



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 FIRST QUARTER ENDED 31 MAY 2024

INTRODUCTION

In a strategic bid to unlock value for stakeholders, the Company acquired the Financial Technology (FinTech) businesses from EcoCash Holdings Zimbabwe Limited. The administrative integration process of the FinTech is in progress and expected to be completed in the second quarter. The integration of the mobile network operations and financial technology businesses will result in synergies being realised, streamlining of processes and propelling the business forward.

After the reintegration of the financial technology businesses, our main business focus areas will be mobile money, digital platforms, InsurTech, HealthTech and mobile communications. The acquired businesses exclude Steward Bank. The financial results of the acquired businesses are now consolidated as subsidiaries of Econet Wireless Zimbabwe Limited Group and are reported as the financial technology segment.

OPERATING ENVIRONMENT

The new currency, Zimbabwe Gold (ZWG) was introduced on the 5th of April 2024. The new currency replaced the Zimbabwean dollar and is backed by a basket of precious metals, including gold, and foreign currency reserves held by the Central bank.

MOBILE NETWORK OPERATIONS (MNO)

The business recognises the imperative of network modernisation to stay ahead in a rapidly evolving industry. With the advent of 5G, IoT and other cutting-edge technologies, the need for robust, agile and future-proof network infrastructure has become more pressing than ever.

The business continued to prioritise network modernisation to enhance service delivery. During the quarter, over 30 new sites were commissioned across the country which enhanced network performance and quality of service. The network modernisation programme is planned to continue encompassing additional sites covering urban, peri-urban and rural areas to expand network coverage. Increasing our 5G penetration is also a key initiative that we are pursuing as the business targets to commission additional 5G sites by the end of the financial year.

In response to the increase in the utilisation of data services, the business added functionalities to the core network to stabilise and improve service delivery of broadband services. Our new cloud based and modernised core network will offer better service personalisation to meet diverse customer needs.

Load shedding on the national power grid continued to negatively affect the business through reliance on costly backup power to maintain the requisite network uptime and to meet the set quality of service standards. The business continues to invest in renewable energy sources like solar power.

For the quarter under review, Data and Voice usage grew by 74% and 46% respectively relative to the prior year. Data and Voice revenue contributed 42% and 38% respectively of the MNO revenue compared to 33% and 45% same period last year. The marked growth in data usage underscores the need for sustained network expansion and upgrades to adequately meet the ever increasing demand for mobile broadband and digital services.

FINANCIAL TECHNOLOGY (FinTech)

The FinTech segment anchored by the mobile money business delivered a strong performance driven primarily by sustained growth of the active customer base and the increasing usage of our suite of digital financial services.

The mobile money business experienced consistent growth in its active customer base, transaction volumes, and values on the US dollar wallet. Active customers grew by 189% compared to the first quarter of the prior year which is attributed to an efficient distribution network and improved product offerings. International remittance values increased by 265%. During the period, EcoCash continued to partner with Mobile Transfer Agencies from various source markets to terminate into the EcoCash wallet, leveraging on the distribution network for customers to access the funds. This is expected to drive further growth in remittance values in the coming period.

The synergies between our digital insurance platforms and mobile money ecosystem continue to drive increased adoption and cross-selling opportunities. With growth in the mobile money customers, we have recorded increased activity on the life insurance business, with premiums growing 14.2% against last quarter. Airtime Cover, under EcoSure, which bundles airtime and data bundle purchases with life insurance cover is at over 400 thousand subscriptions as of the end of the quarter. Maisha Health Fund recorded a growth of 5.5% in gross premiums against the prior comparative period.

Moovah, our short-term insurance business, recently introduced mobile phone insurance, reinforcing our position as a pioneering leader in the market and reaffirming our commitment to innovation and responsiveness to customer needs. By expanding our offerings and focusing on customer insights, we aim to provide comprehensive and tailored insurance solutions, enabled by the Group's capacity to develop agile products.

DIVIDEND

The Company declared and paid an interim dividend of 0.26 US cents per share for the quarter ended 31 May 2024 in respect of all the qualifying ordinary shares of the Company.

OUTLOOK

The increasing demand for data and digital services will continue to reshape the mobile network operations and capital investments by the Group. Continued enhancement of our robust network infrastructure will be a key imperative to meet evolving and unique customer needs.

As the Group navigates this exciting new chapter, we are planning to leverage on the reintegration of the financial technology businesses to drive innovation, as we respond to the evolving needs of our customers.

By order of the Board of Directors

T.A. Ngowe
Group Company Secretary

12 July 2024

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Dr. J. Chimhanzi*, 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.