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 QUARTER ENDED 31 MAY 2023

OPERATING ENVIRONMENT

Inflation and a weakening local currency have continued to be a challenge for the broader economy and the telecommunications sector in particular. The last tariff review for the sector was carried out when the interbank rate was 1,000.02, which in comparison to the interbank rate of 2,577.06 at the close of the quarter under review was a significant depreciation of 158%

The upgrade of Hwange Power Station unit 7 added 300MW of power to the national grid which resulted in an improvement of network availability. We however, continued to invest in alternative and renewable power solutions in a bid to ensure quality network reliability at all times.

BUSINESS PERFORMANCE

The business is in the process of implementing a virtualised core network that will replace the current core network system. The core network is the nerve centre of all the complex network activities that take place in providing the services we provide to our customers. This upgrade will enable the Company to launch additional products and services and implement faster product changes to enhance the customer experience. We also plan to upgrade our radio network in Harare, Bulawayo and Manicaland by the end of the 2023 calendar year. For the period under review, the business upgraded 30% of our Harare and 70% of the Bulawayo base station sites. We have since seen an increase in the speed and volume of data consumed by our customers, as a result of these upgrades.

We have started deploying Business Support Systems (BSS) in a phased manner starting with a new digital Know Your Customer (KYC) platform. The platform leverages on digital identification, distribution, and other partner management services. This service enables convenient access for our customers to our digital ecosystem and our partner services as well. All digital ID subscribers will have greater ability to engage in self-service activities on our platforms.

The Company continues to witness an increase in the demand for its services. Usage of voice and data for the quarter under review grew by 30% and 31% respectively. This increase in volumes requires further investment into the platforms and systems that drive network capacity and capabilities. Our capital expenditure programme which continues to be constrained by lack of availability of foreign currency to pay our suppliers over the next 12 months is expected to be about US$ 135 million. This capital expenditure will require a supportive pricing regime given the inflation trends and currency depreciation.

FINANCIAL PERFORMANCE

In inflation adjusted terms, there was an increase of revenue for the quarter of 137% compared to the same period last year. Inflation over the same period has eroded much of the gains made due to a comparable increase in costs. Exchange losses remain a challenge. The Company has approved a renounceable rights offer to raise US$30.3 million to be applied towards redemption of our maturing debentures. More details on the structure and timing of the capital raise have been provided in our various public announcements.

OUTLOOK

We expect the operating environment to remain challenging in terms of below inflation tariff adjustments, FX headwinds and inflation. We, however, expect the demand for our services to remain robust. As we continue "building memories together", we have ramped up our promotional marketing campaign to celebrate Econet for turning twenty-five years. "*Hallo 25*", celebrates our 25 years of existence.

By order of the Board of Directors

C.A. Banda
Group Company Secretary

14 July 2023

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