sale of prepaid mobile services in single performance obligation contracts is initially recognised at the face value of the prepaid amount, net of taxes as deferred revenue (contract liabilities) in the statement of financial position. The Group's performance obligation is to provide outgoing voice calls, short message services (SMS), internet data and other overlay services to the face value of the prepaid recharge. Deferred revenue comprises prepaid recharges held by a distributor and unutilised customer balances.

The difference between the face value of prepaid recharge sold by the Group to its distributors and the value of the promised services constitutes commission earned by the distributors acting as agents. The Group acts as a principal in such agreements. The costs of prepaid commissions are recognised as other service costs when the distribution service is provided.

The revenue from the sale of prepaid products is recognised in profit or loss as the services are provided, based on the actual airtime, SMS or data usage at an agreed tariff, or upon expiration of the obligation to provide the service.

N.3 Post-paid mobile services

Mobile services (voice, data, SMS) offered to customers on the post-paid platform are billed on a monthly basis and payments are due immediately after billing. Revenue is recognised on billing.

N.4 Interconnection

Interconnection revenue is generated from calls and other traffic that originate from other operators' networks but terminate on the Group's network. Interconnection revenue is based on agreements entered into with other telecommunication operators. This revenue is recognised when the interconnection service is rendered.

N.5 Roaming

The Group has roaming agreements with international partners which specify fees for calls and other traffic initiated by foreign operators' customers on the Group's network. Roaming revenue is recognised when the roaming service is rendered.

FINANCIAL REPORTING AND COMPLIANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

N. REVENUE RECOGNITION (CONTINUED)

N.6 Value added services (VAS)

Value added services are a wide array of services including customised ringer tones, voice mail, recorded messages and credit recharge services. VAS revenue is recognised as the full consideration receivable if the Group acts as principal in the relation with the customer or in the amount of the commission earned if the Group acts as agent.

N.7 Bundled products

Products with multiple deliverables (bundle of goods and / or services) are defined as multiple element arrangements. Post-paid bundled products typically include the sale of a handset, activation fee and a service contract. Prepaid bundled products include a subscriber identification module (SIM) card, airtime and data.

Individual products in a bundle are accounted for separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundle and if the customer can benefit from it. The purchase consideration is allocated to identifiable performance obligations based on stand-alone selling prices from approved price lists at which the Group individually sells items making the bundle. For items without directly observable selling prices, the Group estimates stand-alone selling prices using residual approach.

Additional services purchased by a customer beyond the initial bundle are treated as a separate contract and the related revenue is recognised based on the actual airtime or data usage, or is made upon the expiration of the Group's obligation to provide the services.

Mobile devices sold in bundled contracts are payable under two options, being; full payment at the commencement of the contract or instalment sales with monthly instalments paid over the period of the contract.

O. OTHER INCOME

O.1 Dividend income

Dividend income is recognised when the Group's right to receive the payment is established (provided that it is probable that the economic benefits will flow to the Group), which is generally when shareholders approve the dividend.

O.2 Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

P. TAXATION

P.1 Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

P. TAXATION (CONTINUED)

P.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

P.3 Current and deferred tax for the period

Current and deferred tax are recognised as income or as an expense in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

P. TAXATION (CONTINUED)

P.4 Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except;

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Q. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment.

The classification, recognition and measurement of employee benefits is as follows;

Q.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Group's short term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Q.2 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefits comprise retirement benefits that are provided for Group employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA), which is also a defined contribution fund from the Group's perspective. Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Group has no liability for post-employment retirement benefit funds once the current contributions have been paid at the time the employees render service.

During the year, the Group contributed to the Group defined contribution fund and to the NSSA scheme.

Q.3 Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or contractual date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. The Group recognises termination benefits as a liability and an expense at the earlier of when the offer of termination cannot be withdrawn or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

Q. EMPLOYEE BENEFITS (CONTINUED)

Q.3 Termination benefits (continued)

Termination benefits are measured according to the terms of the termination contract. Where termination benefits are due more than 12 months after the reporting period, the present value of the benefits is determined. The discount rate used to calculate the present value is determined by reference to market yields on high quality corporate bonds, adjusted as appropriate to reflect the time value of money and the risks specific to the obligation.

R. CURRENT AND NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- held primarily for the purpose of trading; or
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets that do not meet the definition above as non-current.

A liability is current when:
- it is expected to be settled in the normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities that do not meet the definition above as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

R.1 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

S. FAIR VALUE MEASUREMENT

The Group measures financial instruments such as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and non-financial assets such as intangibles, property, plant and equipment and investment properties at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:
- Notes AB, Disclosures for valuation methods, significant estimates and assumptions;
- Note 11, Property, plant and equipment;
- Note 13, Investment properties;
- Note 14, Intangible assets;
- Note 18, Financial assets at fair value through other comprehensive income;
- Note 19, Financial assets at fair value through profit or loss; and
- Note 20, Quantitative disclosures of fair value measurement hierarchy.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Directors through management determines the policies and procedures for both recurring fair value measurement, such as intangible assets, property, plant and equipment, investment properties and financial assets, where applicable.

Independent external valuers are involved for valuation of significant assets, such as intangible assets, property, plant and equipment and investment properties. Involvement of external valuers is decided upon annually by the Directors. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

S. FAIR VALUE MEASUREMENT (CONTINUED)

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed according to the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

T. CASH DIVIDEND AND NON-CASH DISTRIBUTION TO EQUITY HOLDERS OF THE PARENT

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Zimbabwe, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

U. FINANCIAL INSTRUMENTS

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

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

U.1 Financial assets

Classification of financial assets

The Group classifies financial assets at initial recognition as financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

(i) Amortised cost and effective interest method

A financial asset that meets both the following conditions is classified as a financial asset measured at amortised cost:
- the financial asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.1 Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method (continued)

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income (FVTOCI). For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

(ii) Debt instruments classified as at FVTOCI

A debt instrument that meets both the following conditions is classified as a financial asset measured at fair value through other comprehensive income:
- the financial asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, changes in the carrying amount of debt instruments at FVTOCI as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the instruments bonds had been measured at amortised cost. All other changes in the carrying amount of the instruments are recognised in other comprehensive income and accumulated under the heading of financial assets revaluation reserve. When the instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.1 Financial assets (continued)

(iii) Equity instruments designated as at FVTOCI (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial assets revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9 (see Note 18).

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; and
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in profit or loss. Fair value is determined in the manner described in Note S.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the financial assets revaluation reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the financial assets revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, other receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, other receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.1 Financial assets (continued)

Impairment of financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i)Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.1 Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the Group fails to collect the amount through legal proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.1 Financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the financial assets revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the financial assets revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the financial assets revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

U.2 Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.2 Financial liabilities and equity (continued)

Financial liabilities (continued)

(i) Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss. Fair value is determined in the manner described in Note S.

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

(iii) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

U. FINANCIAL INSTRUMENTS (CONTINUED)

U.2 Financial liabilities and equity (continued)

Foreign exchange gains and losses

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

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

V. CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits (cash and cash equivalents) in the statement of financial position comprise cash at banks and on hand and short- term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

W. TREASURY SHARES

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

X. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Y. FIDUCIARY ASSETS

To the extent that the Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients, the assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Group.

Z. OPERATING SEGMENTS

The Group identifies segments as components of the Group that engage in business activities from which revenues are earned and expenses incurred (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision-maker has been identified as the Group Chief Executive Officer.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment information is reconciled to the consolidated financial statements to take account of inter-segment transactions and transactions and balances that are not allocated to reporting segments as detailed in Note 1.

AA. SHARE BASED PAYMENTS

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits in profit or loss, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and / or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

AA. SHARE BASED PAYMENTS (CONTINUED)

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 10).

AB. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Note 34.1, Capital risk management;
- Note 34.2, Financial risk management objectives; and
- Note 34.6, Foreign currency risk management.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

AB.1 Property, plant and equipment - IAS 16

Property, plant and equipment represent a significant proportion of the asset base of the Group, being 31% (2021: 41%) of the Group's total assets at the respective reporting date. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

Residual values of property, plant and equipment

During the year, management assessed the residual values of property, plant and equipment. Residual values of each asset category have been assessed by considering the fair value of the assets after taking into account age, usage and obsolescence. These residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involves significant judgment and estimation.

Useful lives of property, plant and equipment

A review of the estimated remaining lives of all network equipment was performed using the engineering expertise within the business with reference to published industry benchmarks. This review considered the following factors, at a minimum; the age of the equipment, technological advancements, current use of the equipment, and planned network upgrade programs.

The determination of the remaining estimated useful lives of the network equipment is deemed to be a significant area of judgment due to its highly specialised nature. Refer to Note I for the useful lives of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

AB. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (CONTINUED)

AB.1 Property, plant and equipment - IAS 16 (continued)

Valuation of property, plant and equipment

The fair value of property, plant and equipment was determined by an independent professional valuer using the depreciated replacement cost approach. The key assumptions used included physical deterioration and obsolescence as disclosed in Note 11.

AB.2 Intangible assets - IAS 38

Intangible assets include licenses and development costs. These assets arise from both separate purchases and from acquisition as part of business combinations. On the acquisition of mobile network operators, the identifiable intangible assets may include licenses, customer bases and brands.

Useful lives of intangible assets

The useful life used to amortise intangible assets relates to the future performance of the assets acquired and management's judgment of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

Licenses

The estimated useful life is, generally, the term of the license, unless there is a presumption of renewal at negligible cost. Using the license term reflects the period over which the Group will receive economic benefits. For technology specific licenses with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the license. The economic lives are periodically reviewed, taking into consideration such factors as changes in technology. Historically, any changes to economic lives have not been material following these reviews.

Capitalised software

The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licenses, the useful life represents management's view of the period over which the Group will receive benefits from the software, but not exceeding the license term.

For unique software products controlled by the Group, the useful life is based on historical experience with similar products as well as anticipation of future events, which may impact their life, such as changes in technology. Historically, changes in useful lives have not resulted in material changes to the Group's amortisation charge.

AB.3 Impairment reviews - IAS 36

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model.

The cash flows are derived from approved budgets for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance or the cash generating unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

AB. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (CONTINUED)

AB.4 Provisions – IAS 37

Provision for long service awards

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a constructive obligation exists within the Group for the payment of long service awards. This obligation is derived from the past practice of paying awards and has thus created a constructive obligation.

IAS 19 Employee Benefits, outlines the accounting treatment of long service awards payable to qualifying employees. The standard provides guidance on the determination of provisions such as the long service awards. The provision is determined by discounting to net present value the future cash flows for long service awards. In computing the obligation, the Group management have made the following assumptions:

- staff service period of up to statutory retirement according to Group policy; and
- a discount rate of 45% derived from the weighted average cost of capital of the Group.

Provision for dismantling and restoration of land

The Group has a legal obligation to restore as much as possible the environment in which the Group's network infrastructure is located to its original state after its useful lives.

In estimating the provision, the Directors have estimated costs based on currently available information about dismantling the network infrastructure and the likely extent of restoration.

AB.5 Deferred revenue – IFRS 15

Revenue from mobile network services is recognised when the airtime is utilised by the customer. The unused air time as at 28 February 2022 has been deferred from revenue until the airtime has been used by the customers. The deferred revenue portion is determined by both information technology related checks and arithmetical formulae to identify the portion of revenue to be deferred.

AB.6 Valuation of financial assets – IFRS 13

Some of the Group's financial assets are measured at fair value for financial reporting purposes. In estimating the fair value of a financial asset, the Group uses market-observable data to the extent it is available. Where observable inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The valuations of unlisted equity investments are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amount of unlisted equity investments and the related sensitivity of the carrying amount to changes in unobservable inputs are provided in Note 18.

AB.7 Allowance for expected credit losses – IFRS 9

Trade and other receivables

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

AB. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (CONTINUED)

AB.7 Allowance for expected credit losses – IFRS 9 (continued)

Related party

Non-performing related party receivables are receivables for which the Group has identified specific objective evidence of default including forecast long term financial incapacitation. Management's estimates of future cash flows are counterparty specific and are based on;

- historical loss experience for receivables with similar credit risk characteristics;
- forward looking information specific to the environment in which the counterparty operates; and
- cash flow projections, operating strategies pursued by the related party to improve business performance and synergies between the Group and the counterparty.

The amount of ECLs is sensitive to the related party attaining the forecast performance and changes in circumstances and of forecast economic conditions. The information about the ECLs on the Group's related party receivables is disclosed in Note 22.

AB.8 Lease agreements – IFRS 16

Lease identification

The Directors exercised significant judgement on determining whether contractual arrangements which the Group is party to are leases or service contracts. Management analyses the legal form and substance of arrangements to determine if control of a specific identified asset has been passed between the parties.

Lease term

In determining lease terms, management also exercises judgement in assessing whether the Group will exercise lease renewal options or will not exercise a termination option. Renewal options are only included in the lease term if based on analysis of relevant facts and circumstances the Group is reasonably certain to renew or not terminate the lease. Consideration is given to; the leased asset's nature and purpose, the economic and practical potential to replace the asset and business planning cycle of 1 to 5 years depending on the nature and classification of the lease and past history of renewing or terminating leases.

Recognised right of use assets and the related lease liabilities are assessed when there is a significant event or a significant change in circumstances not envisaged in the previous assessment. Where a significant event or significant change in circumstances does not occur, the right of use asset and lease liability, will decline over time.

AB.9 Significant influence over associates – IAS 28

Judgement is required in ascertaining whether the Group has control or significant influence in terms of the variability of returns from the Group's involvement in an investee, the ability to use power to affect those returns and the significance of the Group's investment in the investee. Note 17.1 and 17.3 describe that Cumii (Private) Limited and Distributed Power Africa (Private) Limited are not subsidiaries but associates despite the Group holding more that 50% of the equity shares of the investees. The Group does not control the investees by virtue of shareholders' agreements which gives the other shareholders the ability to control the investees.

AB.10 Recognition of deferred tax assets – IAS 12

The recognition of deferred tax assets is based on whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in future periods. Management therefore exercises judgement in assessing the future financial performance of the particular entity or tax group in which the deferred tax asset is to be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

1. OPERATING SEGMENTS

The principal activities set out below are the basis on which the Group reports its primary segment information.

The chief operating decision-maker and management monitor the operating results of business units separately for purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and is measured consistently with operating profit or loss in the consolidated financial statements. For management purposes, the Group is organised into business units based on their products and services.

The Group's continuing segments comprise;

(i) Mobile network operations (MNO)

Econet Wireless (Private) Limited provides cellular / mobile network services which form the main business of the Group.

(ii) Investments and administration

This segment includes; E.W. Capital Holdings (Private) Limited and Pentamed Investments (Private) Limited which are investment vehicles and Econet Wireless Zimbabwe Limited, the Group's holding company.

In prior year, the Group entered into an agreement 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 classified as assets held for sale. The transaction to dispose the assets was concluded in March 2021.

The prior year and current year financial performance up to the date of disposal of the assets held for sale were disclosed as a discontinued operation.

Segment information for the year ended 28 February 2022

	Inflation adjusted				
All amounts in ZW$ '000	Mobile network operations	Investments and administration	**Segment total**	Adjustments and eliminations	**Group total**
Revenue from external customers	87 274 138	-	**87 274 138**	-	**87 274 138**
Depreciation	(14 242 778)	-	**(14 242 778)**	-	**(14 242 778)**
Amortisation of intangibles	(585 371)	-	**(585 371)**	-	**(585 371)**
Impairment of property, plant and equipment and intangible assets	(13 533)	-	**(13 533)**	-	**(13 533)**
Other impairments reversal / (other impairments)	193 064	(32 878)	**160 186**	17 058	**177 244**
Finance income	522 474	202 036	**724 510**	-	**724 510**
Finance costs	(469 227)	(404 874)	**(874 101)**	-	**(874 101)**
Share of profit of associates	-	67 961	**67 961**	-	**67 961**
Income tax expense	(9 254 866)	(1 088)	**(9 255 954)**	-	**(9 255 954)**
Segment profit	**5 550 034**	**7 047 046**	**12 597 080**	**17 058**	**12 614 138**
Acquisition of segment non-current assets*	(4 250 055)	-	**(4 250 055)**	-	**(4 250 055)**
Segment assets**	81 992 579	41 675 665	**123 668 244**	(18 247 234)	**105 421 010**
Segment liabilities	(25 625 971)	(23 682 782)	**(49 308 753)**	16 779 911	**(32 528 842)**

Notes

* The amount excludes acquisition of financial instruments and deferred tax assets.

** Included in segment assets is an amount of ZW$ 5.5 billion (2021: ZW$ 4.7 billion) pertaining to investments in associates accounted for using the equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

1. OPERATING SEGMENTS (CONTINUED)

Segment information for the year ended 28 February 2022

			Historic		
All amounts in ZW$ '000	Mobile network operations	Investments and administration	**Segment total**	Adjustments and eliminations	**Group total**
Revenue from external customers	67 065 626	-	**67 065 626**	-	**67 065 626**
Depreciation	(8 541 675)	-	**(8 541 675)**	-	**(8 541 675)**
Amortisation of intangibles	(67 404)	-	**(67 404)**	-	**(67 404)**
Impairment of property, plant and equipment and intangible assets	(8 147)	-	**(8 147)**	-	**(8 147)**
Other impairments reversal / (other impairments)	379 002	(32 878)	**346 124**	17 058	**363 182**
Finance income	432 746	150 809	**583 555**	-	**583 555**
Finance costs	(372 616)	(302 217)	**(674 833)**	-	**(674 833)**
Share of profit of associates	-	309 419	**309 419**	-	**309 419**
Income tax (expense) / credit	(6 902 856)	1 886	**(6 900 970)**	-	**(6 900 970)**
Segment profit	**15 295 400**	**365 788**	**15 661 188**	**17 058**	**15 678 246**
Acquisition of segment non-current assets*	(3 548 526)	-	**(3 548 526)**	-	**(3 548 526)**
Segment assets	72 546 169	38 405 586	**110 951 755**	(16 800 877)	**94 150 878**
Segment liabilities	(24 454 058)	(23 848 700)	**(48 302 758)**	16 779 911	**(31 522 847)**

Notes

* The amount excludes acquisition of financial instruments and deferred tax assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

1. OPERATING SEGMENTS (CONTINUED)

Segment information for the year ended 28 February 2021

			Inflation adjusted		
All amounts in ZW$ '000	Mobile network operations	Investments and administration	**Segment total**	Adjustments and eliminations	**Group total**
Revenue from external customers	57 932 621	-	**57 932 621**	-	**57 932 621**
Depreciation	(13 003 214)	-	**(13 003 214)**	-	**(13 003 214)**
Amortisation of intangibles	(1 374 321)	-	**(1 374 321)**	-	**(1 374 321)**
Impairment of property, plant and equipment and intangible assets	(8 855)	-	**(8 855)**	-	**(8 855)**
Other impairments	(3 224 619)	(398 899)	**(3 623 518)**	441 336	**(3 182 182)**
Finance income	209 136	246 782	**455 918**	-	**455 918**
Finance costs	(195 542)	(495 069)	**(690 611)**	-	**(690 611)**
Share of loss of associates (Restated***)	-	(135 243)	**(135 243)**	-	**(135 243)**
Income tax (expense) / credit	(1 176 638)	2 593	**(1 174 045)**	-	**(1 174 045)**
Segment profit / (loss)	**3 306 217**	**(2 399 214)**	**907 003**	**441 336**	**1 348 339**
Acquisition of segment non-current assets*	(1 734 858)	-	**(1 734 858)**	-	**(1 734 858)**
Segment assets**	82 065 508	30 969 698	**113 035 206**	(2 326 048)	**110 709 158**
Segment liabilities	(25 064 488)	(11 441 736)	**(36 506 224)**	1 855 494	**(34 650 730)**

			Historic		
All amounts in ZW$ '000	Mobile network operations	Investments and administration	**Segment total**	Adjustments and eliminations	**Group total**
Revenue from external customers	26 718 207	-	**26 718 207**	-	**26 718 207**
Depreciation	(2 111 578)	-	**(2 111 578)**	-	**(2 111 578)**
Amortisation of intangibles	(168 037)	-	**(168 037)**	-	**(168 037)**
Impairment of property, plant and equipment and intangible assets	(1 265)	-	**(1 265)**	-	**(1 265)**
Other impairments	(1 883 428)	(243 842)	**(2 127 270)**	265 693	**(1 861 577)**
Finance income	95 937	110 440	**206 377**	-	**206 377**
Finance costs	(81 038)	(221 433)	**(302 471)**	-	**(302 471)**
Share of loss of associates (Restated***)	-	(51 751)	**(51 751)**	-	**(51 751)**
Income tax (expense) / credit	(431 811)	1 626	**(430 185)**	-	**(430 185)**
Segment profit / (loss)	**4 017 094**	**(2 823 857)**	**1 193 237**	**265 693**	**1 458 930**
Acquisition of segment non-current assets*	(424 973)	-	**(424 973)**	-	**(424 973)**
Segment assets	46 242 716	16 765 757	**63 008 473**	(551 271)	**62 457 202**
Segment liabilities	(14 833 022)	(6 888 154)	**(21 721 176)**	1 101 002	**(20 620 174)**

Notes

* The amount excludes acquisition of financial instruments and deferred tax assets.

** Included in segment assets is an amount of ZW$ 4.7 billion pertaining to investments in associates accounted for using the equity method.

*** Refer to Note 40 for more details on the restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

1. OPERATING SEGMENTS (CONTINUED)

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Reconciliation of profit				
Segment profit	12 597 080	907 003	15 661 188	1 193 237
Adjustments:				
- Expenses	17 058	441 336	17 058	265 693
Group profit for the year from continuing operations	**12 614 138**	**1 348 339**	**15 678 246**	**1 458 930**
Reconciliation of assets				
Segment operating assets	123 668 244	113 035 206	110 951 755	63 008 473
Investment in subsidiaries	(1 467 323)	(1 467 323)	(20 966)	(20 966)
Inter-company receivables	(16 779 911)	(2 430 494)	(16 779 911)	(1 463 205)
Assets attributable to discontinued operations	-	1 571 769	-	932 900
Group operating assets	**105 421 010**	**110 709 158**	**94 150 878**	**62 457 202**
Reconciliation of liabilities				
Segment operating liabilities	(49 308 753)	(36 506 224)	(48 302 758)	(21 721 176)
Inter-company payables	16 779 911	2 430 494	16 779 911	1 463 205
Liabilities attributable to discontinued operations	-	(575 000)	-	(362 203)
Group operating liabilities	**(32 528 842)**	**(34 650 730)**	**(31 522 847)**	**(20 620 174)**

2. 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 amounts in ZW$ '000	2022	2021	2022	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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

3. OTHER INCOME

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	2022	2021	2022	2021
Fair value (loss) / gain on financial assets at fair value through profit or loss	19	(1 626)	(6 041)	-	1 014
Fair value (loss) / gain on investment properties	13	(20 247)	(1 796)	58 981	32 493
Sundry income		195 956	705 832	176 133	306 950
		174 083	**697 995**	**235 114**	**340 457**

4. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax from continuing operations is arrived at after taking the following income / (expenditure) into account:

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	2022	2021	2022	2021
Computer expenses		(75 039)	(86 027)	(65 240)	(25 706)
Auditors remuneration – Group		(328 994)	(83 609)	(269 187)	(40 384)
Other expenses*		(3 107 702)	(2 138 231)	(2 504 972)	(847 679)
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	11	(14 060 390)	(12 761 946)	(8 395 938)	(2 077 126)
- Impairment of property, plant and equipment	11	(13 533)	(8 855)	(8 147)	(1 265)
- Depreciation of right-of-use assets	12	(182 388)	(241 268)	(145 737)	(34 452)
- Amortisation and impairment of intangible assets	14	(585 371)	(1 374 321)	(67 404)	(168 037)
Other impairments		177 244	(3 182 182)	363 182	(1 861 577)
- Impairment reversal / (impairment) of related party receivables		452 932	(3 188 321)	638 870	(1 861 577)
- Other		(275 688)	6 139	(275 688)	-
Profit / (loss) on disposal of property, plant and equipment		154	(385)	(465)	(232)
Employee benefits		(7 552 825)	(3 740 293)	(5 912 981)	(1 595 805)
- Short-term benefits		(7 280 311)	(3 605 339)	(5 676 462)	(1 550 589)
- Post-employment benefits		(272 514)	(134 954)	(236 519)	(45 216)

* Included in other expenses are courier charges, bank charges, social impact costs, repairs and maintenance, telephone charges and travelling costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

5. DISCLOSURE OF TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME

	Inflation adjusted		
All amounts in ZW$ '000	Gross amount	Tax effect	Net amount
Items that will not be reclassified subsequently to profit or loss			
28 February 2022			
Fair value gain on investments in equity instruments designated at fair value through other comprehensive income	2 316 194	(310 959)	**2 005 235**
Loss on property revaluation	(3 997 636)	819 453	**(3 178 183)**
Share of other comprehensive income of associates	365 063	-	**365 063**
Other comprehensive loss	**(1 316 379)**	**508 494**	**(807 885)**
28 February 2021			
Fair value gain on investments in equity instruments designated at fair value through other comprehensive income	3 227 531	-	**3 227 531**
Gain on property revaluation	4 032 825	(1 093 361)	**2 939 464**
Share of other comprehensive income of associates	53 237	-	**53 237**
Other comprehensive income / (loss)	**7 313 593**	**(1 093 361)**	**6 220 232**

	Historic		
All amounts in ZW$ '000	Gross amount	Tax effect	Net amount
Items that will not be reclassified subsequently to profit or loss			
28 February 2022			
Fair value gain on investments in equity instruments designated at fair value through other comprehensive income	12 974 224	(314 564)	**12 659 660**
Gain on property revaluation	8 733 410	(2 160 365)	**6 573 045**
Share of other comprehensive income of associates	741 243	-	**741 243**
Other comprehensive income	**22 448 877**	**(2 474 929)**	**19 973 948**
28 February 2021			
Fair value gain on investments in equity instruments designated at fair value through other comprehensive income	9 753 958	-	**9 753 958**
Gain on property revaluation	26 862 703	(5 245 693)	**21 617 010**
Share of other comprehensive income of associates	518 003	-	**518 003**
Other comprehensive income	**37 134 664**	**(5 245 693)**	**31 888 971**

6. FINANCE INCOME

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Interest earned from bank deposits and receivables	724 217	455 455	583 338	206 171
Interest earned from financial assets at amortised cost (money market deposit)	293	463	217	206
	724 510	**455 918**	**583 555**	**206 377**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

7. FINANCE COSTS

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Interest on borrowings and bank overdrafts	(445 401)	(550 416)	(338 049)	(241 146)
Interest on lease liabilities	(219 334)	(104 834)	(163 036)	(45 197)
Unwinding of provisions	(209 366)	(35 361)	(173 748)	(16 128)
	(874 101)	**(690 611)**	**(674 833)**	**(302 471)**

The interest rate applied on borrowings and overdrafts is based on an effective interest rate calculated using the cash flow obligations arising under the terms of the specific obligation.

8. 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.

8.1 Loss for the year from discontinued operations

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

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	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)**
Loss before tax from discontinued operations was arrived at after taking the following income / (expenditure) into account:				
Allowance for credit losses on trade receivables	(29 065)	(1 211)	(29 003)	(729)
Loss on re-measurement of assets classified as held for sale	-	(832 573)	-	(355 060)
Loss of disposal of property, plant and equipment	(101 017)	-	(62 187)	-
Fair value gain on investment properties	-	10 789	-	54 478
Depreciation of property, plant and equipment	(580)	(72 145)	(544)	(10 302)
Auditors' remuneration	(2 219)	(7 558)	(2 000)	(3 239)
Amortisation of returnable containers excess purchase price	-	(219)	-	(47)
Employee benefits	(5 245)	(95 852)	(2 565)	(41 879)
- Short-term benefits	(5 030)	(91 927)	(2 460)	(40 047)
- Post-employment benefits	(215)	(3 925)	(105)	(1 832)

The loss recognised on re-measurement of assets classified as held for sale was determined as the difference between the expected proceeds from the disposal and the fair value of the assets classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

8. DISCONTINUED OPERATIONS (CONTINUED)

8.2 Assets classified as held for sale

The assets classified as held for sale in prior year were as follows:

	Inflation adjusted	Historic
All amounts in ZW$ '000	**2021**	**2021**
Land and buildings	492 049	296 223
Plant and equipment	658 349	396 339
Investment properties	35 334	21 272
	1 185 732	**713 834**

9. INCOME TAX EXPENSE

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	**2022**	2021	**2022**	2021
Current tax	31.3	**(11 088 329)**	**(4 623 305)**	**(8 845 959)**	**(2 511 463)**
Continuing operations		(11 088 329)	(4 623 305)	(8 845 959)	(2 511 463)
Discontinued operations		-	-	-	-
Deferred tax	15.3	**2 047 278**	**3 626 618**	**2 082 063**	**2 177 404**
Continuing operations		1 832 375	3 449 260	1 944 989	2 081 278
Discontinued operations		214 903	177 358	137 074	96 126
Income tax (expense) / credit		**(9 041 051)**	**(996 687)**	**(6 763 896)**	**(334 059)**
Continuing operations		(9 255 954)	(1 174 045)	(6 900 970)	(430 185)
Discontinued operations		214 903	177 358	137 074	96 126
Tax reconciliation					
Profit before tax		**21 298 591**	**2 038 393**	**22 455 350**	**1 566 466**
Continuing operations		21 870 092	2 522 384	22 579 216	1 889 115
Discontinued operations		(571 501)	(483 991)	(123 866)	(322 649)
Normal tax expense at 24.72%		(5 265 012)	(503 891)	(5 550 963)	(387 231)
Effect of share of profit / (loss) of associates		16 800	(33 432)	76 488	(12 793)
Effect of unrecognised deferred tax asset		(145 474)	(507 744)	(13 073)	(734 366)
Effect of rebasing income tax values of assets		-	1 753 217	-	1 055 471
Net effect of disallowable expenses[1]		(3 647 365)	(1 704 837)	(1 276 348)	(255 140)
Income tax expense		**(9 041 051)**	**(996 687)**	**(6 763 896)**	**(334 059)**

1 Disallowed expenses mainly pertain to; expenses that are subject to statutory deduction limits, amortisation of the operating licence, monetary adjustment, disallowed interest expense; social impact costs and impairment of other receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

10. EARNINGS / (LOSS) PER SHARE

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	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)	226 523
Earnings used in calculation of basic and diluted earnings per share from continuing operations	**12 760 195**	**1 405 208**	**15 662 868**	**1 533 831**
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**

Basic earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the weighted average number of shares in issue for the year which participated in the profit of the Group. Treasury shares are excluded from participating shares.

Fully diluted earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the weighted average number of shares in issue after adjusting for conversion of share options not yet exercised and convertible instruments (as applicable). There were no instruments with a dilutive effect at the end of the financial year.

Headline earnings

Headline earnings comprise basic earnings attributable to ordinary shareholders adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects.

	Inflation adjusted		Historic	
Number of shares	**2022**	2021	**2022**	2021
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share ('000)	2 417 789	2 479 180	2 417 789	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)	(0.13)	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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

11. PROPERTY, PLANT AND EQUIPMENT

	Inflation adjusted						
All amounts in ZW$ '000	Land and buildings	Mobile network equipment	Office equipment	Beverage plant and equipment	Vehicles	Work-in-progress	Total
Cost / Revaluation							
At 29 February 2020	**5 513 814**	**119 054 767**	**6 900 520**	**1 663 934**	**1 656 518**	**502 713**	**135 292 266**
Additions	-	-	42 483	206	124 508	1 555 970	**1 723 167**
Write-offs	-	-	-	(1 234)	-	(8 855)	**(10 089)**
Disposals	-	-	(4 459)	-	(69 964)	-	**(74 423)**
Inflation (IAS 29) adjustment on assets transferred to held for sale	242 704	-	2 839	231 528	24 903	-	**501 974**
Revaluation adjustment	806 536	13 164 520	705 647	123 988	206 816	-	**15 007 507**
Transfer from work in progress	1 622	1 417 909	10 910	-	-	(1 430 441)	**-**
Transfer to assets held for sale	(2 017 578)	-	(23 597)	(1 924 721)	(209 011)	-	**(4 174 907)**
At 28 February 2021	**4 547 098**	**133 637 196**	**7 634 343**	**93 701**	**1 733 770**	**619 387**	**148 265 495**
Additions	2 099	931 916	326 301	-	799 287	2 190 158	**4 249 761**
Write-offs	-	(217 394)	(15 626)	-	-	(8 790)	**(241 810)**
Disposals	-	-	(36 897)	(30 594)	(9 012)	-	**(76 503)**
Revaluation adjustment	(479 955)	(15 393 350)	(928 937)	-	(283 878)	-	**(17 086 120)**
Transfer from work in progress	16 047	1 011 180	6 380	-	-	(1 033 607)	**-**
At 28 February 2022	**4 085 289**	**119 969 548**	**6 985 564**	**63 107**	**2 240 167**	**1 767 148**	**135 110 823**
Accumulated depreciation and impairment							
At 29 February 2020	**(2 136 952)**	**(73 943 487)**	**(4 464 417)**	**(237 206)**	**(874 516)**	**-**	**(81 656 578)**
Charge for the year	(111 112)	(11 365 892)	(1 169 709)	(50 308)	(137 070)	-	**(12 834 091)**
Eliminated on disposals	-	-	4 107	-	48 117	-	**52 224**
Inflation (IAS 29) adjustment on assets transferred to held for sale	(177 103)	-	(2 137)	(64 282)	(20 640)	-	**(264 162)**
Revaluation adjustment	(823 674)	(8 847 183)	(120 398)	(245 683)	(242 407)	-	**(10 279 345)**
Transfer to assets held for sale	1 472 059	-	17 764	534 372	171 588	-	**2 195 783**
At 28 February 2021	**(1 776 782)**	**(94 156 562)**	**(5 734 790)**	**(63 107)**	**(1 054 928)**	**-**	**(102 786 169)**
Charge for the year	(106 531)	(12 738 638)	(940 975)	-	(274 826)	-	**(14 060 970)**
Write-offs	-	213 044	15 233	-		-	**228 277**
Eliminated on disposals	-	-	34 565	-	7 692	-	**42 257**
Revaluation adjustment	293 898	12 223 876	1 045 099	-	76 019	-	**13 638 892**
At 28 February 2022	**(1 589 415)**	**(94 458 280)**	**(5 580 868)**	**(63 107)**	**(1 246 043)**	**-**	**(102 937 713)**
Carrying amount							
At 28 February 2022	**2 495 874**	**25 511 268**	**1 404 696**	**-**	**994 124**	**1 767 148**	**32 173 110**
At 28 February 2021	**2 770 316**	**39 480 634**	**1 899 553**	**30 594**	**678 842**	**619 387**	**45 479 326**

Had the Group's property, plant and equipment been measured on a historic cost basis, the related carrying amounts would have been as follows;

At 28 February 2022	**1 976 658**	**15 859 908**	**820 025**	**-**	**724 988**	**1 149 768**	**20 531 347**
At 28 February 2021	**857 441**	**11 134 254**	**460 359**	**25 491**	**238 981**	**475 724**	**13 192 250**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Historic						
All amounts in ZW$ '000	Land and buildings	Mobile network equipment	Office equipment	Beverage plant and equipment	Vehicles	Work-in-progress	Total
Cost / Revaluation							
At 29 February 2020	**804 152**	**16 999 373**	**962 542**	**229 998**	**269 790**	**48 545**	**19 314 400**
Additions	-	-	19 690	113	72 568	330 489	**422 860**
Write-offs	-	-	-	(418)	-	(1 265)	**(1 683)**
Disposals	-	-	(637)	-	(9 991)	-	**(10 628)**
Revaluation adjustment	3 064 709	63 395 042	3 513 105	809 464	974 169	-	**71 756 489**
Transfer from work in progress	849	52 661	5 262	-	-	(58 772)	**-**
Transfer to assets held for sale	(1 068 510)	-	(12 497)	(1 019 333)	(110 693)	-	**(2 211 033)**
At 28 February 2021	**2 801 200**	**80 447 076**	**4 487 465**	**19 824**	**1 195 843**	**318 997**	**89 270 405**
Additions	1 337	908 705	234 923	-	542 888	1 860 496	**3 548 349**
Write-offs	-	(130 876)	(9 407)	-	-	(5 292)	**(145 575)**
Disposals	-	-	(22 214)	(18 416)	(9 012)	-	**(49 642)**
Revaluation adjustment	1 381 570	38 122 001	2 109 857	-	765 151	-	**42 378 579**
Transfer from work in progress	8 818	613 559	2 056	-	-	(624 433)	**-**
At 28 February 2022	**4 192 925**	**119 960 465**	**6 802 680**	**1 408**	**2 494 870**	**1 549 768**	**135 002 116**
Accumulated depreciation and impairment							
At 29 February 2020	**(321 952)**	**(10 557 693)**	**(614 678)**	**(26 268)**	**(158 124)**	**-**	**(11 678 715)**
Charge for the year	(18 173)	(1 857 312)	(173 465)	(7 184)	(31 294)	-	**(2 087 428)**
Eliminated on disposals	-	-	586	-	7 058	-	**7 644**
Revaluation adjustment	(1 572 882)	(44 263 957)	(2 565 752)	(250 959)	(695 682)	-	**(49 349 232)**
Transfer to assets held for sale	779 603	-	9 408	283 003	90 872	-	**1 162 886**
At 28 February 2021	**(1 133 404)**	**(56 678 962)**	**(3 343 901)**	**(1 408)**	**(787 170)**	**-**	**(61 944 845)**
			-			-	
Charge for the year	(29 287)	(7 627 029)	(563 128)	-	(177 038)	-	**(8 396 482)**
Write-offs	-	128 257	9 171	-		-	**137 428**
Eliminated on disposals	-	-	19 124	-	7 692	-	**26 816**
Revaluation adjustment	(534 360)	(30 271 463)	(1 519 250)	-	(544 230)	-	**(32 869 303)**
At 28 February 2022	**(1 697 051)**	**(94 449 197)**	**(5 397 984)**	**(1 408)**	**(1 500 746)**	**-**	**(103 046 386)**
Carrying amount		**-**					
At 28 February 2022	**2 495 874**	**25 511 268**	**1 404 696**	**-**	**994 124**	**1 549 768**	**31 955 730**
At 28 February 2021	**1 667 796**	**23 768 114**	**1 143 564**	**18 416**	**408 673**	**318 997**	**27 325 560**

Had the Group's property, plant and equipment been measured on a historic cost basis, the related carrying amounts would have been as follows;

At 28 February 2022	**33 302**	**240 591**	**1 729 140**	**-**	**558 989**	**920 800**	**3 482 822**
At 28 February 2021	**26 994**	**325 049**	**48 665**	**438**	**76 422**	**295 173**	**772 741**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's property, plant and equipment were performed by an independent valuer.

The fair values were determined using the depreciated replacement cost approach that reflects the cost to a market participant to construct or purchase an asset of comparable utility and age, adjusted for obsolescence and physical deterioration. There has been no change to the valuation technique during the year.

United States dollar inputs to the revaluations for both current and prior year were based on observable, either directly or indirectly data i.e. Level 2 inputs. 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.

11.1 Debt collateralisation and borrowing costs

Property, plant and equipment is unencumbered. No borrowings costs were capitalised during the year and in prior year.

11.2 Impairment of assets

Assets with a carrying amount of ZW$ 13.5 million (2021: ZW$ 10 million) were written-off to profit or loss.

11.3 Sensitivity of property, plant and equipment values to changes in the exchange rate

Property, plant and equipment was largely procured in foreign currency and the replacement of such assets also require foreign currency. As a result, valuations of the Group's property, plant and equipment largely track the exchange rate.

A rate of ZW$ 124 (2021: ZW$ 84) to the US dollar was used to translate the US dollar values determined by the professional valuer at year end. The sensitivity analysis below shows the impact of various exchange rates at 28 February 2022 on the carrying amount of property, plant and equipment;

	Sensitivity analysis (impact on carrying amount)			
	Inflation adjusted		Historic	
All amounts in ZW$ '000	Rate of 175	Rate of 240	Rate of 175	Rate of 240
28 February 2022				
Carrying amount	44 952 475	61 649 108	44 952 475	61 649 108
Increase in property revaluation reserve	9 858 353	22 427 579	9 858 353	22 427 579
Increase in deferred tax liabilities	3 237 228	7 364 635	3 237 228	7 364 635
All amounts in ZW$ '000	Rate of 100	Rate of 120	Rate of 100	Rate of 120
28 February 2021				
Carrying amount	53 729 608	64 475 530	32 346 277	38 815 533
Increase in property revaluation reserve	6 517 411	14 606 940	3 923 609	8 793,664
Increase in deferred tax liabilities	2 140 148	4 796 540	1 288 411	2 887 611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

12. RIGHT-OF-USE ASSETS

	Land and buildings			
	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Cost				
Balance at beginning of year	1 942 904	2 358 116	948 074	336 728
Re-measurement adjustment	1 459 167	(415 212)	2 003 714	611 346
Balance at end of year	**3 402 071**	**1 942 904**	**2 951 788**	**948 074**
Accumulated depreciation and impairment				
Balance at beginning of year	(482 536)	(241 268)	(68 904)	(34 452)
Charge for the year	(182 388)	(241 268)	(145 737)	(34 452)
Balance at end of year	**(664 924)**	**(482 536)**	**(214 641)**	**(68 904)**
Carrying amount	**2 737 147**	**1 460 368**	**2 737 147**	**879 170**

As a lessee, the Group recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate at 28 February 2022. Generally, the Group uses the weighted average incremental borrowing rate for discounting purposes. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by prepaid or accrued lease payments and initial direct costs, if any.

The Group's leasing activities

The Group leases tower space and land, retail stores, warehouses and equipment. Lease contracts are typically made for fixed tenures averaging between 1 and 25 years with extension options. Lease terms are individually negotiated and contain a wide range of different terms and conditions. Lease obligations are generally fixed for specified tenures forming part of the lease term. The maturity analysis of lease liabilities is presented in Note 23.

Amounts recognised in profit or loss

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Depreciation expense on right-of-use assets	182 388	241 268	145 737	34 452
Interest expense on lease liabilities	219 334	104 834	163 036	45 197

The Group does not have leases of assets with low values giving rise to significant obligations. At 28 February 2022, the Group did not have significant commitments relating to short-term leases. The total cash outflow for leases amount to ZW$ 653.2 million (2021: ZW$ 371.1 million).

In determining the lease tenure, consideration is given to all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle and past history of terminating / not renewing leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

13. INVESTMENT PROPERTIES

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Balance at beginning of year	**199 075**	**104 485**	**119 847**	**14 920**
Additions	-	120 058	-	38 703
Inflation (IAS 29) adjustment on assets transferred to held for sale	-	4 714	-	-
Revaluation (decrease) / increase	(20 247)	8 993	58 981	86 971
Transfer to assets held for sale	-	(39 175)	-	(20 747)
Balance at end of year	**178 828**	**199 075**	**178 828**	**119 847**

Investment property pertains to commercial and residential properties leased to third parties. The Group's investment properties were valued by an independent professional valuer at 28 February 2022 on the basis of open market value.

Inputs to the revaluations for both current and prior year were based on observable, either directly or indirectly data i.e. Level 2 inputs. 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. There has been no change to the valuation technique during the year.

Rental income pertaining to the investment property recognised in profit and loss for the year amounted to ZW$ 2.6 million (2021: ZW$ 1 million) and costs amounted to ZW$ 81 thousand (2021: ZW$ 67 thousand). Rental income and costs associated with the investment property are included in "Other income" and "Other expenses" respectively in the statement of profit or loss.

Description of valuation techniques used and key inputs to valuation of investment property:

	Valuation technique	Significant observable inputs	Range (weighted average)
Office property	Implicit investment approach (Refer below)	Comparable rentals per month, per square meter	ZW$ 630 – ZW$ 1 130
Residential stands	Market value of similar properties (Refer below)	Comparable rate per square meter	ZW$ 2 515 - ZW$ 3 260

In arriving at the market value for property, the implicit investment approach was applied based on the capitalisation of income. This method is based on the principle that rentals and capital values are inter-related. Hence given the income produced by a property, its capital value can therefore be estimated. Comparable rentals inferred from properties within the locality of the property based on use, location, size and quality of finishes were used. The rentals were then adjusted per square meter to the lettable areas, being rentals achieved for comparable properties as at 28 February 2022. The rentals are then annualised and a capitalisation factor was applied to arrive at a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

In assessing the market value of the residential stands, values of various properties that had been recently sold or which are currently on sale and situated in comparable residential areas were used. Market evidence from other estate agents and local press was also taken into consideration.

A change in the significant observable inputs will result in a corresponding direct impact of the fair values of investment property.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

14. INTANGIBLE ASSETS

	Inflation adjusted		
All amounts in ZW$ '000	Operating licence	Computer software and other	Total
Cost / Revaluation			
At 29 February 2020	**17 284 355**	**2 186 213**	**19 470 568**
Additions	-	11 691	**11 691**
Revaluation adjustment	1 873 595	-	**1 873 595**
At 28 February 2021	**19 157 950**	**2 197 904**	**21 355 854**
Restatement (Note 14.1)	(9 535 295)	-	**(9 535 295)**
At 28 February 2021 (Restated)	**9 622 655**	**2 197 904**	**11 820 559**
Additions	-	294	**294**
At 28 February 2022	**9 622 655**	**2 198 198**	**11 820 853**
Accumulated amortisation and impairment			
At 29 February 2020	**(5 783 853)**	**(1 410 241)**	**(7 194 094)**
Amortisation charge for the year	(862 540)	(511 781)	**(1 374 321)**
Revaluation adjustment	(2 070 431)	-	**(2 070 431)**
At 28 February 2021	**(8 716 824)**	**(1 922 022)**	**(10 638 846)**
Restatement (Note 14.1)	5 028 170	-	**5 028 170**
At 28 February 2021 (Restated)	**(3 688 654)**	**(1 922 022)**	**(5 610 676)**
Amortisation charge for the year	(481 135)	(104 236)	**(585 371)**
At 28 February 2022	**(4 169 789)**	**(2 026 258)**	**(6 196 047)**
Carrying amount			
At 28 February 2022	**5 452 866**	**171 940**	**5 624 806**
At 29 February 2021	**10 441 126**	**275 882**	**10 717 008**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

14. INTANGIBLE ASSETS (CONTINUED)

	Historic		
All amounts in ZW$ '000	Operating licence	Computer software and other	Total
Cost / Revaluation			
At 29 February 2020	**2 468 125**	**285 622**	**2 753 747**
Additions	-	2 113	**2 113**
Revaluation adjustment	9 065 375	-	**9 065 375**
At 28 February 2021	**11 533 500**	**287 735**	**11 821 235**
Restatement (Note 14.1)	(11 396 000)	-	**(11 396 000)**
At 28 February 2021 (Restated)	**137 500**	**287 735**	**425 235**
Additions	-	177	**177**
At 28 February 2022	**137 500**	**287 912**	**425 412**
Accumulated amortisation and impairment			
At 29 February 2020	**(825 907)**	**(174 817)**	**(1 000 724)**
Amortisation charge for the year	(123 166)	(44 871)	**(168 037)**
Revaluation adjustment	(4 298 669)	-	**(4 298 669)**
At 28 February 2021	**(5 247 742)**	**(219 688)**	**(5 467 430)**
Restatement (Note 14.1)	5 195 034	-	**5 195 034**
At 28 February 2021 (Restated)	**(52 708)**	**(219 688)**	**(272 396)**
Amortisation charge for the year	(6 875)	(60 529)	**(67 404)**
At 28 February 2022	**(59 583)**	**(280 217)**	**(339 800)**
Carrying amount			
At 28 February 2022	**77 917**	**7 695**	**85 612**
At 29 February 2021	**6 285 758**	**68 047**	**6 353 805**

Intangible assets pertain to licences and computer software held by Econet Wireless (Private) Limited. The Group uses the expected usage of the asset to determine the useful life of intangible assets.

The operating licence relates to the mobile network operating segment. The licence will be fully amortised in eleven years. At 28 February 2022, computer software had an average remaining useful life of one year. Software integral to an item of hardware equipment is classified as property, plant and equipment (Refer to Note 11).

14.1 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 amortised 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 applicability 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 revaluations have been prospectively corrected by adjusting opening retained earnings; revaluation reserve; and cost and accumulated amortisation of the operating licence. Equity components adjustments are disclosed on the statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

15. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon.

15.1 Deferred tax asset

	Inflation adjusted		
All amounts in ZW$ '000	Net unrealised exchange losses	Provisions and other	Total
At 29 February 2020	**2 372 627**	**499 344**	**2 871 971**
Charge to profit or loss	(337 577)	(31 598)	**(369 175)**
At 28 February 2021	**2 035 050**	**467 746**	**2 502 796**
(Charge) / credit to profit or loss	(575 841)	138 525	**(437 316)**
At 28 February 2022	**1 459 209**	**606 271**	**2 065 480**

	Historic		
All amounts in ZW$ '000	Net unrealised exchange losses	Provisions and other	Total
At 29 February 2020	**339 768**	**70 336**	**410 104**
Credit to profit or loss	909 185	186 728	**1 095 913**
At 29 February 2021	**1 248 953**	**257 064**	**1 506 017**
Credit to profit or loss	210 256	346 720	**556 976**
At 28 February 2022	**1 459 209**	**603 784**	**2 062 993**

15.2 Deferred tax liability

	Inflation adjusted		
All amounts in ZW$ '000	Property, plant and equipment	Financial assets at FVTOCI	Total
At 29 February 2020	**12 918 750**	**7 556**	**12 926 306**
Credit to profit or loss	(3 995 793)	-	**(3 995 793)**
Charge to equity	1 093 361	-	**1 093 361**
At 28 February 2021	**10 016 318**	**7 556**	**10 023 874**
Credit to profit or loss	(2 480 848)	(3 746)	**(2 484 594)**
(Credit) / charge to equity	(819 453)	310 959	**(508 494)**
At 28 February 2022	**6 716 017**	**314 769**	**7 030 786**

	Historic		
All amounts in ZW$ '000	Property, plant and equipment	Financial assets at FVTOCI	Total
At 29 February 2020	**1 838 305**	**181**	**1 838 486**
Credit to profit or loss	(1 081 491)	-	**(1 081 491)**
Charge to equity	5 245 693	-	**5 245 693**
At 28 February 2021	**6 002 507**	**181**	**6 002 688**
(Credit) / charge to profit or loss	(1 525 111)	24	**(1 525 087)**
Charge to equity	2 160 365	314 564	**2 474 929**
At 28 February 2022	**6 637 761**	**314 769**	**6 952 530**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

15. DEFERRED TAX (CONTINUED)

15.3 Net deferred tax (liability) /asset

	Inflation adjusted				
All amounts in ZW$ '000	Property, plant and equipment	Net unrealised exchange losses	Provisions and other	Financial assets at FVTOCI	Total
At 29 February 2020	**(12 918 750)**	**2 372 627**	**499 344**	**(7 556)**	**(10 054 335)**
Credit / (charge) to profit or loss	3 995 793	(337 577)	(31 598)	-	**3 626 618**
Charge to equity	(1 093 361)	-	-	-	**(1 093 361)**
At 28 February 2021	**(10 016 318)**	**2 035 050**	**467 746**	**(7 556)**	**(7 521 078)**
Credit / (charge) to profit or loss	2 480 848	(575 841)	138 525	3 746	**2 047 278**
Credit / (charge) to equity	819 453	-	-	(310 959)	**508 494**
At 28 February 2022	**(6 716 017)**	**1 459 209**	**606 271**	**(314 769)**	**(4 965 306)**

	Historic				
All amounts in ZW$ '000	Property, plant and equipment	Net unrealised exchange losses	Provisions and other	Financial assets at FVTOCI	Total
At 29 February 2020	**(1 838 305)**	**339 768**	**70 336**	**(181)**	**(1 428 382)**
Credit to profit or loss	1 081 491	909 185	186 728	-	**2 177 404**
Charge to equity	(5 245 693)	-	-	-	**(5 245 693)**
At 28 February 2021	**(6 002 507)**	**1 248 953**	**257 064**	**(181)**	**(4 496 671)**
Credit / (charge) to profit or loss	1 525 111	210 256	346 720	(24)	**2 082 063**
Charge to equity	(2 160 365)	-	-	(314 564)	**(2 474 929)**
At 28 February 2022	**(6 637 761)**	**1 459 209**	**603 784**	**(314 769)**	**(4 889 537)**

16. FINANCIAL ASSETS AT AMORTISED COST

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Balance at beginning of year	**12 764**	**52 369**	**7 684**	**7 478**
Accrued interest	293	463	217	206
Inflation (IAS 29) adjustment	(5 156)	(40 068)	-	-
Balance at end of year	**7 901**	**12 764**	**7 901**	**7 684**

Financial assets at amortised cost relate to investments with a local financial institution at a fixed interest rate of 3% per annum.

For the purposes of impairment assessment, the investments are considered to have low credit risk as the counterparty to these investments has no historical market default on similar investments. The Group has taken into account the historical default experience, the financial position of the counterparty, as well as the future prospects of the industry in which the counterparty operates, obtained from financial analyst reports and considering various external sources of actual and forecast economic information such as inflation and GDP growth. Accordingly, no credit losses have been recognised on the investments using the 12-month expected credit loss model.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

17. INVESTMENT IN ASSOCIATES

Summary of share of profit / (loss)

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	2022	Restated* 2021	2022	Restated* 2021
Cumii Zimbabwe (Private) Limited	17.1	-	-	-	-
EcoCash Holdings Zimbabwe Limited	17.2	189 542	(337 918)	309 419	(51 751)
Distributed Power Africa (Private) Limited	17.3	(121 581)	202 675	-	-
		67 961	**(135 243)**	**309 419**	**(51 751)**

No dividend income was received from any of the associates in both current and prior year.

Summary of carrying amounts

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	2022	Restated* 2021	2022	Restated* 2021
Cumii Zimbabwe (Private) Limited	17.1	-	-	-	-
EcoCash Holdings Zimbabwe Limited	17.2	5 456 555	4 452 021	2 061 437	847 103
Distributed Power Africa (Private) Limited	17.3	79 934	201 515	-	-
		5 536 489	**4 653 536**	**2 061 437**	**847 103**

* Refer to Note 40 for more details on the restatement.

17.1 Cumii Zimbabwe (Private) Limited

The Group has a 51% investment in Cumii Zimbabwe (Private) Limited (Cumii) which invests in innovative connective technology in Zimbabwe. Cumii seeks to enable and promote connected lifestyles throughout Zimbabwe by drawing on the growing trend of the internet of things. The services enable both domestic and commercial clients to achieve greater connectivity. Although the Group holds more than 50% of the equity shares of Cumii, the Group does not control the entity by virtue of a shareholders' agreement. Cumii is incorporated in Zimbabwe and its registered office and principal place of business is Smatsatsa Office Park, First Floor, Block B, Borrowdale Road, Borrowdale, Harare, Zimbabwe.

The following table illustrates the summarised financial information of the Group's investment in Cumii:

Summarised statement of financial position

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Non-current assets	66 123	83 803	64 233	46 704
Current assets	29 371	35 192	29 371	19 501
Current liabilities	(20 559)	(22 871)	(20 559)	(13 732)
Non-current liabilities	(30 495)	(45 477)	(30 495)	(27 949)
Equity	**44 440**	**50 647**	**42 550**	**24 524**
Proportion of the Group's ownership	51%	51%	51%	51%
Group's ownership	22 664	25 830	21 701	12 507
Unrecognised Group's share of ownership	(22 664)	(25 830)	(21 701)	(12 507)
Carrying amount of investment	**-**	**-**	**-**	**-**

The Group's unrecognised share of ownership relates to a once-off restructuring profit which was recognised directly in equity by Cumii in prior years and prior year unrealised exchange gains. The entity is still being restructured and continues to incur operating losses. The Directors reviewed Cumii's budgets and cash flow forecasts for the year to 28 February 2023 and, in light of this review and its current financial position, considered it imprudent to recognise its share of ownership. As a result, the investment in Cumii remains impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

17. INVESTMENT IN ASSOCIATES (CONTINUED)

17.1 Cumii Zimbabwe (Private) Limited (continued)

Summarised financial performance

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Revenue	**949**	**4 525**	**589**	**2 164**
Other income	33 821	36 612	25 140	15 744
Cost of sales	(436)	(2 040)	(271)	(939)
Administrative expenses	(13 108)	(59 035)	(10 741)	(27 884)
Monetary adjustment	(28 032)	5 267	-	-
(Loss) / profit before tax	**(6 806)**	**(14 671)**	**14 717**	**(10 915)**
Income tax expense	-	-	-	-
(Loss) / profit for the year	**(6 806)**	**(14 671)**	**14 717**	**(10 915)**
Group's attributable share of (loss) / profit for the year	**(3 471)**	**(7 482)**	**7 506**	**(5 567)**
Unrecognised share of (loss) / profit	3 471	7 482	(7 506)	5 567
Group's share of (loss) / profit for the year	**-**	**-**	**-**	**-**

17.2 EcoCash Holdings Zimbabwe Limited

During the year, the associate changed its name from Cassava Smartech Zimbabwe Limited to EcoCash Holdings Zimbabwe Limited (EcoCash). The change was adopted to align the name of the associate with the associate's main operating subsidiary, EcoCash (Private) Limited.

The Group exercises significant influence over EcoCash by virtue of its 23% (2021: 23%) equity investment in the entity. EcoCash uses digital solutions to address everyday challenges through innovative, inclusive, stable and reliable digital solutions. EcoCash is incorporated in Zimbabwe and its registered office and principal place of business is number 1906 Liberation Legacy Way, Borrowdale, Harare, Zimbabwe.

The following table illustrates the summarised unaudited financial information of the Group's investment in EcoCash:

Summarised statement of financial position

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	Restated* 2021	2022	Restated* 2021
Non-current assets	22 691 124	13 921 440	18 816 740	6 788 648
Current assets	26 046 652	29 330 729	23 524 361	16 413 363
Current liabilities	(26 610 538)	(29 112 331)	(25 937 519)	(17 118 735)
Non-current liabilities	(10 583 059)	(5 988 484)	(9 068 958)	(3 278 401)
Equity	**11 544 179**	**8 151 354**	**7 334 624**	**2 804 875**
Proportion of the Group's ownership	23%	23%	23%	23%
Group's ownership	2 655 161	1 850 357	1 688 270	636 707
Goodwill	2 801 394	2 601 664	373 167	210 396
Carrying amount of investment	**5 456 555**	**4 452 021**	**2 061 437**	**847 103**

* Refer to Note 40 for more details on the restatement.

The market value of EcoCash amounted to ZW$ 186.6 billion at year end (2021: ZW$ 45.8 billion). The Group's proportional ownership translates to ZW$ 43 billion (2021: ZW$ 10.5 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

17. INVESTMENT IN ASSOCIATES (CONTINUED)

17.2 EcoCash Holdings Zimbabwe Limited (continued)

Summarised financial performance

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	Restated* 2021	2022	Restated* 2021
Revenue	**29 929 399**	**23 750 281**	**23 769 797**	**10 146 386**
Cost of sales	(8 776 179)	(7 576 039)	(6 614 744)	(3 456 062)
Other income	2 273 613	1 141 024	3 408 682	1 700 289
Administrative expenses	(20 707 934)	(19 065 660)	(16 134 890)	(6 229 533)
Net foreign exchange losses	(730 703)	(6 306 245)	(1 227 286)	(2 199 300)
Net finance costs	(343 936)	(405 517)	(221 388)	(181 405)
Monetary adjustment	1 946 730	7 257 603	-	-
Profit / (loss) before tax	**3 590 990**	**(1 204 553)**	**2 980 171**	**(219 625)**
Income tax (expense) / credit	(2 560 869)	(527 004)	(1 338 019)	93 280
Profit / (loss) for the year	**1 030 121**	**(1 731 557)**	**1 642 152**	**(126 345)**
Other comprehensive income	1 589 589	271 001	2 935 337	2 304 351
Total profit or loss and other comprehensive income	**2 619 710**	**(1 460 556)**	**4 577 489**	**2 178 006**
Group's share of profit or loss and other comprehensive income	**554 605**	**(277 379)**	**1 050 662**	**466 253**
Reconciliation of carrying amount of investment				
Balance at beginning of year	**4 452 021**	**4 311 836**	**847 103**	**229 231**
Additions	272 115	334 173	229 265	149 491
Share of profit / (loss) of associate	189 542	(337 918)	309 419	(51 751)
Share of other comprehensive income of associate	365 063	60 537	741 243	518 003
Other equity movements	177 814	83 393	(65 593)	2 129
Balance at end of year	**5 456 555**	**4 452 021**	**2 061 437**	**847 103**

* Refer to Note 40 for more details on the restatement.

17.3 Distributed Power Africa (Private) Limited

The Group exercises significant influence over Distributed Power Africa (Private) Limited (DPA) by virtue of its 51% equity investment in the entity. DPA has vast interests in solar energy and offers commercial and industrial customers with innovative, efficient, green solar energy installations. Although the Group holds more than 50% of the equity shares of DPA, the Group does not control the entity by virtue of a shareholders' agreement. DPA is incorporated in Zimbabwe and its registered office and principal place of business is Smatsatsa Office Park, First Floor, Block B, Borrowdale Road, Borrowdale, Harare, Zimbabwe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

17. INVESTMENT IN ASSOCIATES (CONTINUED)

17.3 Distributed Power Africa (Private) Limited (continued)

The following table illustrates the summarised financial information of the Group's investment in DPA:

Summarised statement of financial position

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Non-current assets	636 820	856 478	198 970	329 620
Current assets	1 612 809	1 404 979	493 870	264 827
Current liabilities	(1 140 384)	(950 162)	(1 098 041)	(541 523)
Non-current liabilities	(952 512)	(916 166)	(544 146)	(394 146)
Equity / (deficit)	**156 733**	**395 129**	**(949 347)**	**(341 222)**
Proportion of the Group's ownership	51%	51%	51%	51%
Group's ownership	79 934	201 515	(484 167)	(174 023)
Unrecognised Group's share of ownership	-	-	484 167	174 023
Carrying amount of investment	**79 934**	**201 515**	**-**	**-**

Summarised financial performance

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Revenue	**543 976**	**243 180**	**470 280**	**108 290**
Cost of sales	(373 376)	(126 180)	(283 051)	(37 606)
Administrative expenses	(686 363)	(431 474)	(523 299)	(176 948)
Net foreign exchange losses	(204 651)	(788 451)	(181 145)	(286 073)
Monetary adjustment	694 516	1 333 104	-	-
(Loss) / profit before tax	**(25 898)**	**230 179**	**(517 215)**	**(392 337)**
Income tax (expense) / credit	(212 497)	37 642	29 678	(8)
(Loss) / profit for the year	**(238 395)**	**267 821**	**(487 537)**	**(392 345)**
Other comprehensive income	-	(14 315)	-	133 530
Total profit or loss and other comprehensive income	**(238 395)**	**253 506**	**(487 537)**	**(258 815)**
Group's share of profit or loss and other comprehensive income	**(121 581)**	**129 288**	**(248 644)**	**(131 996)**
Reconciliation of carrying amount of investment				
Balance at beginning of year	**201 515**	**-**	**-**	**-**
Reversal of prior year impairment	-	6 140	-	-
Recognition of accumulated prior year unrecognised share of profit of associate	-	66 087	-	-
Share of (loss) / profit of associate	(121 581)	136 588	(248 644)	(200 096)
Share of other comprehensive (loss) / income of associate	-	(7 300)	-	68 100
Unrecognised share of profit or loss and other comprehensive income	-	-	248 644	131 996
Balance at end of year	**79 934**	**201 515**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Balance at beginning of year	**20 236 478**	**17 008 947**	**12 182 756**	**2 428 798**
Additions	11 272 384	-	8 668 076	-
Fair value gain	2 316 194	3 227 531	12 974 224	9 753 958
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 (ZSE). The fair value of the shares is based on the ZSE published share prices i.e. Level 1 inputs.

Unlisted shares relate to an investment in Liquid Telecommunications Holdings (LTH) 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). Similarly, a 5% reduction in the EBITDA multiple would result in a decrease in the carrying amount of the investment 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.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Balance at beginning of year	**4 086**	**10 127**	**2 460**	**1 446**
Fair value (loss) / gain	(1 626)	(6 041)	-	1 014
Balance at end of year	**2 460**	**4 086**	**2 460**	**2 460**

Investments at fair value through profit or loss comprise shares listed on the Zimbabwe Stock Exchange. The fair value of the equity investments is based on the Zimbabwe Stock Exchange published share prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

20. 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 amounts 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 amounts 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.

21. INVENTORIES

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Merchandise	392 316	615 570	373 595	310 757
Fuel, spares, stationery and other	2 673 516	2 682 928	2 524 607	1 555 404
	3 065 832	**3 298 498**	**2 898 202**	**1 866 161**

The Directors are of the opinion that inventories are recorded at values that are not in excess of their recoverable amounts. All inventories are expected to be recovered within twelve (12) months.

During the year, the increase in the allowance for inventories in excess of net realisable value recognised amounted to ZW$ 0.6 million (2021: ZW$ 3.2 million). Inventories written off during the course of the year amounted to ZW$ 0.8 million (2021: ZW$ 8.3 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

22. TRADE AND OTHER RECEIVABLES

22.1 Current trade and other receivables

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Trade and other	5 654 628	2 851 227	5 654 628	1 716 495
Related parties[1]	1 194 660	2 927 307	1 194 660	1 762 296
Allowance for expected credit losses	(1 142 045)	(959 884)	(1 142 045)	(577 869)
	5 707 243	4 818 650	5 707 243	2 900 922
Prepayments	6 858 579	7 438 301	4 987 703	2 512 068
	12 565 822	**12 256 951**	**10 694 946**	**5 412 990**
Allowance for expected credit losses				
Balance at beginning of year	**(959 884)**	**(358 045)**	**(577 869)**	**(51 127)**
Increase in allowance for expected credit losses	(706 681)	(946 713)	(564 176)	(526 742)
Inflation (IAS 29) adjustment	524 520	344 874	-	-
Balance at end of year	**(1 142 045)**	**(959 884)**	**(1 142 045)**	**(577 869)**

[1] Refer to Note 32 for more details on related parties

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Other receivables are generally interest bearing and pertain to sundry receivables and advances which are due and payable within 12 months from the end of the reporting period.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade and other receivables are estimated using a provision matrix by reference to past default experience of the debtor and / or group of debtors, as applicable. For the impairment analysis, the Group classifies trade receivables into interconnection, post-paid, airtime credit services, franchise and other receivables.

The default experience is adjusted for factors that are specific to the debtors, general economic conditions such as current and forecast growth rate, of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions such as inflation and GDP growth rate. The Group has recognised loss allowances averaging between 50% - 100% for trade and other receivables amounts in the 60-day past due category and older because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over two years past due, whichever occurs earlier. Receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. At the end of the year, receivables were aged as follows:

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Ageing of impaired trade and other receivables				
0 - 60 days	509 487	772 573	509 487	465 104
+ 60 days	632 558	187 311	632 558	112 765
	1 142 045	**959 884**	**1 142 045**	**577 869**
Ageing of trade and other receivables that are past due but not impaired				
0 - 60 days	226 335	20 599	226 335	12 401
+ 60 days	551 939	279 836	551 939	168 467
	778 274	**300 435**	**778 274**	**180 868**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

22.1 Current trade and other receivables (continued)

Before accepting any new individual customer, the Group conducts trade reference checks to establish the credit history of the applicant. The Group also conducts due diligence assessments on individuals, companies and their directors. The Group considers the trade and other receivables past due to be recoverable and thus has not impaired these amounts.

The key assumptions applied in the determination of the allowance for expected credit losses comprise the following:

- an average recovery rate determined based on historical loss experience is applied on balances receivable from counterparties considered to be historical slow paying debtors and whose payment patterns are not consistent; and
- 100% provision for impairment losses on balances receivable from counterparties that have not demonstrated a commitment to pay the outstanding balance and for which engagements held with management have not yielded results.

22.2 Long-term receivables

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Gross receivable	3 285 186	4 500 445	3 285 186	2 709 356
Allowance for expected credit losses	(276 720)	(405 040)	(276 720)	(243 842)
	3 008 466	**4 095 405**	**3 008 466**	**2 465 514**

The long-term receivable pertains to an amount receivable from EcoCash to fund 50% of the debentures issued by the Group on maturity. The receivable accrues interest at a rate of 5% per annum and is due at the end of April 2023 when the debentures are redeemable. Note 30 provides more detail on the terms of the debentures.

For the purposes of impairment assessment, the long term receivable is considered to have low credit risk. Accordingly, the loss allowance for the receivable is measured at an amount equal to 12-month expected credit loss (ECL).

In determining the expected credit losses for the receivable, the Group has taken into account the historical default experience, the financial position of the counterparty, as well as the future prospects of the industries in which the counterparty operates, obtained from financial analyst reports and considering various external sources of actual and forecast economic information such as inflation and GDP growth, in estimating the probability of default occurring within the next 12 months as well as the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the receivable.

The Group recognised an additional allowance for expected credit losses of ZW$ 33 million (2021: 405 million) in the statement of profit or loss on the receivable, included in under 'Other impairments'.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

23. LEASE LIABILITIES

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Maturity analysis				
Not later than one year	507 333	271 094	507 333	163 204
Later than one year and not later than five years	1 734 535	984 408	1 734 535	592 633
Later than five years	2 879 475	1 540 146	2 879 475	927 198
	5 121 343	2 795 648	5 121 343	1 683 035
Less unearned interest	(2 635 794)	(1 459 569)	(2 635 794)	(878 689)
	2 485 549	**1 336 079**	**2 485 549**	**804 346**
Analysed as				
Current	388 444	250 294	388 444	150 682
Non-current	2 097 105	1 085 785	2 097 105	653 664
	2 485 549	**1 336 079**	**2 485 549**	**804 346**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

24. SHARE CAPITAL (GROUP AND COMPANY)

24.1 Authorised

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
3 000 000 000 (2021: 3 000 000 000) shares consisting of:				
- 2 000 000 000 (2021: 2 000 000 000) ordinary shares of ZW$ 0.001 each	139 967	139 967	2 000	2 000
- 1 000 000 000 (2021: 1 000 000 000) Class "A" ordinary shares of ZW$ 0.001 each	69 983	69 983	1 000	1 000
	209 950	**209 950**	**3 000**	**3 000**

24.2 Issued and fully paid

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
2 590 576 832 (2021: 2 590 576 832) shares consisting of:				
- 993 746 764 (2021: 993 746 764) Class "A" shares of ZW$ 0.001 each (Note 24.3)	69 544	69 544	994	994
- 1 596 830 068 (2021: 1 596 830 068) ordinary shares of ZW$ 0.001 each	111 750	111 750	1 597	1 597
	181 294	**181 294**	**2 591**	**2 591**

Unissued shares are under the control of Directors, subject to the Companies and Other Business Entities Act (24:31) and the Memorandum and Articles of Association.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

24. SHARE CAPITAL (GROUP AND COMPANY) (CONTINUED)

24.3 Capital and reserves

Movement in share capital and share premium

		Inflation adjusted		
	Number of shares	Share capital ZW$ '000	Share premium ZW$ '000	Total ZW$ '000
Balance at 28 February 2021	**2 590 576 832**	**181 294**	**6 563 058**	**6 744 352**
Balance at 28 February 2022	**2 590 576 832**	**181 294**	**6 563 058**	**6 744 352**

		Historic		
	Number of shares	Share capital ZW$ '000	Share premium ZW$ '000	Total ZW$ '000
Balance at 28 February 2021	**2 590 576 832**	**2 591**	**93 780**	**96 371**
Balance at 28 February 2022	**2 590 576 832**	**2 591**	**93 780**	**96 371**

No share capital movements occurred in both current and prior year.

24.4 Class "A" shares

On 1 July 2003, Econet Wireless Zimbabwe Limited ("EWZL") entered into an arrangement with Dunstone (Private) Limited, to acquire its 100% owned subsidiary Econet Wireless Capital Holdings (Private) Limited ("EWCH"). Under the arrangement, EWZL issued 73,984,368 (739,843,680 after share split) Class "A" ordinary shares in exchange for 999 000 EWCH shares. These shares rank *parri passu* in all respects with the existing issued ordinary shares with the exception that, in the event of EWZL becoming the owner of Econet Wireless Limited ("EWL") shares, and deciding to distribute the shares to its members, the Class "A" ordinary shares will not participate in the distribution of the EWL shares.

24.5 Share buy-backs

Under the authority granted at the Annual General Meeting of 29 October 2021 the Directors were authorised to re-purchase the Company's own shares on the market. The Company, as duly authorised by Article 10 of its Articles of Association, may undertake the purchase of its own ordinary shares in such manner or on such terms as the Directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that the maximum number of shares authorised to be acquired shall not exceed 10% (ten percent) of the Company's issued ordinary share capital. This authority shall expire at the next Annual General Meeting, and shall not extend beyond 15 months from the date of this resolution.

Treasury shares with a market value of ZW$ 4.8 billion (2021: ZW$ 1.3 billion) were bought back from the market. The cost of the share buy-backs (treasury shares) was debited to reserves. Treasury shares on hand at 28 February 2022 were 197 603 809 (2021: 161 272 313). No treasury shares were cancelled both in current and prior year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

25. DIRECTORS' SHAREHOLDING

	Number of shares	
	2022	2021
S.T. Masiyiwa*	13 287	13 287
H. Pemhiwa	850 000	850 000
D. Mboweni	12 768 126	12 768 126
R. Chimanikire	6 542 717	6 542 717
J. Myers	37 953	37 953
Total	**20 212 083**	**20 212 083**

* Mr. S.T. Masiyiwa is a beneficial shareholder of Econet Global Limited. Econet Global Limited holds directly or indirectly 1 178 836 618 shares (2021: 1 178 836 618 shares) in Econet Wireless Zimbabwe Limited.

With the exception of the Directors listed above, other Directors had no direct or indirect shareholding in the Company.

26. OTHER RESERVES

	Inflation adjusted			
All amounts in ZW$ '000	Financial assets revaluation reserve	Property revaluation reserve Restated *	Other	Total Restated *
Balance at 29 February 2020	**1 842 050**	**12 526 651**	**383 015**	**14 751 716**
Fair value gain on investments designated at fair value through other comprehensive income	3 227 531	-	-	**3 227 531**
Gain on property revaluation	-	3 093 742	-	**3 093 742**
Share of other comprehensive income of associates (Restated*)	-	53 237	-	**53 237**
Balance at 28 February 2021	**5 069 581**	**15 673 630**	**383 015**	**21 126 226**
Operating licence restatement (Note 14.1)	-	4 585 847	-	**4 585 847**
Balance at 28 February 2021 (Restated)	**5 069 581**	**20 259 477**	**383 015**	**25 712 073**
Fair value gain on investments designated at fair value through other comprehensive income	2 005 235	-	-	**2 005 235**
Loss on property revaluation	-	(3 178 183)	-	**(3 178 183)**
Share of other comprehensive income of associates	-	365 063	-	**365 063**
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	-	(378 534)	-	**(378 534)**
Balance at 28 February 2022	**7 074 816**	**17 067 823**	**383 015**	**24 525 654**

* Refer to Note 40 for more details on the restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

26. OTHER RESERVES (CONTINUED)

	Historic			
All amounts in ZW$ '000	Financial assets revaluation reserve	Property revaluation reserve Restated *	Other	Total Restated *
Balance at 29 February 2020	**2 292 858**	**7 481 666**	**5 473**	**9 779 997**
Fair value gain on investments designated at fair value through other comprehensive income	9 753 958	-	-	**9 753 958**
Gain on property revaluation	-	21 411 595	-	**21 411 595**
Share of other comprehensive income of associates (Restated*)	-	518 003	-	**518 003**
Balance at 28 February 2021	**12 046 816**	**29 411 264**	**5 473**	**41 463 553**
Operating licence restatement (Note 14.1)	-	116 291	-	**116 291**
Balance at 28 February 2021 (Restated)	**12 046 816**	**29 527 555**	**5 473**	**41 579 844**
Fair value gain on investments designated at fair value through other comprehensive income	12 659 660	-	-	**12 659 660**
Gain on property revaluation	-	6 573 045	-	**6 573 045**
Share of other comprehensive income of associates	-	741 243	-	**741 243**
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	-	(1 582 628)	-	**(1 582 628)**
Balance at 28 February 2022	**24 706 476**	**35 259 215**	**5 473**	**59 971 164**

* Refer to Note 40 for more details on the restatement.

Financial assets at FVTOCI

The financial assets revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at fair value through other comprehensive income (FVTOCI), net of cumulative gain / loss transferred to retained earnings upon disposal.

Property revaluation reserve

The property revaluation reserve arises on the revaluation of property, plant and equipment and intangible assets. When revalued properties are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property revaluation reserve will not be reclassified subsequently to profit or loss.

27. TRADE AND OTHER PAYABLES

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Trade accounts payable	7 110 675	10 773 106	7 110 675	6 485 621
Related party payables	1 182 356	1 003 672	1 182 356	604 230
Indirect taxes	658 542	443 884	658 542	267 227
Other payables[1]	2 853 523	2 861 309	2 853 523	1 722 564
	11 805 096	**15 081 971**	**11 805 096**	**9 079 642**

[1] Indirect taxes previously included in Other payables have in current year been disaggregated from Other payables. Comparative amounts have been disaggregated accordingly with no impact on reported totals.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs together with credit granted on equipment purchases. The average credit period on purchases is between 7 and 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the agreed credit timeframe. Other payables pertain to accruals and provisions for ongoing business costs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

27. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables include foreign currency denominated payables equivalent to ZW$ 6.2 billion (2021: ZW$ 8.6 billion) at the closing interbank rate of ZW$ 124 to the United States dollar. The foreign obligations largely accrued prior to February 2019 when the Zimbabwe dollar was reintroduced. The Group lodged with the Reserve Bank of Zimbabwe (RBZ) the foreign obligations (legacy debts / blocked funds) in line with Directives RU102/2019 and RU28/2019. Management is actively pursuing the following measures to manage the legacy debt;

- continue to pursue the registration and settlement of the legacy debt on a US$ 1 to ZW$ 1 basis by the RBZ;
- prioritising foreign currency inflows to liquidate the obligations; and
- ongoing engagement with the creditors not to significantly vary the initially agreed credit terms.

The Group notes that Finance Act no. 7 of 2021 was issued by the authorities on the registration of legacy debts. Consistent with prior year, no legacy debt financial assets have been recognised as the Group awaits issuance of specific legal instruments as advised by the central bank. Consequently, legacy debt related financial assets have been assessed as contingent assets as explained more fully in Note 39.2.

28. PROVISIONS

	Inflation adjusted		
All amounts in ZW$ '000	Provision for dismantling cost (i)	Employee benefits (ii)	Total
Balance at 29 February 2020	**355 902**	**179 239**	**535 141**
Unwinding of discount	31 125	4 236	**35 361**
Additional provision recognised during the year	472 848	74 474	**547 322**
Utilisation of provision	-	(36 708)	**(36 708)**
Inflation (IAS 29) adjustment	(279 029)	(145 829)	**(424 858)**
Balance at 28 February 2021	**580 846**	**75 412**	**656 258**
Unwinding of discount	188 739	20 627	**209 366**
Additional provision recognised during the year	744 484	165 788	**910 272**
Utilisation of provision	-	(34 687)	**(34 687)**
Inflation (IAS 29) adjustment	(231 165)	(19 245)	**(250 410)**
Balance at 28 February 2022	**1 282 904**	**207 895**	**1 490 799**
As at 28 February 2022			
Non-current	1 282 904	44 987	**1 327 891**
Current	-	162 908	**162 908**
	1 282 904	**207 895**	**1 490 799**
As at 28 February 2021			
Non-current	580 846	14 539	**595 386**
Current	-	60 872	**60 872**
	580 846	**75 411**	**656 258**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

28. PROVISIONS (CONTINUED)

	Historic		
All amounts in ZW$ '000	Provision for dismantling cost (i)	Employee benefits (ii)	Total
Balance at 29 February 2020	**50 821**	**25 594**	**76 415**
Unwinding of discount	14 196	1 932	**16 128**
Additional provision recognised during the year	284 664	34 489	**319 153**
Utilisation of provision	-	(16 616)	**(16 616)**
Balance at 28 February 2021	**349 681**	**45 399**	**395 080**
Unwinding of discount	157 356	16 392	**173 748**
Additional provision recognised during the year	775 867	170 023	**945 890**
Utilisation of provision	-	(23 919)	**(23 919)**
Balance at 28 February 2022	**1 282 904**	**207 895**	**1 490 799**
As at 28 February 2022			
Non-current	1 282 904	44 987	**1 327 891**
Current	-	162 908	**162 908**
	1 282 904	**207 895**	**1 490 799**
As at 28 February 2021			
Non-current	349 681	8 753	**358 434**
Current	-	36 646	**36 646**
	349 681	**45 399**	**395 080**

(i) The provision for dismantling costs represents the present value of the Directors' best estimate of the future cash outflow of economic benefit that will be required under the Group's obligation to restore the environment in which the Group's network equipment is located to its original state after its useful lives. It is an environmental requirement that after decommissioning of the network equipment, the land be restored to its original state as much as possible.

(ii) The provision for employee benefits represents annual leave and accrued long service awards. The long service award entitlement amount represents the present value of the Directors' best estimate of the future cash outflow of economic benefit that will be required under the Group's obligation to pay for the loyalty of its employees in service in line with the Group's policy.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

29. DEFERRED REVENUE

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Deferred prepaid airtime	**2 105 285**	**1 054 453**	**1 175 059**	**425 722**

Deferred revenue arises from unused prepaid airtime. The Directors are of the opinion that the carrying amounts approximate the fair values of the services to be provided. Deferred revenue is usually recognised within 12 months from the date of recognition.

30. INTEREST-BEARING DEBT

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Balance at beginning of year	**9 000 891**	**7 738 826**	**5 418 713**	**1 105 068**
Additions	1 241 416	186 696	1 015 695	76 177
Repayments	(2 347 533)	(250 761)	(1 839 472)	(86 656)
Finance charges	439 785	499 250	337 330	223 023
Unrealised foreign currency exchange losses	2 769 187	6 812 238	2 335 041	4 101 101
Inflation (IAS 29) adjustment	(3 836 439)	(5 985 358)	-	-
Balance at end of year	**7 267 307**	**9 000 891**	**7 267 307**	**5 418 713**

Analysis of interest-bearing debt

All amounts in ZW$ '000			Inflation adjusted		Historic	
Borrowing	Security	Effective interest	**2022**	2021	**2022**	2021
Non-current						
Debentures	Unsecured	5.6%	6 489 532	9 000 891	6 489 532	5 418 713
Current						
Bank loan	Secured - Note 30.2	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**

The borrowing powers of Directors are disclosed in Note 37.

30.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

30. INTEREST-BEARING DEBT (CONTINUED)

30.2 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.

30.3 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.

31. CASH FLOW INFORMATION

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
31.1 Cash generated from operations				
Profit / (loss) before tax				
Continuing operations	21 870 092	2 522 384	22 579 216	1 889 115
Discontinued operations	(571 501)	(483 991)	(123 866)	(322 649)
	21 298 591	**2 038 393**	**22 455 350**	**1 566 466**
Adjustments for:				
- Depreciation of property, plant and equipment	14 060 970	12 834 091	8 396 482	2 087 428
- Depreciation of right of use assets	182 388	241 268	145 737	34 452
- Impairment of property, plant and equipment	13 533	10 089	8 147	1 683
- Amortisation and impairment of intangible assets	585 371	1 374 321	67 404	168 037
- Amortisation of container purchase price difference	-	219	-	47
- (Other impairments reversal) / increase in other impairments	(177 244)	3 188 321	(363 182)	1 861 577
- Impairment of assets classified as held for sale	-	832 573	-	355 060
- Loss on disposal of property, plant and equipment	100 863	385	62 652	232
- Increase in provision for impairment losses on trade and other receivables	707 162	946 713	564 176	526 742
- Share of (profit) / loss of associates	(67 961)	135 243	(309 419)	51 751
- Fair value loss / (gain) on investment properties	20 247	(8 993)	(58 981)	(86 971)
- Fair value loss / (gain) on financial assets at fair value through profit or loss	1 626	6 041	-	(1 014)
- Net finance costs	149 591	240 407	91 278	98 243
- Increase in deferred revenue	1 050 832	449 194	749 337	377 391
- Impairment of inventories	1 403	11 475	1 158	6 479
- Net exchange losses	4 246 133	7 345 762	3 815 148	6 138 212
- (Decrease) / increase in provisions	(98 682)	(381 557)	162 496	6 469
Cash generated from operations before working capital changes	**42 074 823**	**29 263 945**	**35 787 783**	**13 192 284**
31.2 Working capital changes				
Decrease / (increase) in inventories	231 263	(1 665 673)	(1 033 199)	(1 664 620)
Decrease / (increase) in trade and other receivables	5 501 127	(383 170)	(2 381 459)	(5 557 845)
Decrease / (increase) in trade and other payables	(12 983 140)	(14 141 681)	(1 952 003)	2 009 912
	(7 250 750)	**(16 190 524)**	**(5 366 661)**	**(5 212 553)**
Cash generated from operations	**34 824 073**	**13 073 421**	**30 421 122**	**7 979 731**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

31. CASH FLOW INFORMATION (CONTINUED)

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	**2022**	2021	**2022**	2021
31.3 Income taxes paid					
(Receivable) / liability at beginning of year		(692 326)	1 860 026	(416 794)	265 603
Current tax charge for the year	9	11 088 329	4 623 305	8 845 959	2 511 463
(Liability) / receivable at end of year		(2 409 500)	692 326	(2 409 500)	416 794
		7 986 503	**7 175 657**	**6 019 665**	**3 193 860**
31.4 Cash and cash equivalents					
Short term investments		2 062 486	181 188	2 062 486	109 079
Bank balances and cash		4 632 607	6 236 417	4 632 607	3 754 445
		6 695 093	**6 417 605**	**6 695 093**	**3 863 524**
Short term investments include:					
Restricted cash balances		1 309 776	-	1 309 776	-

Restricted cash balances represent amounts pledged as security for a bank loan secured from a local financial institution.

31.5 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Inflation adjusted			
All amounts in ZW$ '000	Beginning of year	Financing cash flows	Other changes (i)	End of year
28 February 2022				
Short term interest bearing debt	**-**	641 943	135 832	**777 775**
Debentures	**9 000 891**	(1 661 334)	(850 025)	**6 489 532**
	9 000 891	**(1 019 391)**	**(714 193)**	**7 267 307**
28 February 2021				
Short term interest bearing debt	**58 370**	-	(58 370)	**-**
Debentures	**7 680 448**	-	1 320 443	**9 000 891**
	7 738 818	**-**	**1 262 073**	**9 000 891**

	Historic			
All amounts in ZW$ '000	Beginning of year	Financing cash flows	Other changes (i)	End of year
28 February 2022				
Short term interest bearing debt	**-**	484 038	293 737	**777 775**
Debentures	**5 418 713**	(1 242 989)	2 313 808	**6 489 532**
	5 418 713	**(758 951)**	**2 607 545**	**7 267 307**
28 February 2021				
Short term interest bearing debt	**8 335**	-	(8 335)	**-**
Debentures	**1 096 733**	-	4 321 980	**5 418 713**
	1 105 068	**-**	**4 313 645**	**5 418 713**

(i) Other changes include interest accruals, payments and other adjustments.

Included in other changes for debentures and short-term interest bearing debt are unrealised exchange losses of ZW$ 2.5 billion (2021: ZW$ 6.8 billion) and ZW$ 290 million (2021: nil) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

32. RELATED PARTY TRANSACTIONS

All amounts in ZW$ '000	Inflation adjusted 2022	Inflation adjusted 2021	Historic 2022	Historic 2021
32.1 Transactions				
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)
32.2 Balances				
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**
32.3 Compensation of Directors and key management				
The remuneration of Directors and other members of key management during the year was as follows:				
For services as Directors	122 399	179 474	91 467	74 553
For management services – short-term benefits	292 162	166 292	229 150	71 770
For management services – post-employment benefits	15 664	6 071	12 320	2 863
	430 225	**351 837**	**332 937**	**149 186**

Terms and conditions of transactions with related parties

During the year, ZW$ 1.2 billion impaired in prior year was reversed on account 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, Note 4.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

33. GROUP EMPLOYEE BENEFITS

Econet Wireless Group Pension Fund

Contributions are made to the defined contribution scheme through monthly deductions by the Group from members' salaries and remitted to the Fund.

National Social Security Authority Scheme (NSSA)

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

34. FINANCIAL RISK MANAGEMENT

34.1 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

The debt-to-adjusted capital ratios were as follows:

All amounts in ZW$ '000	Inflation adjusted 2022	Inflation adjusted 2021	Historic 2022	Historic 2021
Total debt (i)	9 752 856	10 336 970	9 752 856	6 223 059
Less: cash and cash equivalents	(6 695 093)	(6 417 605)	(6 695 093)	(3 863 524)
Net debt	3 057 763	3 919 365	3 057 763	2 359 535
Total equity (ii)	72 892 168	76 058 428	62 628 031	41 837 028
Adjusted debt-to-capital ratio	4%	5%	5%	6%

(i) Debt is defined as long-term and short-term borrowings, as detailed in Note 30 and lease liabilities, as detailed in Note 23.

(ii Equity includes all capital and reserves of the Group.

34.2 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 Financial risk management objectives (continued)

The Group's Audit Committee, consisting of executive and non-executive Directors, meet on a regular basis to analyse, amongst other matters, currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits is reviewed at quarterly Board meetings.

The Group has been able to meet its obligations in the current financial period and the Directors believe that appropriate measures have been implemented to ensure that the Group has the ongoing capacity to meet its obligations arising from these exposures.

34.3 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests in money market instruments which are subject to changes in interest rates on the local money markets. The Group's policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include; bankers' acceptances, call loans, overdrafts, foreign loans and where appropriate, long-term loans.

The Group has borrowings that are subject to both fixed interest rates and floating interest rates. Details of the Group's borrowings are described in Note 30. The Board of Directors has a committee that is dedicated to reviewing the loan exposures and repayment plans for the Group's external borrowings. The committee that reviews the loan exposures meets on a regular basis and uses various models to project the Group's risk exposures and proposes methods to deal with the risk arising in an appropriate manner. This committee also approves the term sheets for such borrowings, and ensures that the interest rate exposure of the Group is appropriately managed.

The Directors, at the reporting date, were not aware of any information or events that may have a significant impact on the reported profit and loss of the Group or that would result in material changes in the structure of the Group's statement of comprehensive income.

If interest rates had been 2% higher and all other variables were held constant, the Group's profit for the year would decrease by ZW$ 5.4 million. Similarly, a decrease in interest rates of 2% would result in a decrease in profit for the year by the same magnitude. The interest rate sensitivity is applied on an effective interest rate of 7.3% applicable to borrowings at variable interest rates. The Group had no borrowings at variable interest rates in prior year.

34.4 Other price risks

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual financial instrument or to its issuer or factors affecting all similar financial instruments traded in that market.

34.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash, short-term deposits, trade and other receivables. The Group's cash equivalents are placed with high quality financial institutions. Trade receivables are presented net of the allowance for expected credit losses. Credit risk with respect to debtors is limited due to the widespread customer base and ongoing credit evaluations to maintain credit worthiness of the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.5 Credit risk management (continued)

Where appropriate, trade receivables are converted onto the prepaid service. Interconnect receivables and payables are regulated by interconnect contracts. Interconnect receivables and payables for foreign cellular traffic are managed through a reputable foreign finance house which ensures the net monthly outstanding amounts are collected from the foreign interconnect partners.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position.

34.6 Foreign currency risk management

The schedule below shows the composition of the monetary assets, by currency at the respective year-end in ZW dollars.

Cash and bank balances

	Inflation adjusted		
All amounts in '000	US$	ZW$	Total
2022			
Cash and bank balances	1 045 484	3 587 123	**4 632 607**
Cash equivalents	-	2 062 486	**2 062 486**
	1 045 484	**5 649 609**	**6 695 093**
2021			
Cash and bank balances	846 019	5 390 398	**6 236 417**
Cash equivalents	-	181 188	**181 188**
	846 019	**5 571 586**	**6 417 605**

	Historic		
All amounts in '000	US$	ZW$	Total
2022			
Cash and bank balances	1 045 484	3 587 123	**4 632 607**
Cash equivalents	-	2 062 486	**2 062 486**
	1 045 484	**5 649 609**	**6 695 093**
2021			
Cash and bank balances	509 320	3 245 125	**3 754 445**
Cash equivalents	-	109 079	**109 079**
	509 320	**3 354 204**	**3 863 524**

Foreign currency risk is the risk that the Group may be affected adversely as a result of foreign currency fluctuations on the various currencies that the entity holds. The Group maintains cash and bank balances in various currencies so that payments can be made in the currency of the respective invoices. This covers the entity against short-term foreign currency fluctuations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.6 Foreign currency risk management (continued)

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters set by the Board. The following table details the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date and the sensitivity to changes in the Zimbabwe dollar to United States dollar exchange rate and represents management's assessment of the reasonably possible change in foreign exchange rates based on a year-end closing rate of US$ 1 to ZW$ 124 (2021: ZW$ 83.89).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end. A positive number below indicates an increase in profit and other equity where the US$ weakens against the ZW$. For a strengthening of US$ against the ZW$, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

		Inflation adjusted			
				Sensitivity analysis (Impact on profit or loss)	
All amounts in ZW$ '000	Assets	Liabilities	**Net exposure**	Rate of 175	Rate of 240
28 February 2022					
US dollar	4 061 594	(12 780 089)	**(8 718 495)**	(3 583 957)	(8 153 440)
				Rate of 100	Rate of 120
28 February 2021					
US dollar	5 372 784	(17 664 385)	**(12 291 601)**	(2 361 003)	(5 291 524)

		Historic			
				Sensitivity analysis (Impact on profit or loss)	
All amounts in ZW$ '000	Assets	Liabilities	**Net exposure**	Rate of 175	Rate of 240
28 February 2022					
US dollar	4 061 594	(12 780 089)	**(8 718 495)**	(3 583 957)	(8 153 440)
				Rate of 100	Rate of 120
28 February 2021					
US dollar	3 234 521	(10 634 306)	**(7 399 785)**	(1 421 370)	(3 185 601)

34.7 Liquidity risk management

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

The liquidity risk on foreign creditors and lenders has increased due to delay of foreign payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.7 Liquidity risk management (continued)

The following are the undiscounted contractual cash flows of financial liabilities:

	Inflation adjusted						
All amounts in ZW$ '000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Later than 5 years	**Total**	Discounted carrying amount
28 February 2022							
Interest-bearing debt	-	383 172	433 655	7 015 344	-	**7 832 171**	7 267 307
Lease liabilities	-	126 833	380 500	1 734 535	2 879 475	**5 121 343**	2 485 549
Trade and other payables	-	11 146 554	-	-	-	**11 146 554**	11 146 554
	-	**11 656 559**	**814 155**	**8 749 879**	**2 879 475**	**24 100 068**	**20 899 410**
28 February 2021							
Interest-bearing debt	-	-	-	10 165 718	-	**10 165 718**	9 000 891
Lease liabilities	-	67 772	203 311	984 364	1 540 075	**2 795 522**	1 336 079
Trade and other payables	-	14 638 087	-	-	-	**14 638 087**	14 638 087
	-	**14 705 859**	**203 311**	**11 150 082**	**1 540 075**	**27 599 327**	**24 975 057**

	Historic						
All amounts in ZW$ '000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Later than 5 years	**Total**	Discounted carrying amount
28 February 2022							
Interest-bearing debt	-	383 172	433 655	7 015 344	-	**7 832 171**	7 267 307
Lease liabilities	-	126 833	380 500	1 734 535	2 879 475	**5 121 343**	2 485 549
Trade and other payables	-	11 146 554	-	-	-	**11 146 554**	11 146 554
	-	**11 656 559**	**814 155**	**8 749 879**	**2 879 475**	**24 100 068**	**20 899 410**
28 February 2021							
Interest-bearing debt	-	-	-	6 119 962	-	**6 119 962**	5 418 713
Lease liabilities	-	40 801	122 403	592 633	927 198	**1 683 035**	804 346
Trade and other payables	-	8 812 415	-	-	-	**8 812 415**	8 812 415
	-	**8 853 216**	**122 403**	**6 712 595**	**927 198**	**16 615 412**	**15 035 474**

Prior year comparatives have been disaggregated to disclose undiscounted contractual cash flows of financial liabilities.

35. OPERATING LEASE ARRANGEMENTS

35.1 Leasing arrangements

This note pertains to disclosures for leases which do not meet the recognition criteria of IFRS 16 (right-of-use assets) as detailed in Note 23. Various options exist for the Group to renew the leasing arrangements on expiry.

35.2 Payments recognised as expense

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	2021
Minimum lease payments	24 118	12 126	17 865	3 573

The Group does not have non-cancellable leases; various lease termination options are available to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

36. 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.

37. BORROWING POWERS

In terms of the Company's Articles of Association, the Directors may exercise the powers of the Company to borrow up to 200% of the aggregate of:

- the issued share capital and share premium or stated capital of the Company; and
- the distributable and non-distributable reserves, including unappropriated profits of the Company reduced by any adverse amount reflected in the statement of comprehensive income, excluding; goodwill, revaluation reserves arising prior to 28 February of each year, and provision for taxation, deferred tax, and any balance standing to the credit of the tax equalisation account.

The current borrowings are within the limit.

38. CAPITAL COMMITMENTS

The capital expenditure is to be financed from internal cash generation, extended supplier credits and bank credit.

	Inflation adjusted		Historic	
All amounts in ZW$ '000	**2022**	2021	**2022**	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**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

39. CONTINGENCIES

39.1 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.

39.2 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.

40. PRIOR YEAR RESTATEMENTS

40.1. 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

40. PRIOR YEAR RESTATEMENTS (CONTINUED)

40.1. 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**	**-**	**-**	Total no longer presented
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	**2 757 077**	**-**	**-**	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**	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

40. PRIOR YEAR RESTATEMENTS (CONTINUED)

40.1. 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**	**-**	**-**	Total no longer presented
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	**1 985 209**	**-**	**-**	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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

40. PRIOR YEAR RESTATEMENTS (CONTINUED)

40.2 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;

	Inflation adjusted		
(All figures in ZW$ 000)	Previously reported 28 February 2021	Restatement	Restated 28 February 2021
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**
Share of other equity movements of associates	-	83 393	**83 393**
Investments in associates	5 042 889	(389 353)	**4 653 536**

	Historic		
(All figures in ZW$ 000)	Previously reported 28 February 2021	Restatement	Restated 28 February 2021
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	74 996	**518 003**
Share of other equity movements of associates	-	2 129	**2 129**
Investments in associates	696 635	150 468	**847 103**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2022

41. DIRECTORS' EXPLANATORY NOTE ON THE MODIFIED AUDIT OPINION

The external auditors, Deloitte & Touche have expressed an adverse opinion on these financial statements. 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. The audit opinion has been modified in the following respects;

Valuation of property, plant and equipment

The Directors engaged the services of independent professional valuers to determine the United States dollar (USD) value of property, plant and equipment. Whilst the USD value of the properties is not in question, the auditors have qualified these financial statements in respect of the conversion of these USD values to Zimbabwe dollars (ZWD / ZWL) in both prior and current year. The basis is that there is multiplicity of exchange rates that could have been applied to determine the appropriate Zimbabwe dollar values. The Directors have selected to apply the Reserve Bank of Zimbabwe Auction Rate, at the closing date, as this is the only recognised legal rate of exchange in the country. In the disclosures to these financial statements the Directors have provided the appropriate information as well as sensitivity analysis that allows users of these financial statements to perform adjustments they may deem relevant if they have a different view to that taken by the Directors in the conversion of the United States dollars to Zimbabwe dollar values.

Accounting for the investment in associate company (EcoCash Holdings Zimbabwe Limited)

The Groups' associate EcoCash Holdings Zimbabwe Limited (EcoCash) was yet to release its results at the time of publication of these financial statements. In order to avoid undue delay and meet regulatory requirements, the Group proceeded to equity account the financial results of EcoCash using the associate's unaudited results. The Directors have taken this decision as it was in their opinion in the best interest of shareholders to conclude and report on the results for the financial year ended 28 February 2022.

42. 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.

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 16 June 2022.

COMPANY DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of Econet Wireless Zimbabwe Limited ("the Company") are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the financial statements and related information. The Company's independent external auditors, Messrs Deloitte & Touche Chartered Accountants (Zimbabwe), audited the statement of financial position of the Company as at 28 February 2022 and the related notes (together "the Financial Statement") and their report appears on pages 223 to 227.

The Financial Statement for the year ended 28 February 2022 presented from pages 228 to 231 has been prepared with the aim to comply with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) to give a true and fair view of the financial position of the Company as required by the Companies and Other Business Entities Act (Chapter 24:31). The Financial Statement is based on the appropriate accounting policies which have been consistently applied, as modified, where necessary, by the impact of new and revised standards. The application of these accounting policies is supported by reasonable and prudent judgments and estimates.

The Public Accountants and Auditors Board (PAAB) issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019. Consequently, the Company adopted International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies and prepared the Financial Statement as if the economy had been hyperinflationary from 1 October 2018.

The external auditors, Deloitte & Touche have expressed an adverse opinion on the Financial Statement. 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 Statement, it has not been possible, in some cases, to present financial information that is not contradictory to International Financial Reporting Standards 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 the Financial Statement, which are not dissimilar to those carried by other companies operating in the same environment. The Financial Statement has been qualified in the following respects; valuation of property; and accounting for the investment in associate company (EcoCash Holdings Zimbabwe Limited) as explained more fully in Note 41. 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.

The Directors are responsible for the preparation of this Financial Statement and for making reasonable and appropriate judgements to achieve fair presentation. In this process certain significant judgements are required in order to ensure that as far as is practicable this Financial Statement presents a true and fair view of the financial position of the Company as at the reporting date.

The Directors are also responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of related financial information included in this report, and for such internal control as the Directors determine is necessary to enable the preparation of a Financial Statement that is free from material misstatement, whether due to fraud or error. The systems of internal control are designed to provide reasonable, but not absolute, assurance as to the reliability of the Financial Statement, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors have reviewed the Company's cash flow forecasts for the period to 30 June 2023 and, in light of this review and the current financial position, are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future.

The Financial Statement was approved by the Board of Directors on 16 June 2022 and is signed on its behalf by:

Dr J. Myers
Chairman of the Board

Dr D. Mboweni
Chief Executive Officer

The Company Financial Statement has been prepared under the supervision of Roy Chimanikire CA(Z).

Mr R. Chimanikire
Deputy Chief Executive Officer

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

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED STATEMENT OF FINANCIAL POSITION

Adverse Opinion

We have audited the inflation-adjusted statement of financial position of Econet Wireless Zimbabwe Limited (the "Company") as at 28 February 2022, and notes to the inflation-adjusted statement of financial position, including a summary of significant accounting policies (together, "the financial statement") set out on pages 228 to 231.

In our opinion, because of the significance of the matter discussed in the basis for Adverse Opinion section of our report, the accompanying financial statement of the Company does not present fairly, in all material respects, the inflation-adjusted financial position of the Company as at 28 February 2022 in accordance with International Financial Reporting Standards ("IFRSs"), and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and related regulations.

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**

   The Company 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.

MAKING AN IMPACT THAT MATTERS since 1845

Basis for Adverse Opinion (continued)

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 (continued)**

   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.

2. **Investment in associate – EcoCash Holdings Zimbabwe Limited**

   The Company 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 IV. 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 company 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 company statement of profit or loss, the carrying amount of this investment disclosed in the inflation adjusted company statement of financial position and the selected financial information of the associate disclosed in note IV

   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 company statement of financial position and the selected financial information of the associate disclosed in note IV are affected by the prior year modified opinion.

   Our opinion on the inflation adjusted company financial statements has been further modified because of the possible effects of these matters on the comparability of the current year's inflation adjusted company financial statements with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the company inflation adjusted statement of financial position of the current period. These matters were addressed in the context of our audit of the company inflation adjusted statement of financial position 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.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted investments	
The Company 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 company inflation adjusted statement of financial position as a whole, combined with the level of judgement associated with determining the fair values.	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.

Key audit matter	How our audit addressed the key audit matter
Related party transactions and balances	
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.	IIn 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 Company: 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Econet Wireless Zimbabwe Limited Annual Report for the year ended 28 February 2022", which we had not yet received as at the date of issuing our auditor's report. The other information does not include the financial statement of the Company and our auditor's report thereon. The document titled "Econet Wireless Zimbabwe Limited Annual Report for the year ended 28 February 2022" was made available to us after the date of this auditor's report.

Our opinion on the financial statement does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statement

The Directors are responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and related regulations. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 this financial statement.

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

- Identify and assess the risks of material misstatement of the financial statement, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. 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)
As a result of the matters described in the Basis for Adverse Opinion section of our report, the inflation-adjusted statement of financial position of the Company is not properly drawn up in accordance with the Act and do not give a true and fair view of the state of the Company's affairs as at 28 February 2022.

Section 193(2)
We have no matters to report in respect of the Section 193(2) requirements of the Act.

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

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants (Zimbabwe)
Per Tapiwa Chizana
Partner
PAAB Practice Certificate 0444
Harare, Zimbabwe

13 July 2022

COMPANY STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

		Inflation adjusted		Historic	
All amounts in ZW$ '000	Note	2022	Restated* 2021	2022	Restated* 2021
ASSETS					
Non-current assets					
Property		88 791	99 761	88 791	60 058
Investment in subsidiaries	(III)	1 467 323	1 467 323	20 966	20 966
Investment in associates	(IV)	3 628 728	2 908 581	1 820 624	734 799
Investment in financial assets at fair value through other comprehensive income	(V)	32 469 109	20 204 633	32 469 109	12 163 585
Related party receivables	(VI)	3 010 352	4 098 538	3 010 352	2 467 400
		40 664 303	**28 778 836**	**37 409 842**	**15 446 808**
Current assets					
Related party receivables	(VI)	61 211	-	61 211	-
Other receivables		-	11 627	-	7 000
Cash and cash equivalents		236 400	4 386	236 400	2 641
		297 611	**16 013**	**297 611**	**9 641**
Total assets		**40 961 914**	**28 794 849**	**37 707 453**	**15 456 449**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and share premium	24.3	6 744 352	6 744 352	96 371	96 371
Retained earnings / (accumulated losses)		2 499 242	5 218 591	(11 607 051)	(3 998 422)
Other reserves		8 243 744	5 860 888	25 743 557	12 753 733
		17 487 338	**17 823 831**	**14 232 877**	**8 851 682**
Non-current liabilities					
Deferred tax liability		292 462	2 255	292 462	1 357
Interest bearing debt	(VII)	6 570 371	9 000 891	6 570 371	5 418 713
Related party payables	(VI)	16 395 754	1 773 916	16 395 754	1 067 932
		23 258 587	**10 777 062**	**23 258 587**	**6 488 002**
Current liabilities					
Payables	(VIII)	215 989	193 956	215 989	116 765
Total liabilities		**23 474 576**	**10 971 018**	**23 474 576**	**6 604 767**
Total equity and liabilities		**40 961 914**	**28 794 849**	**37 707 453**	**15 456 449**

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

Dr. D. Mboweni
Chief Executive Officer

R. Chimanikire CA(Z)
Deputy Chief Executive Officer

16 June 2022

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.

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NOTES TO THE COMPANY STATEMENT OF FINANCIAL POSITION

For the ended year 28 February 2022

(I) BASIS OF PREPARATION

The Company statement of financial position has been prepared under the recognition and measurement of International Financial Reporting Standards (IFRS) with the exception of non-compliance with IFRS 13 - Fair Value Measurement, relating to the valuation of property explained in Note 41.

The accounting policies are similar to those applied in the Company's consolidated financial statements. Refer to Note B of the notes to the consolidated financial statements in this annual report. The Company statement of financial position has been prepared for inclusion in the Company's annual report, wherein the Company's consolidated financial statements have been presented, in order that it may be presented together with the consolidated financial statements at the Company's annual general meeting as required by Section 186 of the Companies and Other Business Entities Act (Chapter 24:31). As a result, the Company statement of financial position may not be suitable for any other purpose if read in isolation.

(II) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

Except as presented in Note C, the summary of significant accounting policies and other explanatory notes relevant to the Company statement of financial position are similar in all material respects to those applicable to the Company's consolidated financial statements.

(III) INVESTMENT IN SUBSIDIARIES

	2022			2021		
All amounts in ZW$ '000	%age	Inflation adjusted	Historic	%age	Inflation adjusted	Historic
Econet Wireless (Private) Limited *(Mobile network operator in Zimbabwe)*	100%	219 317	3 134	100%	219 317	3 134
Transaction Payment Solutions (Private) Limited *(Computer data processing service provider)*	100%	1 833	26	100%	1 833	26
Econet Wireless Capital Holdings (Private) Limited *(Investment company in Zimbabwe)*	100%	1 245 543	17 797	100%	1 245 543	17 797
Pentamed Investments (Private) Limited (i) *(Investment company in Zimbabwe)*	100%	-	-	100%	-	-
Econet Media Zimbabwe (Private) Limited (ii) *(Television broadcasting)*	45%	630	9	45%	630	9
Total investments in subsidiaries		**1 467 323**	**20 966**		**1 467 323**	**20 966**

(i) The investment was impaired in prior years as a result of depressed financial performance.

Pentamed Investments is the holding company of Mutare Bottling Company (Private) Limited with an equity investment of 63% of the issued capital. In prior year, the Board resolved to dispose assets constituting a significant portion of Mutare Bottling Company (Private) Limited. 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 Company's long-term policy to focus its activities on the Company's other businesses.

(ii) Although the Company holds less than 50% of the equity shares of Econet Media Zimbabwe (Private) Limited (EMZ), the Company controls and consolidates EMZ by virtue of a shareholders' agreement.

(IV) INVESTMENT IN ASSOCIATES

The investment relates to the Company's direct equity investments in EcoCash Holdings Zimbabwe Limited, Distributed Power Africa and Cumii. Note 17 discloses the Group's consolidated investment in associates.

NOTES TO THE COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the year ended 28 February 2022

(V) INVESTMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Balance at beginning of year	**20 204 633**	**16 979 392**	**12 163 585**	**2 424 525**
Additions	10 124 382	-	7 728 978	-
Fair value gain	2 140 094	3 225 241	12 576 546	9 739 060
Balance at end of year	**32 469 109**	**20 204 633**	**32 469 109**	**12 163 585**
Analysis				
Listed shares	14 486 368	-	14 486 368	-
Unlisted shares	17 982 741	20 204 633	17 982 741	12 163 585
	32 469 109	**20 204 633**	**32 469 109**	**12 163 585**

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 Company's strategy.

The investment in listed shares relates to shares listed on the Zimbabwe Stock Exchange (ZSE). The fair value of the shares is based on the ZSE published share prices i.e. Level 1 inputs.

Unlisted shares relate to an investment in Liquid Telecommunications Holdings (LTH) 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). Similarly, a 5% reduction in the EBITDA multiple would result in a decrease in the carrying amount of the investment 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.

(VI) RELATED PARTY RECEIVABLES / (PAYABLES)

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Amounts receivable from associates	3 069 677	4 095 405	3 069 677	2 465 514
Amounts receivable from subsidiary	1 886	3 133	1 886	1 886
	3 071 563	**4 098 538**	**3 071 563**	**2 467 400**
Amounts payable to subsidiaries	(16 387 930)	(1 761 916)	(16 387 930)	(1 060 708)
Amounts payable to associate	(7 824)	(12 000)	(7 824)	(7 224)
	(16 395 754)	**(1 773 916)**	**(16 395 754)**	**(1 067 932)**
Net (payable) / receivable	**(13 324 191)**	**2 324 622**	**(13 324 191)**	**1 399 468**

ECONET Wireless

NOTES TO THE COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the year ended 28 February 2022

(VII) INTEREST BEARING DEBT

Interest bearing debt pertains to debentures issues by the Company. Note 30 summarises the consolidated group position and details the terms and conditions attached to the debentures.

(VIII) PAYABLES

	Inflation adjusted		Historic	
All amounts in ZW$ '000	2022	2021	2022	2021
Dividends payable	215 989	16 964	215 989	10 213
Other	-	176 992	-	106 552
	215 989	**193 956**	**215 989**	**116 765**

Other payables pertained to a deposit on the purchase consideration received from the counterparty to the agreement to dispose assets held by Mutare Bottling Company as detailed in Note 8.

(IX) PARTIES RELATED TO THE COMPANY

The parent company of Econet Wireless Zimbabwe Limited is Econet Global Limited domiciled in Mauritius.

Fellow subsidiaries

Liquid Telecommunications Operations Limited
Liquid Telecommunications Zimbabwe (Private) Limited
Worldstream (Proprietory) Limited
Batoka Hospitality Group (Private) Limited
Econet Renewable Energy Systems
Econet Services International
Econet Media Mauritius
Cumii International

Associates

Distributed Power Africa (Private) Limited
Cumii Zimbabwe (Private) Limited
EcoCash Holdings Zimbabwe Limited (formerly Cassava Smartech Zimbabwe Limited)

(X) RESTATEMENT OF INVESTMENT IN ECOCASH HOLDINGS ZIMBABWE LIMITED (ECOCASH)

The Company has a 20% investment in EcoCash which it accounts for as an investment in associate using the equity method. At the date of approval of the 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 Company. 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. Refer to Note 40.2 for more details on the restatement.

SHAREHOLDER AND OTHER INFORMATION

SHAREHOLDER ANALYSIS

As at 28 February 2022

CONSOLIDATED TOP 10

Rank	Account name	Shares	% of total
1	Econet Global Limited	995 384 301	38.4
2	Stanbic Nominees (Private) Limited (NNR)	340 722 984	13.2
3	Stanbic Nominees (Private) Limited	334 192 359	12.9
4	Old Mutual Life Assurance Company of Zimbabwe Limited	143 008 575	5.5
5	Econet Wireless Zimbabwe SPV Limited	129 528 841	5.0
6	New Arx Trust (NNR)	92 799 146	3.6
7	TN Asset Management Nominees	79 570 850	3.1
8	Austin Eco Holdings Limited (NNR)	53 923 476	2.1
9	Standard Chartered Nominees (Private) Limited	27 871 172	1.1
10	Northunderland Investments (Private) Limited	24 475 167	0.9
	Total top 10	**2 221 476 871**	**85.8**
	Other	369 099 961	14.2
	Total issued shares	**2 590 576 832**	**100.0**

Range	Holders	% of holders	Shares	% of shares
0 - 100	3 182	28.9	129 390	0.0
101 - 200	925	8.4	153 436	0.0
201 - 500	1 239	11.3	428 963	0.0
501 - 1 000	1 188	10.8	846 006	0.0
1 001 - 5 000	2 620	23.8	5 542 310	0.2
5 001 - 10 000	572	5.2	3 987 087	0.2
10 001 - 50 000	683	6.2	14 961 383	0.6
50 001 - 100 000	165	1.5	11 773 354	0.5
100 001 - 500 000	244	2.2	53 658 885	2.1
500 001 - 1 000 000	62	0.6	43 409 826	1.6
1 000 001 - 10 000 000	99	0.9	294 442 825	11.4
+ 10 000 001	20	0.2	2 161 243 367	83.4
Total	**10 999**	**100**	**2 590 576 832**	**100.0**

ECONET Wireless

SHAREHOLDERS CALENDAR 2022/2023

For the year 28 February 2022

2022	
August 2022	Integrated annual report 2022 publication
August 2022	Twenty fourth Annual General Meeting of Shareholders, Econet Park, Harare
November 2022	Interim unaudited abridged consolidated financial results publication
December 2022	3rd Quarter Trading update publication

2023	
February 2023	Financial year end
May 2023	Audited abridged consolidated financial results publication
June 2023	First Quarter Trading update publication
August 2023	Integrated annual report 2023 publication
August 2023	Twenty fifth Annual General Meeting of Shareholders, Econet Park, Harare

CORPORATE AND ADVISORY INFORMATION

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

NOTICE TO MEMBERS

Notice is hereby given that the Twenty-fourth Annual General Meeting of the members of Econet Wireless Zimbabwe Limited will be held at the registered office of the Company at Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe on Wednesday 31 August 2022 at 10.00am. Shareholders will be asked to connect and attend virtually the link: https://econet.escrowagm.com/, for the following purposes:

The AGM shall transact the following business:

Ordinary Business
To consider and adopt the following resolutions:

1 Financial Statements
To receive and adopt the financial statements for the year ended 28 February 2022 together with the reports of the directors and auditors thereon.

2 Dividend
To approve the following dividend paid during the year in respect of the financial year ended 28 February 2022;
- 60 ZW cents per share amounting to ZW$ 1.5 billion.

3 Election of Directors
To re-elect Dr J Myers, Mr H Pemhiwa and Dr D Mboweni as directors of the Company.
3.1 In accordance with Article 81 of the Company's Articles of Association they retire by rotation at the Company's Annual General Meeting and, being eligible, offer themselves for re-election. Each director shall be separately elected.
3.2 To elect Miss E T Masiyiwa as a Director of the Company. Miss Masiyiwa was appointed to the Board in between Annual General Meetings. In terms of Article 89.2, she retires and offers herself for election by the members.

4 Directors' Remuneration
To approve the fees paid to the directors for the year ended 28 February 2022.

5. Auditors
5.1 To approve the auditors' remuneration for the previous year.
5.2 To note the retirement of Deloitte & Touche as auditors of the Company and confirm the appointment of BDO Zimbabwe Chartered Accountants as auditors of the Company until the next Annual General Meeting.

6 Special Business
To consider, and if thought fit, to adopt, with or without amendment, the following resolution:

As a Special Resolution: "That the Company, as duly authorized by Article 10 of its Articles of Association, may undertake the purchase of its own ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that the maximum number of shares authorized to be acquired shall not exceed 10% (ten percent) of the Company's issued ordinary share capital.

That this authority shall expire at the next Annual General Meeting and shall not exceed beyond 15 months from the date of this resolution".

After considering the effect of the maximum repurchase of the shares, the Directors are confident that:
a) The Company will be able to pay its debts for a period of 12 months after the date of the Annual General Meeting.
b) The assets of the Company will be in excess of liabilities.
c) The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.
d) The Company will have adequate working capital for a period of 12 months after the date of the notice of the Annual General Meeting.

NOTICE TO MEMBERS (CONTINUED)

Note
A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to speak and, on poll, vote in his/her stead.
A proxy need not be a member of the Company.
Proxy forms should be forwarded to reach the office of the Transfer Secretaries or the Group Company Secretary, at least 48 hours before the commencement of the meeting.

By order of the Board

Mr C.A. Banda
Group Company Secretary

10 August 2022

Registered Office:
Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe.
Email: investor@econet.co.zw
Website: www.econet.co.zw

Registrars and Transfer Secretaries:
First Transfer Secretaries (Private) Limited,
1 Armagh Avenue, Eastlea, Harare, Zimbabwe
Email: info@fts-net.com

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This report is in accordance with the Global Reporting Initiative (GRI) standards: Core option. To locate the topics and standards contained within the guidelines and our responses to these standards please use the index below. For a detailed explanation and understanding of the standards please visit the GRI website.

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ECONET Wireless

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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

PROXY FORM - ANNUAL GENERAL MEETING

PROXY FORM for the Twenty-fourth Annual General Meeting (AGM) of the members of Econet Wireless Zimbabwe Limited (the Company) which will be held at the Registered Office of the Company at Econet Park, 2 Old Mutare Road, Msasa in Harare on Wednesday 31 August 2022 at 10.00 am.

The Company has put in place a hybrid communication facility that will enable both members either joining physically or virtually to follow the AGM proceedings by logging onto the following link: https://econet.escrowagm.com.

I/We .... being the

registered holders of .... **Ordinary shares / Class A Shares** in Econet Wireless Zimbabwe Limited

hereby appoint: 1. .... or failing him/her,

2. ...., as my proxy to act for me/us at the Annual General Meeting of the Company to be held at 2 Old Mutare Road, Msasa, Harare at 10.00 am on Wednesday 31 August 2022 and at any adjournment thereof, and vote for me/us on my/our behalf or to abstain from voting.

Do hereby record my votes for the resolutions to be submitted as follows:		Tick "√" or place and "X" inside the BOX. Please note that alterations made to your initial response should be signed for.		
		IN FAVOUR	**AGAINST**	**ABSTAIN**
ORDINARY BUSINESS To consider and adopt, with or without amendment, the following resolutions:				
1	**Adoption of Financial Statements for the year ended 28 February 2022** To receive and adopt the financial statements for the year ended 28 February 2022 together with the reports of the Directors and auditors thereon.			
2	**Dividend** To approve the following dividend paid during the year in respect of the financial year ended 28 February 2022; - 60 ZW cents per share amounting to ZW$ 1.5 billion.			
3	**Election of Directors** To re-elect the following, as Directors of the Company. In accordance with Article 81 of the Company's Articles of Association they retire by rotation at the Company's Annual General Meeting and, being eligible, offer themselves for re-election. Each Director shall be re-elected through a separate resolution:			
	3.1 Dr J Myers			
	3.2 Mr H Pemhiwa			
	3.3 Dr D Mboweni			
	3.4 To elect Miss E. T. Masiyiwa as a Director of the Company. Miss Masiyiwa was appointed to the Board in between Annual General Meetings. In terms of Article 89.2, she retires and offers herself for election by the members.			
4	**Directors' Remuneration** To approve the fees paid to the directors for the year ended 28 February 2022.			
5	**Auditors**			
	5.1 To approve the auditors' fees for the previous year.			
	5.2 To note the retirement of Deloitte & Touche as auditors of the Company and confirm the appointment of BDO Zimbabwe Chartered Accountants as auditors of the Company until the next Annual General Meeting.			
SPECIAL BUSINESS				
6	**Renewal of Share Buy-back Authority** To consider, and if thought fit, to adopt, with or without amendment, the following resolution: As a Special Resolution: "That the Company, as duly authorized by Article 10 of its Articles of Association, may undertake the purchase of its own ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that the maximum number of shares authorized to be acquired shall not exceed 10% (ten percent) of the Company's issued ordinary share capital.			

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

PROXY FORM - ANNUAL GENERAL MEETING (CONTINUED)

Signature of Shareholder ....

PLEASE NOTE

Please fill in the correct details below and return to the Company Secretary and Transfer Secretaries in copy.

Name ....

Postal Address ....

Email Address..

Contact telephone number ....

Please read the notes below:

NOTE:

1) Shareholders may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space provided. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2) The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's Extraordinary General Meeting.

3) The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should the shareholder wish to do so.

4) The Chairman of the Annual General Meeting may accept a proxy form which is completed and /or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

5) Any alteration or correction to this form must be initialled by the signatory/signatories.

6) Forms of proxy must be submitted electronically or lodged at or posted to be received at the registered office of the Company Secretary not less than 48 hours before the time of the meeting.

The Group Company Secretary
Registered Office:
Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe.
Email: investor@econet.co.zw
Website: www.econet.co.zw

Registrars and Transfer Secretaries:
First Transfer Secretaries (Private) Limited,
1 Armagh Avenue, Eastlea, Harare, Zimbabwe.
Email: info@fts-net.com

ECONET Wireless

www.econet.co.zw