



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

# TRADING UPDATE

## FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2023

### Operating environment

The Company has been actively developing its network capabilities and securing its services in response to the digital economy's expansion and the growing need for mobile services. This has allowed the business to continue thriving despite facing external pressures. To mitigate the negative impact of power outages, the business continues to invest in solar solutions. To counter the impact of vandalism and theft, the business has invested in enhanced security systems which have become even more critical in the current socio-economic environment.

Investments made to bolster network capacity and enhance security indicate the Company's commitment to maintaining dependable services and customer satisfaction. The move towards utilizing solar power reflects an innovative approach to address power supply challenges, ensuring consistent service availability even during power grid failures.

### Regulatory environment

Due to the high inflationary pressures, the business is calling for balanced regulation, an important step given the rising operational costs driven by inflation and the shift to using the US dollar. It's essential to find a middle ground where tariffs remain practical for the business without becoming unaffordable for consumers. Regional benchmarks reflect that local telecommunication tariffs remain much lower than the region, despite the country's cost structures being more demanding and access to foreign currency for infrastructure deployments being a significant challenge for local businesses.

### Business performance

According to a report by POTRAZ, the growth in market share for both voice and data services points to the Company's success in delivering value to its customers. The increased consumption and usage patterns show that ongoing investment in network infrastructure is imperative. Econet voice market share increased slightly and data market share decreased marginally. Other key metrics such as base station and 4G base station market share continue to improve.

The continued increase in data traffic reflects the changing consumer behavior and the evolving usage patterns towards data intensive applications, such as video streaming, social media engagement and online gaming which requires commensurate capital expenditure in order to continue to provide quality service. This will require a supportive tariff regime given the inflation trends.

In order to sustain the quality of services amidst higher usage rates, there's a need for tariffs that support the business, especially as inflation impacts capital spending. Implementing cutting-edge network technology, optimizing spectrum utilization, and increasing network density is necessary to manage growing data traffic and maintain a resilient network.

### Financial performance

Inflation adjusted revenue for the period under review increased by 177% from ZW\$ 0.8 trillion relative to the same period last year. The growth in voice and data traffic of 28% and 26% respectively was largely anchored on network modernization.

Exchange losses continued to weigh down the financial performance of the business. For the period under review, exchange losses were 20% of revenue against a prior period comparative of 26%. After the successful settlement of debentures in September 2023, the exchange losses exposure was significantly reduced, and this should improve the business performance going forward.

### Debentures

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 were applied to redeem debentures issued by the Company which matured at the end of April 2023. Ordinary shares amounting to 401 586 371 were issued and commenced trading on the Zimbabwe Stock Exchange on 9 October 2023.

### Outlook

In conclusion, the Company's strategic focus on fostering solutions centred around the customer, prioritizing security, engaging with regulatory bodies, and investing in infrastructure sets it in a strong position amid the challenges present in the current economic landscape.

The business remains committed to complete the current network modernization initiatives which will transform network performance, expand coverage and increase capacity to support changing customer demands for data-intensive applications. The Company will leverage on new technologies to enhance the potential for better financial performance through improved customer experience and lower costs.

### By order of the Board of Directors

**T.A. Ngowe**  
Group Company Secretary

12 January 2024

### Registered Office:

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### Registrars and Transfer Secretaries:

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### Directors:

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