



**ECONET WIRELESS ZIMBABWE LIMITED**  
**Abridged consolidated**  
**financial statements**  
for the half year ended  
**31 August 2023**



Inspired to change *your* world

**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

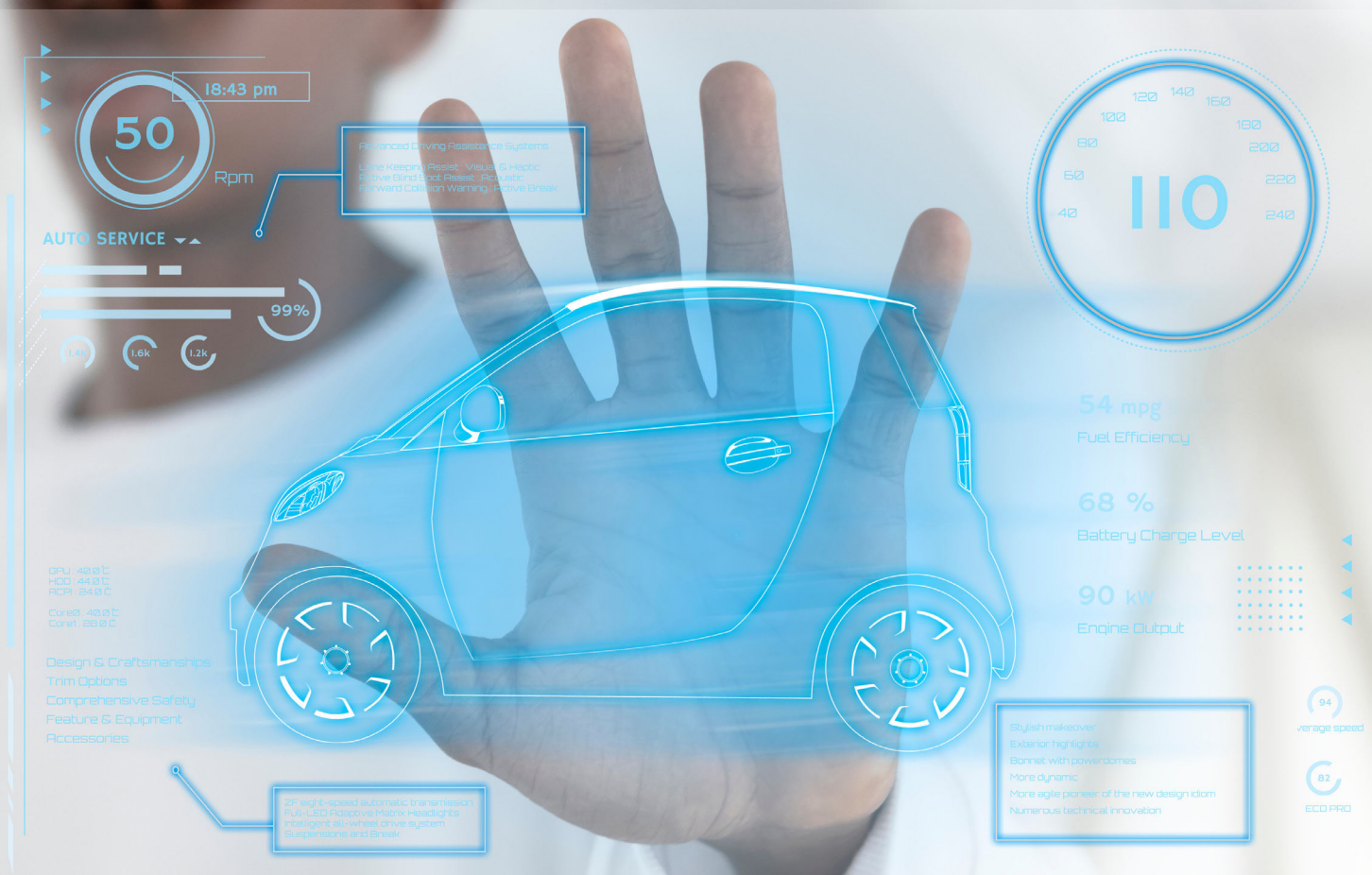
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**Our Vision**

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



**Our Mission**

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



**Our Values**

**Pioneering - Professional - Personal**

We draw inspiration from our values, driven day by day to live them out as we interact with our customers and stakeholders. Over the years we are proud to have pioneered several firsts in telecoms and digital services, delivering professional customer experience that our clients can relate to on a personal, corporate, community and national level.

## Chairman’s statement

### Introduction

This year marks a significant milestone in our journey as we commemorate our 25th anniversary. As we celebrate this milestone, we reflect on how resilient and agile our business has been, evolving from a mobile voice telephony operator to becoming a digital service provider (DSP) that touches the lives of all Zimbabweans. We celebrate the enduring memories we have created with our customers.

Our business continues to support the growing demand for digital services in line with global trends in the telecommunications sector, leveraging on cloud adoption and artificial intelligence whilst keeping our customers safe online with cybersecurity solutions. Digital services and next-generation connectivity have become increasingly central to our livelihoods and this presents an imperative for us to accelerate digital inclusion.

### Regulatory review

Viable pricing of telecommunication services remains a key factor for the continued growth and sustainability of the industry. The volatile operating environment continues to significantly erode the benefits of any tariff adjustments. Regular and effective tariff reviews that track inflation and exchange rate movements are critical to ensure the viability and sustainability of the sector. According to the Postal, Regulatory Telecommunications Authority of Zimbabwe (POTRAZ) voice and data tariffs remain at discounts of 58% and 88% respectively to the region.

### Infrastructure modernization review

We successfully leveraged the partnerships we have with our major equipment vendors to modernize our network after several years of under-investment. From an investment level

of less than 5% of revenue in previous years, capital investments for the period rose to 24% of revenue, in the period under review. As a result, we modernized 252 base station sites in the first quarter, and 439 base station sites in the second quarter, covering Harare and Bulawayo.

The network modernization entails replacing old equipment that had limited capacity or is no longer supported by the vendors. The modernized equipment has better performance, capacity and coverage.

### Sustainability

Our environmental, social and governance (ESG) strategy continues to mature on the back of continued investment driven by our belief in sustainable business practices. We remain committed to achieving Net Zero by lowering our carbon footprint through various initiatives which include reducing the use of diesel generators through investing in solar renewable energy solutions. During the second quarter, we underscored our commitment by participating in the Carbon Disclosure Project survey as part of efforts to monitor and manage our environmental impact.

### Financial review

The financial review is based on inflation adjusted financial statements which are the primary financial statements. Historical cost financial statements have been presented as supplementary information. To comply with International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies (IAS 29) in the preparation of our financial statements, the Group estimated and applied inflation rates for the half year ended 31 August 2023 based on the Total Consumption Poverty Line published by ZIMSTAT.

“ Our business continues to support the growing demand for digital services in line with global trends in the telecommunications sector, leveraging on cybersecurity, cloud adoption and artificial intelligence.”

## Financial highlights

Inflation adjusted

### REVENUE

 **186%**  
from ZW\$384 billion (2022) to  
**ZW\$1 099 billion**

### STATUTORY PAYMENTS

 **246%**  
from ZW\$ 114 billion (2022) to  
**ZW\$394 billion**

### VOICE USAGE

 **24%**

### DATA USAGE

 **25%**

The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. As previously advised, the Directors caution users of the financial statements on the usefulness of these reported financial statements, considering distortions that arise when reporting in a hyperinflationary economy.

Growth in revenue resulted from a volume growth of 24% and 25% for voice and data respectively. However, the Group incurred a loss before monetary adjustment of ZW\$24 billion against a prior period comparative loss of ZW\$40 billion resulting from inflationary pressures in the economy that affected profitability.

Exchange losses from US dollar denominated liabilities driven by the weakening local currency continue to have a negative impact on the Group’s performance. During the period, the Group incurred exchange losses amounting to ZW\$375 billion representing 34% of revenue against a prior period comparative of 39%.

### Debentures

Shareholders duly approved the rights offer scheme to raise US\$30.3 million in fresh equity to redeem US dollar denominated debentures that matured at the end of April 2023. As disclosed in the rights offer circular, the Company intends to apply the net proceeds from the Rights Offer to redeem the company’s matured debentures.

### Dividend declaration

In light of the ongoing capital expenditure program of the Group, the Directors resolved not to declare an interim dividend for the half year.

## Chairman's statement (continued)

### Corporate social investment

Through our implementing partner, Higherlife Foundation, the Group continues to undertake several initiatives aimed at making a positive impact within the communities in which we operate.

Education remained a key focus area for the Group. During the period under review, we embarked on a recruitment exercise that awarded more than 5,300 scholarships to orphaned and vulnerable children. In total, more than 11,100 students are benefiting from various scholarships under Higherlife Foundation. Our digital platform, Akello, continued to provide quality education to children in vulnerable communities which saw more than 34,600 students accessing the platform through Akello tech scholarships.

Under the Rural Transformation and Sustainable Livelihoods initiatives, we continued implementing farming initiatives and activities to support farmers in various districts. To ensure practical training, we developed a comprehensive manual for equipping 45 community-based farmers (lead farmers) and 73 Agritex Officers as proficient Climate Smart Agriculture trainers and extension officers. This manual played a vital role in imparting the necessary skills and knowledge to successfully promote and implement the training. About 13,300 farmers received training, up from 10,000 in the previous season. Inputs were also distributed to farmers for one plot of each of three crops: maize for food security, bio-fortified sugar beans for nutrition, and groundnuts as a cash crop to increase household incomes.

### Outlook

Transforming our business model to a fully-fledged digital service provider remains an urgent imperative. We will continue modernizing our network infrastructure to unlock opportunities presented by emerging technologies to broaden and diversify our service offering. Artificial intelligence and process automation will be pivotal in improving operational efficiencies and customer service delivery.

### Appreciation

On behalf of the Board, I wish to express my appreciation to our valued customers and all our stakeholders who have contributed to the success of our business over the last 25 years. I would also like to express my gratitude to our dedicated staff and fellow Board members whose efforts have carried the business this far.



**Dr. J. Myers**  
**Chairman of the Board**

**20 October 2023**



## Abridged consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 August 2023

All amounts in ZW\$ million	Note	INFLATION ADJUSTED		HISTORICAL COST	
		Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
<b>Revenue</b>	<b>6</b>	<b>1 099 652</b>	<b>384 399</b>	<b>836 345</b>	<b>73 713</b>
Other income		4 117	4 500	6 456	1 272
Share of (loss) / profit of associates		(48)	(737)	3 990	168
Direct network and technology operating costs		(256 498)	(83 643)	(188 045)	(16 951)
Other network costs		(52 760)	(24 705)	(44 166)	(5 076)
Costs of handsets and other accessories		(32 695)	(10 893)	(21 944)	(1 763)
Marketing and sales expenses		(25 357)	(16 089)	(21 942)	(3 184)
Impairment of trade receivables		(15 232)	(4 314)	(6 716)	(805)
Staff costs		(106 910)	(45 663)	(84 974)	(9 128)
Other expenses		(62 036)	(24 235)	(50 839)	(4 925)
<b>Profit before interest, taxation, depreciation, amortisation, impairment, exchange losses and monetary adjustment</b>		<b>552 233</b>	<b>178 620</b>	<b>428 165</b>	<b>33 321</b>
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	<b>7</b>	(181 410)	(66 608)	(62 596)	(5 294)
Other impairments		(7 853)	(1)	(7 853)	(1)
Exchange losses		(375 437)	(149 120)	(287 712)	(28 405)
Finance income		10 412	1 705	4 972	256
Finance costs		(22 059)	(4 907)	(17 305)	(1 130)
<b>(Loss) / profit before monetary adjustment</b>		<b>(24 114)</b>	<b>(40 311)</b>	<b>57 671</b>	<b>(1 253)</b>
Monetary adjustment		157 201	58 965	-	-
<b>Profit / (loss) before tax</b>		<b>133 087</b>	<b>18 654</b>	<b>57 671</b>	<b>(1 253)</b>
Income tax expense		(69 428)	(38 439)	(29 441)	(4 040)
<b>Profit / (loss) for the period</b>		<b>63 659</b>	<b>(19 785)</b>	<b>28 230</b>	<b>(5 293)</b>
<b>Profit / (loss) for the period attributable to</b>					
Equity holders of the parent		63 659	(18 921)	28 230	(5 444)
Non-controlling interest		-	(864)	-	151
		<b>63 659</b>	<b>(19 785)</b>	<b>28 230</b>	<b>(5 293)</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Fair value gain / (loss) on investments at FVTOCI, net of tax		292 213	(428)	580 844	58 625
Gain on property revaluation, net of tax		467 014	187 981	828 872	86 745
Share of other comprehensive income of associate		19 751	5 463	31 952	3 393
		<b>778 978</b>	<b>193 016</b>	<b>1 441 668</b>	<b>148 763</b>
<b>Other comprehensive income attributable to</b>					
Equity holders of the parent		778 978	193 016	1 441 668	148 763
Non-controlling interest		-	-	-	-
		<b>778 978</b>	<b>193 016</b>	<b>1 441 668</b>	<b>148 763</b>

All amounts in ZW\$ million	Note	INFLATION ADJUSTED		HISTORICAL COST	
		Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
<b>Total profit or loss and other comprehensive income attributable to</b>					
Equity holders of the parent		842 637	174 095	1 469 898	143 319
Non-controlling interest		-	(864)	-	151
		<b>842 637</b>	<b>173 231</b>	<b>1 469 898</b>	<b>143 470</b>
<b>Basic and diluted earnings / (loss) per share (ZW dollars)</b>	<b>9</b>	<b>27.10</b>	<b>(7.91)</b>	<b>12.02</b>	<b>(2.27)</b>

IAS 29 discourages the publication of historical cost 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 a review conclusion on this historical cost information.

## Abridged consolidated statement of financial position

As at 31 August 2023

All amounts in ZW\$ million	Note	INFLATION ADJUSTED		HISTORICAL COST	
		Reviewed August 2023	Audited February 2023	Unreviewed August 2023	Unaudited February 2023
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		1 472 015	920 556	1 393 935	316 065
Right-of-use assets		153 465	72 333	153 465	24 946
Investment properties		6 645	4 090	6 645	1 410
Intangible assets		45 639	47 912	66	71
Investments in associates		80 828	60 817	45 317	9 076
Financial assets at fair value through other comprehensive income	10	741 800	443 196	741 800	152 848
Financial assets at amortised cost		22 100	11 760	22 100	4 056
<b>Total non-current assets</b>		<b>2 522 492</b>	<b>1 560 664</b>	<b>2 363 328</b>	<b>508 472</b>
<b>Current assets</b>					
Inventories		29 960	22 302	19 264	7 593
Trade and other receivables		670 143	330 567	593 463	103 272
Financial assets at fair value through profit or loss		2	8	2	2
Cash and cash equivalents		94 664	142 335	94 664	49 088
<b>Total current assets</b>		<b>794 769</b>	<b>495 212</b>	<b>707 393</b>	<b>159 955</b>
<b>Total assets</b>		<b>3 317 261</b>	<b>2 055 876</b>	<b>3 070 721</b>	<b>668 427</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital and share premium		63 223	63 223	96	96
Retained earnings / (accumulated losses)		359 444	312 140	(5 599)	(17 493)
Other reserves		1 670 196	891 218	1 860 641	418 973
Equity attributable to equity holders of the parent		2 092 863	1 266 581	1 855 138	401 576
Non-controlling interest		(45)	(45)	(10)	(10)
<b>Total equity</b>		<b>2 092 818</b>	<b>1 266 536</b>	<b>1 855 128</b>	<b>401 566</b>
<b>Non-current liabilities</b>					
Deferred tax liability		225 077	170 227	220 123	58 575
Lease liabilities		115 979	65 441	115 979	22 569
Interest-bearing debt	11	16 141	8 907	16 141	3 071
Provisions		7 957	14 029	7 957	4 838
<b>Total non-current liabilities</b>		<b>365 154</b>	<b>258 604</b>	<b>360 200</b>	<b>89 053</b>

All amounts in ZW\$ million	Note	INFLATION ADJUSTED		HISTORICAL COST	
		Reviewed August 2023	Audited February 2023	Unreviewed August 2023	Unaudited February 2023
<b>Current liabilities</b>					
Deferred revenue		64 795	36 912	60 899	7 500
Provisions		5 645	2 549	5 645	879
Trade and other payables		329 088	232 262	329 088	80 102
Lease liabilities		32 745	10 710	32 745	3 693
Interest-bearing debt	11	346 514	191 744	346 514	66 128
Income tax payable		80 502	56 559	80 502	19 506
<b>Total current liabilities</b>		<b>859 289</b>	<b>530 736</b>	<b>855 393</b>	<b>177 808</b>
<b>Total liabilities</b>		<b>1 224 443</b>	<b>789 340</b>	<b>1 215 593</b>	<b>266 861</b>
<b>Total equity and liabilities</b>		<b>3 317 261</b>	<b>2 055 876</b>	<b>3 070 721</b>	<b>668 427</b>

IAS 29 discourages the publication of historical cost 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 a review conclusion on this historical cost information.



**Dr. D. Mboweni**  
**Chief Executive Officer**



**C.L. Moyo CA(Z)**  
**Finance Director**

**20 October 2023**

## Abridged consolidated statement of changes in equity

For the half year ended 31 August 2023

All amounts in ZW\$ million	INFLATION ADJUSTED					
	Share capital and share premium	Retained earnings	Other reserves	Total	Non-controlling interest	Total
<b>Balance at 28 February 2022 - Audited</b>	<b>63 223</b>	<b>388 058</b>	<b>229 908</b>	<b>681 189</b>	<b>2 116</b>	<b>683 305</b>
Loss for the period	-	(18 921)	-	(18 921)	(864)	(19 785)
	-	(11 989)	193 016	181 027	-	181 027
Purchase of treasury shares	-	(12 367)	-	(12 367)	-	(12 367)
Share of revaluation reserve of associate	-	-	5 463	5 463	-	5 463
Share of other equity movements of associate	-	378	-	378	-	378
Movements through other comprehensive income	-	-	187 553	187 553	-	187 553
<b>Balance at 31 August 2022 - Reviewed</b>	<b>63 223</b>	<b>357 148</b>	<b>422 924</b>	<b>843 295</b>	<b>1 252</b>	<b>844 547</b>
<b>Balance at 28 February 2023 - Audited</b>	<b>63 223</b>	<b>312 140</b>	<b>891 218</b>	<b>1 266 581</b>	<b>(45)</b>	<b>1 266 536</b>
Profit for the period	-	63 659	-	63 659	-	63 659
	-	(16 355)	778 978	762 623	-	762 623
Purchase of treasury shares	-	(16 519)	-	(16 519)	-	(16 519)
Share of revaluation reserve of associate	-	-	19 751	19 751	-	19 751
Share of other equity movements of associate	-	164	-	164	-	164
Movements through other comprehensive income	-	-	759 227	759 227	-	759 227
<b>Balance at 31 August 2023 - Reviewed</b>	<b>63 223</b>	<b>359 444</b>	<b>1 670 196</b>	<b>2 092 863</b>	<b>(45)</b>	<b>2 092 818</b>

All amounts in ZW\$ million	HISTORICAL COST					
	Share capital and share premium	Retained earnings / (accumulated losses)	Other reserves	Total	Non-controlling interest	Total
<b>Balance at 28 February 2022 - Unaudited</b>	<b>96</b>	<b>2 342</b>	<b>59 971</b>	<b>62 409</b>	<b>219</b>	<b>62 628</b>
(Loss) / profit for the period	-	(5 444)	-	(5 444)	151	(5 293)
	-	(3 425)	148 763	145 338	-	145 338
Purchase of treasury shares	-	(3 458)	-	(3 458)	-	(3 458)
Share of revaluation reserve of associate	-	-	3 393	3 393	-	3 393
Share of other equity movements of associate	-	33	-	33	-	33
Movements through other comprehensive income	-	-	145 370	145 370	-	145 370
<b>Balance at 31 August 2022 - Unreviewed</b>	<b>96</b>	<b>(6 527)</b>	<b>208 734</b>	<b>202 303</b>	<b>370</b>	<b>202 673</b>
<b>Balance at 28 February 2023 - Unaudited</b>	<b>96</b>	<b>(17 493)</b>	<b>418 973</b>	<b>401 576</b>	<b>(10)</b>	<b>401 566</b>
Profit for the period	-	28 230	-	28 230	-	28 230
	-	(16 336)	1 441 668	1 425 332	-	1 425 332
Purchase of treasury shares	-	(16 500)	-	(16 500)	-	(16 500)
Share of revaluation reserve of associate	-	-	31 952	31 952	-	31 952
Share of other equity movements of associate	-	164	-	164	-	164
Movements through other comprehensive income	-	-	1 409 716	1 409 716	-	1 409 716
<b>Balance at 31 August 2023 - Unreviewed</b>	<b>96</b>	<b>(5 599)</b>	<b>1 860 641</b>	<b>1 855 138</b>	<b>(10)</b>	<b>1 855 128</b>

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## Abridged consolidated statement of cash flows

For the half year ended 31 August 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
<i>All amounts in ZW\$ million</i>				
<b>Operating activities</b>				
Cash generated from operations	206 359	60 389	198 552	23 832
Income taxes paid	(96 459)	(24 153)	(64 140)	(4 159)
<b>Net cash flows generated from operating activities</b>	<b>109 900</b>	<b>36 236</b>	<b>134 412</b>	<b>19 673</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(114 538)	(4 490)	(55 363)	(873)
Proceeds from disposal of property, plant and equipment	194	30	179	6
Acquisition of financial assets at fair value through other comprehensive income	(5 410)	(13 564)	(5 597)	(3 007)
Acquisition of shares in associate	(144)	(709)	(134)	(117)
<b>Net cash flows used in investing activities</b>	<b>(119 898)</b>	<b>(18 733)</b>	<b>(60 915)</b>	<b>(3 991)</b>
<b>Financing activities</b>				
Purchase of treasury shares	(16 519)	(12 367)	(16 500)	(3 458)
Finance costs paid	(8 471)	(1 477)	(6 784)	(254)
Proceeds from interest bearing debts	65 175	14 208	58 984	3 982
Repayment of interest bearing debts	(63 842)	(3 810)	(55 687)	(789)
Repayment of lease liabilities	(14 016)	(5 001)	(7 934)	(861)
<b>Net cash flows used in financing activities</b>	<b>(37 673)</b>	<b>(8 447)</b>	<b>(27 921)</b>	<b>(1 380)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(47 671)</b>	<b>9 056</b>	<b>45 576</b>	<b>14 302</b>
Cash and cash equivalents at beginning of period	142 335	62 761	49 088	6 695
<b>Cash and cash equivalents at end of period</b>	<b>94 664</b>	<b>71 817</b>	<b>94 664</b>	<b>20 997</b>

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## Notes to the abridged consolidated financial statements

For the half year ended 31 August 2023

### 1. Directors' responsibility for financial reporting

The Directors of Econet Wireless Zimbabwe Limited ("the Company") and its subsidiaries ("the Group") are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the abridged consolidated interim financial statements. The Group's independent external auditors, Messrs BDO Zimbabwe Chartered Accountants, have reviewed the abridged consolidated interim financial statements in accordance with International Standard on Review Engagements (ISRE) 2410 and their report is summarised in Note 17 of these abridged consolidated interim financial statements. The review conclusion is available for inspection at the Company's registered offices.

In as much as all reasonable care and attention has been taken by the Directors to present information that is meaningful and relevant to the users of the financial statements, it is not always possible to present this information in a way that is not contradictory to International Financial Reporting Standards when reporting the multiple factors in the environment, including but not limited to the legislative framework and economic variables affecting companies operating in Zimbabwe. This has resulted in certain qualifications to these abridged consolidated interim financial statements. Economic variables 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 such conditions.

### 2. General information

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

These financial results are presented in Zimbabwe dollars (ZW\$). During the period, management considered indicators specific to the Group in determining its functional currency as required by International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21). The indicators have provided evidence of a change in functional currency for the Group to United States dollars for the six-month period ended 31 August 2023.

Management continue to assess the long term sustainability of these indicators in context of the operating environment and the telecommunications sector specific regulations. Consequently, the Group has maintained the Zimbabwe dollar as its functional currency.

### 3. Statement of compliance

The abridged consolidated interim financial statements were compiled adopting principles from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) and the Companies and Other Business Entities Act (Chapter 24:31). These interim financial statements have been prepared to comply with the disclosure requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting.

The abridged consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 28 February 2023 which are available on the Company's website.



## Notes to the abridged consolidated financial statements (continued)

For the half year ended 31 August 2023

### 4. Accounting policies

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

The Group adopted a number of other new standards and amendments on 1 March 2023 which however had no material impact on these results.

#### 4.1 Application of International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies

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

IAS 29 discourages the publication of historical cost 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 a review conclusion on the historical cost 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.

Since the adoption of IAS 29 on 1 October 2018, the Group adopted the Zimbabwe consumer price index (CPI) as the general price index to prepare inflation adjusted financial statements. However, in the absence of pure Zimbabwe dollar inflation indices since February 2023, the Group estimated monthly CPIs using the Total Consumption Poverty Line published by ZIMSTAT. The estimation of CPIs is permitted by IAS 29 where a general consumer price index is not readily available.

The conversion factors used to restate the abridged consolidated interim financial statements for the half year ended 31 August 2023 are as follows;

	CPI	Conversion factor
28 February 2022	4 483.06	9.37
31 August 2022	12 286.26	3.42
28 February 2023	14 493.45	2.90
31 August 2023	42 024.99	1.00
<b>Average for the period ended:</b>		
31 August 2023	30 173.73	1.77
31 August 2022	8 143.64	1.70

Non-monetary assets and liabilities carried at historical 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 or linked by agreement to changes in prices 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.

### 5. Abridged segment analysis

All amounts in ZW\$ million	INFLATION ADJUSTED - REVIEWED							
	31 August 2023				31 August 2022			
	Mobile network operations	Other segments	Net eliminations and adjustments	Total	Mobile network operations	Other segments	Net eliminations and adjustments	Total
Revenue from external customers	1 099 652	-	-	<b>1 099 652</b>	384 399	-	-	<b>384 399</b>
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	181 410	-	-	<b>181 410</b>	(66 608)	-	-	<b>(66 608)</b>
Segment profit / (loss)	37 608	26 051	-	<b>63 659</b>	(100 964)	81 179	-	<b>(19 785)</b>
Segment assets	2 411 332	1 041 097	(135 168)	<b>3 317 261</b>	951 925	433 175	(94 085)	<b>1 291 015</b>
Segment liabilities	(952 516)	(393 340)	121 413	<b>(1 224 443)</b>	(342 389)	(184 411)	80 330	<b>(446 470)</b>

All amounts in ZW\$ million	HISTORICAL COST - UNREVIEWED							
	31 August 2023				31 August 2022			
	Mobile network operations	Other segments	Net eliminations and adjustments	Total	Mobile network operations	Other segments	Net eliminations and adjustments	Total
Revenue from external customers	836 345	-	-	<b>836 345</b>	73 713	-	-	<b>73 713</b>
Depreciation, amortisation and impairment of property, plant and equipment and intangibles	62 596	-	-	<b>62 596</b>	(5 294)	-	-	<b>(5 294)</b>
Segment profit / (loss)	101 678	(73 448)	-	<b>28 230</b>	5 963	(11 256)	-	<b>(5 293)</b>
Segment assets	2 182 906	1 009 249	(121 434)	<b>3 070 721</b>	234 790	116 618	(23 506)	<b>327 902</b>
Segment liabilities	(945 665)	(391 341)	121 413	<b>(1 215 593)</b>	(94 800)	(53 914)	23 485	<b>(125 229)</b>

## Notes to the abridged consolidated financial statements (continued)

For the half year ended 31 August 2023

### 6. Revenue

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

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
<b>Revenue from rendering of services</b>				
- Local airtime	472 912	148 559	359 067	28 559
- Interconnection fees and roaming	72 356	29 192	52 173	5 654
- Data and internet services	369 303	131 948	286 119	25 226
- Value added services and short message services (SMS)	117 897	42 161	88 509	7 944
- Other service revenue	57 812	28 740	44 420	5 596
<b>Revenue from sale of goods</b>				
- Handset sales and accessories	9 372	3 799	6 057	734
	<b>1 099 652</b>	<b>384 399</b>	<b>836 345</b>	<b>73 713</b>
<b>Gross sales – revenue analysis</b>				
<b>Gross sales</b>	<b>1 392 713</b>	<b>480 911</b>	<b>1 058 725</b>	<b>92 141</b>
Value added tax (VAT)	(176 012)	(60 075)	(133 614)	(11 472)
Excise duty	(117 049)	(36 437)	(88 766)	(6 956)
<b>Revenue</b>	<b>1 099 652</b>	<b>384 399</b>	<b>836 345</b>	<b>73 713</b>

### 7. Depreciation, amortisation and impairment of property, plant and equipment and intangibles

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
Depreciation of property, plant and equipment	(176 068)	(63 084)	(60 714)	(5 080)
Amortisation of intangible assets	(2 268)	(2 678)	(5)	(6)
Depreciation of right-of-use assets	(3 074)	(846)	(1 877)	(208)
	<b>(181 410)</b>	<b>(66 608)</b>	<b>(62 596)</b>	<b>(5 294)</b>

### 8. Commitments for capital expenditure

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
Authorised and contracted for	167 400	8 881	167 400	2 596
Authorised and not contracted for	159 860	107 188	159 860	31 337
	<b>327 260</b>	<b>116 069</b>	<b>327 260</b>	<b>33 933</b>

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

### 9. Earnings / (loss) per share

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
<b>Profit / (loss) for the period attributable to equity holders of the parent for basic earnings per share</b>	<b>63 659</b>	<b>(18 921)</b>	<b>28 230</b>	<b>(5 444)</b>
Adjustments for capital items				
- Loss / (profit) on disposal of property, plant and equipment	188	89	203	(3)
- Tax effect on adjustments	(46)	(22)	(50)	1
<b>Profit / (loss) for the period attributable to equity holders of the parent for headline earnings per share</b>	<b>63 801</b>	<b>(18 854)</b>	<b>28 383</b>	<b>(5 446)</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share calculation ('000)	2 348 873	2 392 973	2 348 873	2 392 973
Basic earnings / (loss) per share (ZW dollars)	27.10	(7.91)	12.02	(2.27)
Headline earnings / (loss) per share (ZW dollars)	27.16	(7.88)	12.08	(2.28)

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

### 10. Financial assets at fair value through other comprehensive income

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Audited February 2023	Unreviewed August 2023	Unaudited February 2023
<b>Balance at beginning of period</b>	<b>443 196</b>	<b>317 082</b>	<b>152 848</b>	<b>33 825</b>
Additions	5 410	15 857	5 597	3 815
Fair value gain	293 194	110 257	583 355	115 208
<b>Balance at end of period</b>	<b>741 800</b>	<b>443 196</b>	<b>741 800</b>	<b>152 848</b>
<b>Analysis</b>				
Listed shares	165 787	120 933	165 787	41 707
Unlisted shares	576 013	322 263	576 013	111 141
	<b>741 800</b>	<b>443 196</b>	<b>741 800</b>	<b>152 848</b>

## Notes to the abridged consolidated financial statements (continued)

For the half year ended 31 August 2023

### 10. Financial assets at fair value through other comprehensive income (continued)

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.

Unlisted shares relate to an investment in Liquid Telecommunications Holdings (LTH) domiciled in Mauritius. The fair value of the investment amounting to US\$125 million (equivalent to ZW\$576 billion) was determined at 28 February 2023 by the Directors using the earnings before interest, taxation, depreciation and amortisation (EBITDA) multiple valuation technique. The Directors have determined that the fair value determined as at 28 February 2023 approximates the fair value of the investment at 31 August 2023.

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\$8 million (ZW\$36.8 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 during both current and prior period.

### 11. Interest-bearing debt

	INFLATION ADJUSTED		HISTORICAL COST			
	Reviewed August 2023	Audited February 2023	Unreviewed August 2023	Unaudited February 2023		
All amounts in ZW\$ million						
<b>Borrowing</b>	<b>Security</b>	<b>Effective interest</b>				
<b>Non-current</b>						
Bank loans	Secured	7.3% - 16.3%	16 141	8 907	16 141	3 071
<b>Current</b>						
Debentures	Unsecured	5.6%	261 921	142 715	261 921	49 219
Bank loans	Secured	7.3% - 16.3%	84 593	49 029	84 593	16 909
			<b>346 514</b>	<b>191 744</b>	<b>346 514</b>	<b>66 128</b>
			<b>362 655</b>	<b>200 651</b>	<b>362 655</b>	<b>69 199</b>

#### 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.

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 matured on 30 April 2023 and in August 2023 the Company's shareholders approved a renounceable rights offer of new ordinary shares in the capital of the Company to raise US\$30.3 million to redeem the debentures more fully explained in Note 14.

### 11. Interest-bearing debt (continued)

#### Bank loans

Bank loans were advanced by various financial institutions from October 2022 through to August 2023 and are denominated in United States dollars. Repayments commenced in October 2022 and will continue until full settlement in May 2026. The loans accrue interest at rates ranging between 7.3% - 16.3%. Security pledged include; a first mortgage bond over immovable property (land and buildings); notarial special covering bonds over network infrastructure financed by the loans; and subordination of the shareholders' debts.

### 12. Financial instruments

The carrying amounts of financial instruments 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.

All amounts in ZW\$ million	INFLATION ADJUSTED			
	Total	Level 1	Level 2	Level 3
<b>At 31 August 2023 - Reviewed</b>				
Financial assets at fair value through OCI	741 800	165 787	-	576 013
Financial assets at fair value through profit or loss	2	2	-	-
	<b>741 802</b>	<b>165 789</b>	<b>-</b>	<b>576 013</b>
<b>At 28 February 2023 - Audited</b>				
Financial assets at fair value through OCI	443 196	120 933	-	322 263
Financial assets at fair value through profit or loss	8	8	-	-
	<b>443 204</b>	<b>120 941</b>	<b>-</b>	<b>322 263</b>

## Notes to the abridged consolidated financial statements (continued)

For the half year ended 31 August 2023

### 12. Financial instruments (continued)

All amounts in ZW\$ million	Total	HISTORICAL COST		
		Level 1	Level 2	Level 3
<b>At 31 August 2023 - Unreviewed</b>				
Financial assets at fair value through OCI	741 800	165 787	-	576 013
Financial assets at fair value through profit or loss	2	2	-	-
	<b>741 802</b>	<b>165 789</b>	<b>-</b>	<b>576 013</b>
<b>At 28 February 2023 - Unaudited</b>				
Financial assets at fair value through OCI	152 848	41 707	-	111 141
Financial assets at fair value through profit or loss	2	2	-	-
	<b>152 850</b>	<b>41 709</b>	<b>-</b>	<b>111 141</b>

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 period.

### 13. Contingencies

#### Contingent tax liabilities

The Group is regularly subject to an evaluation by tax authorities on its direct and indirect tax filings and has pending matters with the tax authorities arising from the normal course of business. The consequence of such reviews and pending matters is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group. In addition, 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 abridged consolidated financial statements.

### 14. Events after the reporting date

The Company successfully closed the renounceable rights offer of new ordinary shares in the capital of the Company to raise US\$ 30.3 million. Proceeds from the rights offer are being applied to redeem debentures issued by the Company which matured at the end of April 2023.

Ordinary shares amounting to 401 586 371 shares issued pursuant to the rights offer commenced trading on the Zimbabwe Stock Exchange on 9 October 2023.

### 15. Related party transactions

#### Transactions

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Reviewed August 2022	Unreviewed August 2023	Unreviewed August 2022
<b>Transactions with members of Econet Global Limited Group</b>				
Sale of goods and services to fellow subsidiaries	46 340	17 888	36 200	3 466
Sale of goods and services to associates	12 528	6 775	6 959	1 278
Purchase of goods and services from associates	(22 578)	(11 053)	(14 450)	(2 125)
Purchase of goods and services from fellow subsidiaries	(169 714)	(56 782)	(125 343)	(11 596)

#### Balances

All amounts in ZW\$ million	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed August 2023	Audited February 2023	Unreviewed August 2023	Unaudited February 2023
Amounts receivable from the parent	4 861	4 042	4 861	1 394
Amounts owed to fellow subsidiaries	(53 389)	(43 156)	(53 389)	(14 883)
Amounts receivable from fellow subsidiaries	2 690	1 781	2 690	614
Amounts owed to associates	(343)	(486)	(343)	(168)
Amounts receivable from associates	228 413	106 010	228 413	36 560
Amounts receivable from Econet Wireless Zimbabwe Group Pension Fund	1 944	5 636	1 944	1 944
<b>Net amount receivable</b>	<b>184 176</b>	<b>73 827</b>	<b>184 176</b>	<b>25 461</b>

The Group assesses the recoverability of receivables at each reporting period through examining the financial position of the related parties and the market in which the related parties operate.

## Notes to the abridged consolidated financial statements (continued)

For the half year ended 31 August 2023

### 16. Going concern

The prevailing macro-economic conditions within the country's economy have negatively affected the business operating environment. The adverse conditions, which include, but not limited to; 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\$375 billion (2022: ZW\$149 billion) emanating from foreign currency denominated obligations. Exchange losses remain the single largest cost line on the statement of profit and loss and will continue to have a bearing on the Group's profitability.

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\$ 125 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. In light of the Group's current financial position, the Directors are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

### 17. Review conclusion

The interim consolidated financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". An adverse review conclusion has been issued thereon, with respect to the following matter:

- The Group has not complied with the requirements of International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" (IAS 21), in the determination of its functional currency. Whilst the Group assessed and determined that its functional currency changed from ZWL to USD during the period based on the indicators stated in IAS 21, the Group has delayed effecting the change in the functional currency as they monitor legal and macroeconomic developments up to year end.

The auditor's review conclusion is available for inspection at the Econet Wireless Zimbabwe Limited's registered offices. The engagement partner responsible for the review was Mr Jonas Jonga PAAB Practice Certificate number 0438.

## Directorate, corporate and advisory information

### Directors

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

### Registered office

Incorporated in the Republic of Zimbabwe  
 Company registration number 7548/98  
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 Msasa, Harare, Zimbabwe

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 Fax: +263 242 486183  
 E-mail: info@econet.co.zw,  
 Website: www.econet.co.zw

### Group Company Secretary

**Tatenda Alice Ngowe**  
 Econet Park, 2 Old Mutare Road,  
 Msasa, Harare,  
 Zimbabwe

### Independent auditors

**BDO Zimbabwe Chartered Accountants**  
 Registered Public Auditors  
 Kudenga House, 3 Baines Ave,  
 Harare, Zimbabwe

### Principal bankers

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

### CBZ Bank Limited

Union House, 60 Kwame Nkrumah Avenue,  
 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



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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF ECONET WIRELESS ZIMBABWE LIMITED**

### **REPORT ON THE REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

#### **Introduction**

We have reviewed the interim consolidated financial statements of Econet Wireless Zimbabwe Limited (the "Company") and its subsidiaries (together the "Group"), contained in the accompanying report which comprises the interim consolidated statement of financial position as at 31 August 2023, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six months then ended, and the explanatory information to the interim consolidated financial statements (together, "the interim financial information").

The Directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards and Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019 requirements.

Our responsibility is to express a conclusion on this interim financial information based on our review.

#### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity" (ISRE 2410). A review of matters and financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Basis for Adverse Conclusion**

##### **Non-compliance with IAS 21, The Effects of Changes in Foreign Exchange Rates**

The Group has not complied with the requirements of International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" (IAS 21), in the determination of its functional currency. Whilst the Group assessed and determined that its functional currency changed from ZWL to USD during the period based on the indicators stated in IAS 21, the Group has delayed effecting the change in the functional currency as they monitor legal and macroeconomic developments up to year end. This constitutes a departure from IAS 21 as the conditions for a change in functional currency have been met. The effect of the non-compliance with IAS 21 is material to the financial statements.

### **Adverse Conclusion**

Based on our review, due to the significance and materiality of the issue described above, the accompanying interim consolidated financial information do not give a true and fair view of the financial position of the Group as at 31 August 2023, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards and the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019 requirements.

The engagement partner on the review resulting in this review conclusion is Jonas Jonga.

.....  
**BDO Zimbabwe Chartered Accountants**  
**3 Baines Avenue**  
**Harare**

**Jonas Jonga CA(Z)**  
**Partner**  
**PAAB No 0438**  
**Registered Public Auditor**

20 October 2023