



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 2022

INTRODUCTION

Our journey to full digital transformation continued to gather momentum. The business remained focused on its key imperatives thereby driving digital inclusivity and adoption of new ways of doing business through enabling technology.

BUSINESS OPERATIONS

The business was the first mobile network operator to roll out 5G service in Harare towards the end of the last financial year. In the quarter under review, 5G service was further rolled out in Bulawayo during the Zimbabwe International Trade Fair (ZITF 2022) and in Victoria Falls as well as in Chitungwiza, bringing the total number of 5G sites rolled out to 22. The business added 100 new 4G sites to improve network and speed of data connectivity.

Persistent national grid power outages have affected network quality and reliability, thereby necessitating us to increase our efforts to augment our power supply with solar power. However, as inflation increases and disposable incomes are coming under more pressure, there is a discernible increase in the theft of diesel, batteries and solar panels. In response, we have enhanced security at our sites to counter the effects of increased vandalism and theft.

In line with our broad strategy to enhance the digital lifestyles of our customers, more focus and attention was directed towards gaming, music and entertainment to create more platforms for entertainment and revenue streams for artists. An increase in the uptake of support services or self-care platforms was noted and this has seen an improvement in our query resolution time and customer experience. Voice and data traffic for the period under review grew by 6% and 18% respectively, over the previous quarter. This growth was achieved largely due to our customer acquisition strategy.

The telecommunications sector was granted a staggered tariff adjustment by the regulator of 61% in July 2022, and a further 61% with effect from 1 September 2022, and a further 61% with effect from 1 November 2022. The tariff adjustments will cover voice, SMS, data and internet services and are determined in the local currency. The Company is now selling some of its products in United States Dollars, having received the requisite approvals.

As previously reported, significant foreign currency losses continue to be recorded due to the weakening exchange rate which deteriorated by 172% for the quarter under review. Our access to foreign currency remains severely constrained creating further challenges in implementation of necessary network upgrades to assure the continued level of high quality service experienced by our customers.

POTRAZ Q1 OF 2023 SECTOR UPDATE

The Postal and Telecommunications Regulatory Authority of Zimbabwe ("POTRAZ") in its recent Sector Performance report noted that, "The postal and telecommunications sector remains intrinsic to the country's economic growth; it has also become an essential enabler for other sectors" It further highlighted the need for "concerted efforts in the consolidation of strategies that deliberately focus on ICT development..." at the same time calling for a "review of policies, such as customs and excise levies, which will improve the affordability of devices and services..."

REGULATORY ENVIRONMENT

Following the RBZ directive regarding the phasing out of physical airtime distribution, we reduced physical airtime sales from 20% to 10% of total airtime distribution and conversely recorded an uptake of airtime via electronic means. The business continues to explore measures to address the limitations for customers that are not able to easily access airtime using virtual platforms.

OUTLOOK

Tariffs remain below viable levels and it is the hope and expectation of the Group that in the near term, a scientific and fact-based approach to setting tariffs, that takes into account the movements in the Telecommunications Price Index, will be adopted for the industry. This will allow the Group to remain focused on delivering high quality digital services across the country by being able to invest sufficiently to absorb the increasing demand for its services. The rural population remains marginalised in terms of full access to digital services with less than 20% of devices in the country being LTE/4G capable. The Group, with the support of the authorities, would like to tackle this challenge to ensure that digital inclusivity is achieved across all sectors of our society.

By order of the Board of Directors

C.A. Banda
Group Company Secretary

3 August 2022

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**Non Executive*