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# UNLOCKING DIGITAL Opportunities

Annual Report 2022



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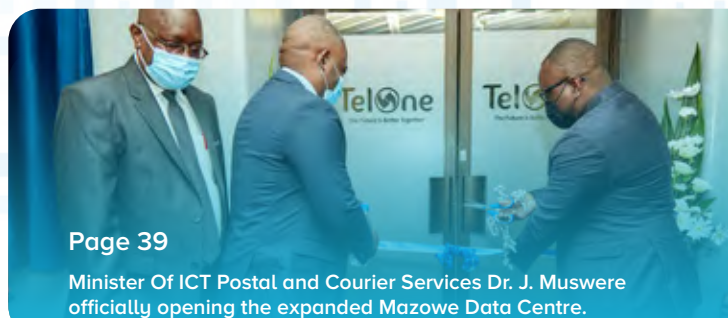
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Connect with us  
We value and welcome feedback on our integrated report. Scan the QR code for quick and easy feedback on your smartphone.

“ We are committed to driving sustainability throughout all our operations and beyond. ”

# 01

## INTRODUCTION

- 3. About this Annual Report
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## About This Annual Report

### Unlocking Digital Possibilities

TelOne is committed to driving sustainability throughout all our operations. TelOne offers end to end solutions aimed at making the everyday life of consumers better. We unlock digital possibilities for Government through promoting smart cities, digitalization and Internet Of Things as we usher in a digital economy envisioned in the economic blueprint National Development Strategy 1. For us, unlocking digital possibilities for the economy is a key mandate which we will deliver based on our specific strengths and enabled by:

- High capacity backbone and a wide access footprint providing nationwide digital solutions.
- Robust end to end solutions for our Enterprise and Government clients catering for their voice and internet connectivity requirements.
- Affordable connectivity for all, through our Home broadband offers and satellite services that cater for rural schools, mines and farmers.
- Digital inclusion for all through access to affordable devices (laptops, tablets, desktops for rural schools and individuals) that are assembled at our Msasa Manufacturing plant.
- Skilled and competent staff with a dedicated Centre for Learning Institute which supports Technical training at Diploma and Degree level with scholars attaining a Bachelor's Degree in Telecommunications Engineering.

We believe TelOne is a one stop shop for all Information Communication Technology (ICT) and digital solutions requirements. At TelOne we unlock digital possibilities for all Zimbabweans

This report unpacks the progress that the company has made on its journey to unlock digital possibilities for all Zimbabweans as we strive to have a digitally enabled society by 2025.

### Navigating Our Annual Report



Our annual reporting suite is available in PDF format online:



### How We Collect Data

This report includes data from the local Zimbabwean operating market, primarily sourced from our internal and external reporting and data management systems.

We also collected secondary data from our quarterly customer satisfaction index surveys and our Bi-annual Brand Health checks as well as strategy formulation customer engagement sessions. The report includes use of publicly available Information reports as well as industry-specific reports as provided by Postal and Regulatory Authority of Zimbabwe (POTRAZ).

# Sustainability Management for Stakeholder and Value Creation

We are pleased to present the TelOne (Private) Limited Integrated Annual Report for the year ended 31 December 2022. At TelOne, we are committed to adapting to the ever changing business environment driven by market needs and those of the communities around us. We continue to evolve, transforming our capabilities to become a converged multimedia communication and digital services provider. This report covers all of TelOne's operations in Zimbabwe.

## Reporting Frameworks

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In reporting on non-financial information, the Company is mainly guided by the following:

- The Global Reporting Initiatives (GRI) Guidelines on Integrated Annual Reporting;
- The Code of Corporate Governance in Zimbabwe (ZIMCODE);
- The Public Finance Management Act (Chapter 22:19) and;
- The Public Entities Corporate Governance (PECOGO) Act (Chapter 10:31).

## Assurance On Financial And Non-Financial Information

Our financial statements have been audited by the Office of the Auditor General of Zimbabwe in accordance with International Standards on Auditing (ISA). The independent auditors' report on the financial statements is contained on Pages 66 to 68 of the Annual Report. Information tracking our non-financial performance is disclosed to our stakeholders to whom we are committed to deliver value. Adopting the Sustainability Management and Reporting model has ensured that we have taken on board the interests of our different stakeholders and the impact of our interventions which is strictly tracked and reported on.

We desire to be transparent on all such matters and to invest our energies to guaranteeing that the promised value is fully accounted for. Annually, we map our stakeholders for specific interactive engagements to ensure that as we pursue any material topic of interest to them, their views and desires are considered.

## Our Stakeholders

- Government of Zimbabwe;
- Ministry of Information Communication Technology and Courier Services;
- Regulatory bodies and other institutions which include Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ), Zimbabwe Revenue Authority (ZIMRA), Insurance and Pensions Commission (IPEC), Procurement Regulatory Authority of Zimbabwe (PRAZ), Communications and Allied Industries Pensions Fund (CAIPF) among others;
- Clients;
- Employees;
- The Media;
- TelOne suppliers and service providers;
- Professional Associations;
- The Communities within which we operate and;
- General Public.



# Our Sustainability Strategy

As we pursue our business objectives, it is our commitment to guarantee that TelOne becomes fully compliant with GRI Reporting Standards to guide the implementation, tracking and reporting of non-financial progress through pursuing material topics outlined in the report.

Building on the Sustainability Reporting foundation set out in 2021 through structured training for all management teams and streamlining of material topics, the business was able to strengthen its sustainability drive throughout 2022.

This report therefore contains all the necessary disclosures and an update of the progress made on each of the material topics under three themes namely; Economic Impact, Social Impact and Environmental Impact.

## TelOne Material Topics for 2022:

### Economic GRIs

GRI Standard Number	GRI Standard Title
201	Economic Performance
202	Market Presence
203	Indirect Economic Impacts
204	Procurement Practices
205	Anti-corruption
207	Tax

### Environmental GRIs

GRI Standard Number	GRI Standard Title
301	Materials
302	Energy
304	Biodiversity
306	Effluents and Waste
307	Environmental Compliance

### Social GRIs

GRI Standard Number	GRI Standard Title
401	Employment
402	Labor/Management Relations
403	Occupational Health and Safety
404	Training and Education
405	Diversity and Equal Opportunity
410	Security Practices
413	Local Communities
417	Marketing and Labeling
418	Customer Privacy

This report is an update on the progress made under each of the material topics.



## Key Sustainability Disclosures

“ TelOne has a wide market presence with representation across all major cities and towns through an actual physical shop or an Exchange. ”



### GR1 202: Market Presence

#### Disclosure 103-2:

##### Explanation of The Material Topic and Its Boundaries

It is essential to have market presence across the whole country so as to deliver exceptional telecommunications products in Zimbabwe. The nature of our products require that technicians visit customers premises to install equipment. Thus TelOne has over 150 points of physical presence across the country.

However, with digitalisation and the conveniences that come with, it is critical to allow customers with platforms for virtual on-boarding and self-service for recharge, balance enquiry and fault reporting as well as to quickly fix minor faults.

TelOne is pleased to have completed digitalising the customer on-boarding process in 2022 so that customers do not need to visit the shop to apply for service.

#### Disclosure 103-2:

##### The Management Approach and Its Components

Given the vast establishment of physical distribution outlets TelOne has partnered with other companies for sustainable “store in store” collaboration where customers also get to enjoy other services such as insurance and mobile network service.

TelOne is also accessible virtually through the website, self-service options, Chommie Chatbot services and mobile USSD \*216# service. This means that customers get to access TelOne easily depending on their preferred channel.



### GR1 417: Marketing and Labelling

#### Disclosure 103-2:

##### Explanation of the Material Topic and Its Boundaries

Packaging and labelling of TelOne products is essential in that it helps differentiate our product from other telecommunications products on the market. We predominantly use mother brand endorsement for all our products with key sub- brands being TelOne Broadband, TelOne Voice, TelOne Satellite, TelOne Wholesale, TelOne Manufacturing and TelOne Blaze.

However, as the company diversifies into Technology and Media we have launched new innovations such as TelTrack and Telematics insurance but these too carry endorsement derive from the word TelOne as they prefixed “Tel” or “Tele”.

#### Disclosure 103-2:

##### The Management Approach and Its Components

The overall goal is to have all TelOne products and services meeting acceptable quality and safety standards for the benefit and protection of customers. Our customers have the right to access products that are labelled accurately and transparently



## Key Sustainability Disclosures

on the following key aspects as is assessed periodically by the regulatory authority Postal and Telecommunications Authority of Zimbabwe (POTRAZ) as well as the Consumer Council of Zimbabwe (CCZ):

- disclose the speed for each broadband package
- show the approved pricing in all advertising for telecommunications products
- disclose any subsidies and/or discounts under a 3 months promotional standard to promote a level playing field in the telecommunications industry in Zimbabwe

Our TelOne Manufacturing plant which assembles various technology devices ranging from laptops, desktops, tablets to prepaid meters needs to be assessed on health and safety impacts as well as raw material and finished goods data, customer safety information, and labelling.

Key issues include:-

- approved labels of technology devices as stipulated by Zimbabwe legislation
- providing a guarantee of 6 months to 1 year depending on the product
- offering post-sales support to customers as and when they require it



### GR1 418: Customer Privacy

#### Disclosure 103-2:

##### Explanation of the Material Topic and Its Boundaries

It is essential that the privacy of our customer is respected and demonstrated in the way we conduct our business. We collect customer details including names, identification particulars, bank details, physical address, mobile numbers, birth dates. This information is kept in our databases and is not disclosed to third parties.

The customer is also entitled to protection as they use TelOne Products so that they are treated fairly and not prejudiced as they interact with TelOne, our products as well as our employees.

#### Disclosure 103-2:

##### The Management Approach and Its Components

Our customers have the right to privacy as they enjoy TelOne products and services. This right is supervised and assessed periodically by the regulatory authority Postal and Telecommunications Authority of Zimbabwe (POTRAZ) and also further endorsed through the Consumer Protection Act of Zimbabwe which stipulates that:-

- customer information shall not be displayed or shared or sold to third parties without the consent of the client
- terms and conditions of products and promotions must be available on the website for viewing and pre-approved by the regulator
- corporates shall display visibly in all shops the rights of a customer to privacy, to complain to the regulator on quality of

service, unfair pricing or any other issue

- pricing shall be displayed in the shops and be available for viewing on enquiry

TelOne has not been in breach of customer privacy in the reporting period under review and strives to adhere to the requirements of Customer Protection Act

#### Disclosure 103-3:

##### Evaluation of the Management Approach

The company perceives the management approach to be effective.

Our customers have the right to privacy as they enjoy TelOne products and services.



## Our Year at a Glance - Key Highlights

### Revenue

**ZWL56.8bn**  
36% increase  
against prior year

### Operating Profit

**ZWL7.1bn**  
65% increase against  
prior year

### Foreign Currency Generated

US\$14million

### Taxation

ZWL6.5billion  
and US\$2million

### Broadband Subscriptions

133,617

### Voice Subscriptions

243,495

### Rural Schools Connected

228

### Rural Clinics Connected

468

### Devices

2500

### New Digital Products

3

### Jobs Created

1896







## Our Vision And Mission Statements



## COMMERCIAL DIRECTORATE

Driving sustainability through providing:

### Communication for all -

- Bonus home broadband bundles offering value for money in urban areas enabling everyone to communicate freely,
- Voice bundles that give unlimited calls for landlines for just US\$2 per month enabling people to communicate freely,

### Digital Inclusion -

- Unlocking digital possibilities for Government, Enterprise and Residential clients,
- TelOne manufacturing plant driving digital inclusion through affordable devices for all.



## TECHNICAL DIRECTORATE

Driving sustainability through technical excellence and inclusive connectivity:

### Technology Deployment and Innovation:

- Deploying cutting-edge new technologies and solutions to improve network performance, customer experience, operational and energy efficiency.

### Connectivity for all:

- Driving connectivity for all ensuring no one is left behind through network expansion to underserved areas, replacement of obsolete network infrastructure and expansion of fibre optic footprint.
- Bridging the digital divide by providing solutions for rural areas through innovative satellite services.

### Cloud Solutions and Cyber Security:

- Deliver sustainable, secure, and responsible solutions that meet the evolving needs of our customers and contribute to a more sustainable digital future.



## TELONE CENTRE FOR LEARNING

Driving sustainability through providing:

- Sustainability training programmes.
- Human capital sustainability.
- Financial sustainability.



# 02

## CORPORATE GOVERNANCE

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# Chairman's Statement

**Dr. D. Zimbango**  
Board Chairman



## Dear Stakeholder

I am pleased to present TelOne (Private) Limited's performance for the financial year ended 31 December 2022 which summarises the progress and accomplishments for the year.

## Operating Environment

### Economic Environment

The operating environment remained challenging in the year 2022 characterized by unstable exchange rates and rising inflation which reached a peak of 285% in August 2022. The second half of the year was more stable in response to Fiscal and Monetary Policy interventions as evidenced by a slowdown in inflation and exchange rate volatility.

Interventions from the central bank included hiking of interest rates to curtail speculative borrowing and introduction of gold coins as an investment option which both resulted in general stability in prices and the exchange rate.

The economy however continued to reel under an acute ZWL liquidity constraints which led to increase in foreign currency transactions. Customer spending remained high across most of the company's products, benefiting from the stable US\$ pricing, improvement in salaries and wages in some sectors of the economy and increased economic activity particularly in the mining sector.

The foreign currency auction system continued to provide a cushion to the foreign exchange needs of the company. The amount received from the auction during the year under consideration was US\$4.7million against a target of US\$10million intended for operational needs as well as network expansion.

### Financial Performance

The Company realised significant growth in 2022 registering an operating profit of ZWL 7.1 billion up from ZWL4.3 billion achieved in the previous year.

### Legacy Loans

A significant concern for the business was the increase in foreign exchange rate volatility and the depreciation of the local currency against the major global currencies which directly impacted our legacy loans amounting to US\$394million as at 31 December 2022. This led to foreign legacy loan expenses amounting to ZWL223 billion in historic terms and ZWL343 billion in inflation adjusted terms in the period under review.

### Capital Expenditure Funding

The legacy loans had a negative effect on the business's Financial Statements and this adversely affected the ability of the company to attract external funding particularly capital expenditure for transmission network deployment.

For the period ending 31 December 2022 the business had funded capital expenditure of US\$9million out of US\$39million required using internally generated resources. Foreign currency generation from the business operation was impacted by customer's preference to settle bills in local currency and shortages of foreign currency on the auction market. This diminished the ability of the business to fund capital expenditure towards network expansion and upgrades.

The business continued to pursue the initiatives listed below to unlock funding for the business:

- Unlocking value through property portfolio
- Disposal of redundant network equipment
- Engaging private players through Public Private Partnerships to fund network equipment deployment.

### Sustainability and Corporate Social Responsibility

The new paradigm in running progressive businesses requires that we anchor our business approach on our relevance to all our stakeholders with our progress and performance being measured around our impact to people, planet and profit. The Company projects to earn revenues of ZWL219 billion in 2023.

In response to this, TelOne has taken a responsible corporate citizen approach where matters around the three Ps are given equal importance.

For the year 2022, this approach drove all our operations including our structured corporate social investment (CSI) programmes. TelOne's CSI remained guided by the Sustainable Development Goals and targeted at supporting girls' empowerment, livelihoods for vulnerable communities, access to health and environmental rehabilitation with a total of 500 families, 12000 girls and 13 institutions in at least 6 Districts of Zimbabwe.

### Strategic Thrust

TelOne is running a 5-year Strategic Plan (2021-2025), anchored on the Government of Zimbabwe's National Development Strategy 1 (NDS 1), Vision 2030 as well as the Ministry of Information Communication and Technology, Postal and Courier Services (MoICTPCS)'s Strategic Plan. Our strategic pillars aim to achieve the following:

- 25% Market share
- 30% reduction in overhead expenses
- Expansion of optic fibre network from 4,796km to 10,000km
- Development of New data centric products
- Championing of infrastructure sharing

### Commitment to Good Corporate Governance

The Board recognizes and subscribes to the strict adherence to the principles of good corporate governance and is committed to the values of openness, integrity and accountability as required by guidelines stipulated in the Zimbabwe Code of Corporate Governance.

The Company has reviewed its practices to ensure compliance with the promulgated Public Entities Corporate Governance Act (Chapter 10:31) along with other legislation.

During the year, the Board of Directors carried out a Board Evaluation covering a review of the Board's effectiveness while also reviewing performance of individual directors. Annual board evaluations will continue to be conducted to ensure the Board adopts and leads the Company's thrust of continuous human capital development.

In line with this approach, the Board of Directors has also entered into a performance agreement with the shareholder. This development ensures that the Company has a performance management culture led by the Board.

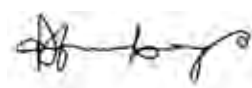
### 2023 Outlook

The Company will continue to pay attention to the unique challenges and opportunities presented by the current operating environment. Network maintenance and expansion remain key to ensuring service delivery to our customers. The Company will continue to seek opportunities to access foreign currency upon which the majority of its initiatives are dependant.

### Appreciation

On behalf of the Board, I would like to express our gratitude to Mrs Chipso Mtasa, who left the Company on 31 December 2022 after expiry of her term of office as the Managing Director. Her valuable contribution to TelOne is greatly appreciated.

I would also like to extend my appreciation to all our stakeholders for your continued support. To our valuable clients, we thank you for standing with us. We will continue to prioritize and work on improving the delivery of innovative, reliable and affordable services. I wish to thank our dedicated and exceptional staff who remain committed to our vision and have immensely contributed to the success of the company during these challenging times.



**Dr. D. Zimbango**  
Board Chairman

16 June 2023



# Chief Executive Officer's Report

!! Digital transformation remains a key pillar in our Client Experience Enhancement key result area. !!

**Engineer. L. Nkala**  
Acting Chief Executive Officer

## Introduction

The year 2022 saw the company strengthening its drive towards the Sustainability Business Model which guided the tracking of our non-financial impact specific to economic value, social value and environmental responsibilities.

On the financial performance front, the major issues in the domestic operating environment continued to be instability in the exchange rate and the ripple effects on inflation. However, there was general improvement in business operations across industry as most were conducted at full capacity for the first time in three years owing to the COVID-19 induced limitations.

The business is determined to continue investing in network upgrades and migrating more areas to Long Term Evolution (LTE) technology and optic fibre. During 2022, the business grew its LTE coverage, with a special focus on Chitungwiza.

## Financial Performance

	Inflation Adjusted			Historical		
	2022 ZW\$	2021 ZW\$	% change	2022 ZW\$	2021 ZW\$	% change
<b>Revenue (billion)</b>	<b>56.8</b>	<b>41.8</b>	<b>36%▲</b>	<b>41.6</b>	<b>9.1</b>	<b>357%▲</b>
Broadband(billion)	44.7	29.6	51%▲	33	6.7	393%▲
Voice(billion)	8.6	9.3	8%▼	5.8	2.1	176%▲
Other	3.5	2.9	21%▲	2.8	0.3	833%▲
<b>Average Revenue per User (ARPU)</b>						
Voice	35,178	38,254	8%▼	23,913	8,475	182%▲
Broadband	334,745	218,472	53%▲	246,805	49,215	401%▲
<b>Operating expenses (billion)</b>	<b>37.8</b>	<b>24.1</b>	<b>57%▲</b>	<b>24.9</b>	<b>5.6</b>	<b>345%▲</b>
Cost to income ratio	87%	90%	3%▼	77%	93%	17%▼
<b>EBITDA (billion)</b>	<b>11.4</b>	<b>11.1</b>	<b>3%▲</b>	<b>11.5</b>	<b>2.1</b>	<b>448%▲</b>
<b>EBITDA Margin</b>	<b>20%</b>	<b>26%</b>	<b>23%▼</b>	<b>28%</b>	<b>23%</b>	<b>22%▲</b>
<b>CAPEX (US\$)</b>	<b>9.0</b>	<b>5.1</b>	<b>76%▲</b>	<b>9.0</b>	<b>5.1</b>	<b>76%▲</b>
<b>Home Broadband Subscribers</b>	<b>133,617</b>	<b>135,487</b>	<b>1%▼</b>	<b>133,617</b>	<b>135,487</b>	<b>1%▼</b>
<b>Voice subscribers</b>	<b>243,495</b>	<b>243,421</b>	<b>0%▲</b>	<b>243,495</b>	<b>243,421</b>	<b>0%▲</b>
<b>Customer Satisfaction Index</b>	<b>80%</b>	<b>82%</b>	<b>2%▼</b>	<b>80%</b>	<b>82%</b>	<b>2%▼</b>
<b>Employee Engagement Index</b>	<b>62%</b>	<b>64.40%</b>	<b>4%▼</b>	<b>62%</b>	<b>64.40%</b>	<b>4%▼</b>

## Chief Executive Officer's Report

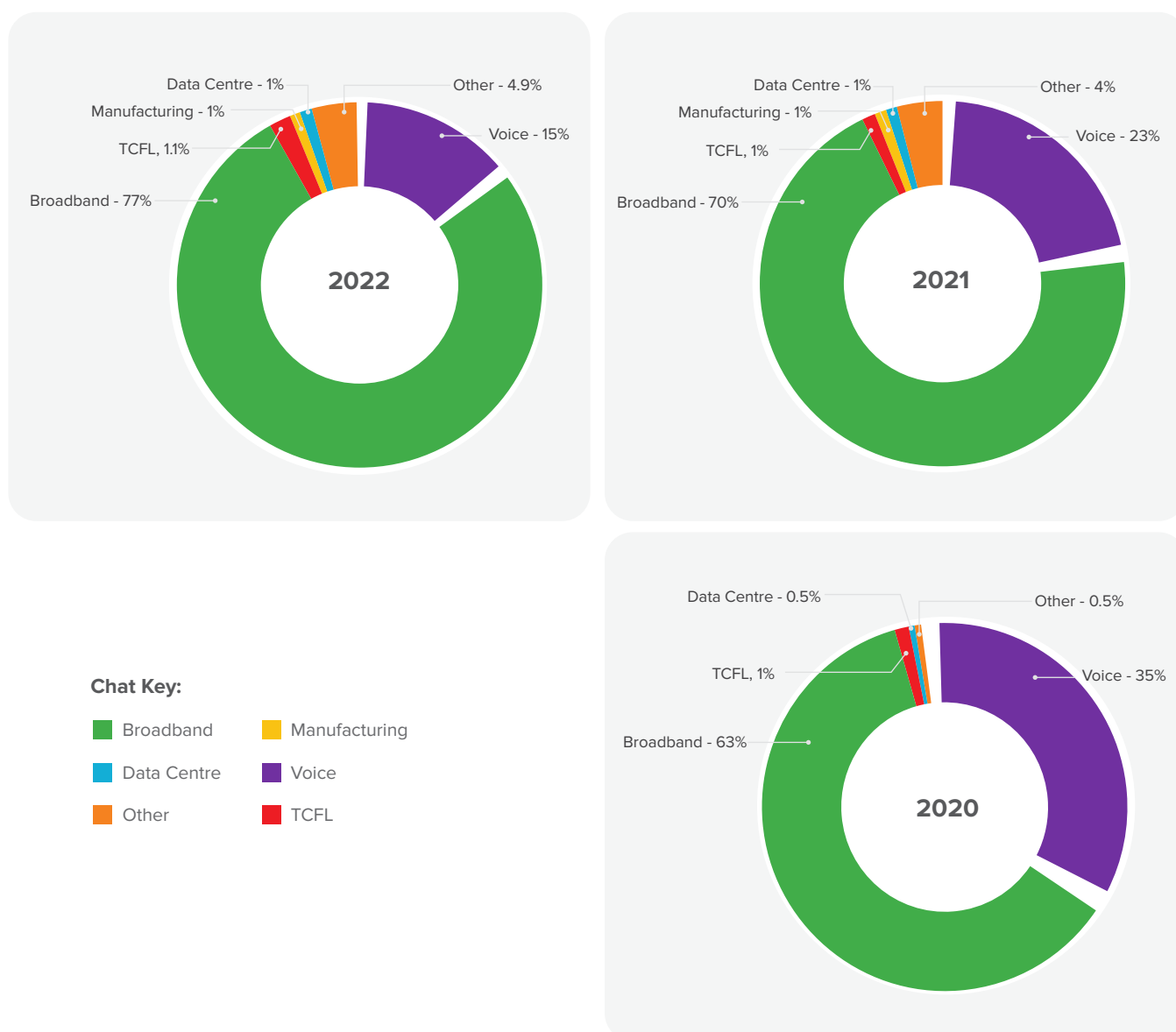
Revenue for the period grew by 36% in inflation adjusted-terms and 357% in historical terms driven by a 25% growth in broadband recharges and a staggered 61% tariff adjustments for Voice and Home broadband which were effected in July, September and November 2022.

The Company realised 3% growth in profitability in 2022 registering an inflation adjusted profit before tax and depreciation (EBITDA) of ZWL11.4 billion up from ZWL11.1 billion achieved in the previous year. Operating expenses increased by 53% from ZWL24.1 billion in 2021 to ZWL37.8 billion in 2022 in inflation adjusted terms. This was mainly driven by the depreciation of the local currency which had a pass through effect on inflation.

Cost to income ratio improved from 90% in year 2021 to 87% in year 2022 as the rate of increase in operating expenses was lower than the rate of increase in revenue. The Company continued to implement cost containment measures during the year with specific investments in the deployment of low cost structure Long Term Evolution (LTE) network to replace the copper network. The deployment of the hybrid solar solution was the highlight of cost containment initiatives undertaken during the year.

The Company ended the year under review with a net asset position of ZWL56.7 billion (historic) and ZWL63.6 billion (inflation adjusted) mainly driven by asset revaluation done as at 31 December 2022.

The contributions of TelOne products to the total revenue of the Company over the last three years are summarized in the charts below;



## Chief Executive Officer's Report

Broadband contribution for the year improved by 10% to 77% from 70% in 2021 whilst voice dropped by 53% in 2022 to 15% from 23% in 2021. This highlights the on going shift in customer tastes and preferences towards data centric products. Data centre contribution remained at 1% as from previous year.

TCFL contributed 2% of the company revenue which is above prior year contribution of 1%. Manufacturing revenue contributed 1% of revenue which is the same contribution as for prior period. Inadequate foreign currency hampered the ability to procure kits to assemble ICT gadgets.

### Pricing

Revenue performance was impacted by delayed tariff reviews in view of the rising inflation. The telecommunication sector was granted a staggered tariff adjustment by the regulator of 61% in July 2022, another 61% effected 1 September 2022 and a further 61% was effected on 1 November 2022. The tariff adjustments were for voice, data and internet services and are determined in local currency. The business is now selling some of its products in United States Dollars mostly through bonus bundles to the consumer market to mitigate further loss of value.

### TelOne Performance Over the Past 10 Years

The table below summaries our performance over the last ten years in historical values;

Historical	2022 ZW\$	2021 ZW\$	2020 ZW\$	2019 ZW\$	2018 US\$	2017 US\$	2016 US\$	2015 US\$	2014 US\$	2013 US\$
Revenue	41.6b	9.1b	3.1b	414m	125m	119m	114m	138m	157m	148m
Broadband Revenue	33b	6.7b	2b	217m	61m	45m	33m	28m	29.5m	24.9m
Voice Revenue	5.8b	2.1b	1.1b	191m	61m	72m	73m	97m	127.3m	123.1m
Other Revenue	2.8b	341m	171m	6m	3m	3m	5m	11m	5m	4m
Broadband ARPU	334,745	49,215	15,471	1,935	611	509	409	379	690	808
Voice ARPU	35,178	8,475	4,387	727	214	272	301	388	427	405
Operating Expenses	24.9b	5.6b	2.7b	385.7m	133.6m	131.9m	131.4m	140.4m	155.8m	151.7m
OPEX/Rev %	60%	62%	82%	79%	104%	107%	110%	95%	96%	99%
EBITDA	11.5b	2.1b	627m	147m	23m	20m	13.9m	20m	24m	17m
EBITDA Margin	28%	23%	20%	30%	19%	17%	12%	15%	14%	14%
CAPEX (US\$)	9m	5.1m	2.89m	5.4m	18m	69m	25m	17.6m	22.8m	12m
Staff Cost to Income	29%	30%	28%	26%	35%	36%	35%	32%	32%	36%
CAPEX/Rev %	8%	9%	8%	4%	14%	58%	22%	13%	14.5%	8%
Voice subscribers	243,495	243,421	252,051	262,716	285,146	264,150	242,227	249,962	298,461	304,144
Broadband Subscribers	133,617	135,487	128,545	112,337	100,005	87,851	80,745	73,883	50,570	30,800
Bandwidth Capacity	142.5Gb	97.5 Gb	64.5 Gb	42.2 Gb	24.8 Gb	17.4 Gb	12.2Gb	9.9Gb	2.4Gb	930Mbps
Fibre Distance (kms)	5,751	5,223	4,796	4,046	3,981	3,689	2,700	2,595	2,595	2,417

TelOne has been on a growth trajectory over the past ten years mainly spurred by growth in Broadband revenues. Broadband subscribers grew by 334% from 30,800 subscribers in 2013 to 133,617 subscribers in 2022. This has been enabled by the increase in our bandwidth capacity which rose from 930Mbps in 2013 to 142.5Gb in 2022.

### Legacy Loans

TelOne has legacy loans amounting to ZWL268.4 billion (US\$394m). Outside of capital injection by the shareholder, the business has been looking for debt finance to transform the network and meet the demands of the digital economy.

However, due to the legacy loans and state of the balance sheet, TelOne has failed to attract the much needed funding to transform the business and align with other operators locally, regionally and internationally. This has resulted in poor service delivery and reduced growth in market share as the

business struggles to compete with well-resourced existing and new entrants in the sector. The Company hopes that the resolution of these legacy issues between Government and other multilateral financiers will breathe fresh impetus into the Company.

### Capital Projects Funding

Business expansion has been limited by the Company's inability to fund capital projects. The total amount required by the Company to fund capital projects for the year 2023 approximates US\$34.6 million, with a significant amount prioritized towards backbone transmission and access network deployment, core network and information systems upgrade. Also included is the expansion of Data Centre infrastructure among a host of other projects. The telecommunication industry is highly capital intensive owing to continuous ICT developments. The industry has evolved over the years with rapid technological advancements rendering most telecommunication equipment



## Chief Executive Officer's Report

and infrastructure obsolete. The rapid changes in the industry from analogue to digital technology has resulted in complete evolution of technologies with copper being replaced with optic fibre.

The Government of Zimbabwe, which is the sole shareholder for TelOne, has not been able to inject equity into the business for a number of years leaving the Company way behind competition.

Currently broadband is the leading revenue earner accounting for over 70% of TelOne's total revenue. However, 70% of the broadband revenue is anchored on the copper network which is highly susceptible to vandalism and is unable to deliver the capacity and speed demanded by the modern consumer.

### Client Experience Enhancement

Brand TelOne, has been a household name and our clients continued to believe in the business and as a company we are fully committed to deliver optimal service to our clients. The business is spirited on its approach to enhance customer experience and digital transformation remains the key strategy in our Client Experience Enhancement key result area and as such, during 2022, digital solutions were deployed in the Client On-boarding Process and Client Engagement Platforms.

### Improving Human Capital and Culture

The business is committed to continuous improvement of employees' welfare as well as human capital development hence different strategies were rolled out to enhance employee value. We improved Human Resources systems to achieve efficiencies through introduction of Human Resources digital services to cover recruitment, talent management, employee welfare and health and safety issues.

### Wellness

The business remains focused on encouraging its employees to get full Covid-19 vaccinations and was vigilant in implementing all Covid-19 mitigation protocols. Besides managing the impact of COVID-19, the business continued with the drive towards supporting all round wellness for all its teams through facilitating expert sessions on different health and social topics and full medical checks.

### Employee engagement

TelOne is committed in its drive for employee engagement as it affects every aspect of the business. The Works Council structure remains one of the key communication platforms encompassing both management and employee representation.

### Training

Our human resources remain our greatest asset and the business continues to explore ways to enhance their welfare and development. The business undertook various training sessions for staff to maintain and enhance their skills in line with the growth strategy.

### TelOne in the Community

TelOne remains committed to exemplary corporate citizenship. By investing in the community, TelOne is determined to promote advancement of marginalized groups and communities, resultantly contributing to social progression sustainably. The

business' social investment is also structured to assert TelOne's environmental stewardship. Social investments worth over ZWL 300million were done during the year under review.

### New Developments

#### 10 LTE Base Stations Launched

During the year the Company launched 10 LTE base stations in Chitungwiza bringing the network to a total of 18 base Stations. The business will continue funding the LTE solution as it will help to reduce costs that are currently incurred as a result of copper network vandalism.

#### Data Centre Expansion

The Data Centre business continued on a positive growth trend. The business had to respond to the demand by extending capacity at the Mazowe Data Centre from 14 to 34 racks, capable of powering 300kW of IT equipment and up to 6PB of data. TelOne also launched Bulawayo Data Centre, the first of its kind in Matabeleland, capable of collocating 120 racks.

#### Modern Client Experience Outlets

While digitalisation remains the key strategy for the enhancement of client experience, the business still places significant value on walk-in facilities for clients. This has seen the continued investment in modernising client service outlets. During the year 2022, two new outlets were commissioned in Bulawayo and Harare.

#### Digital Products Launched

The innovation drive saw TelOne launching a new integrated insurance solution, Insure-Me as well as a remote crop monitoring solution, adding on to our diversified product portfolio.

#### Solar Projects


TelOne commissioned 5 solar sites during the year under review and the business expects to increase the number of sites in 2023 to grow the use of sustainable alternative energy as well as cushion against power outages.

### 2023 Outlook

The operating environment remains complex and challenging. Focus will be on business continuity in the face of ongoing regional energy crisis, rising global and local inflation. The business will remain focused to tap into opportunities that generate aggregate demand of telecommunication services such as infrastructure development projects, mining activities and diaspora remittances.

### Appreciation

On behalf of Management and Staff, I would like to thank our Valued Clients, the TelOne Board of Directors, Shareholder, the Regulator and all valued stakeholders for the continued support in our efforts to run a sustainable business in the year just ended.



**Engineer. L. Nkala**  
Acting Chief Executive Officer

16 June 2023

# Corporate Governance Report

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## Introduction

The Company considers compliance to be its highest priority and strives to strengthen and enhance corporate governance on an ongoing basis in order to meet the expectations of its shareholder and stakeholders, with the aim of improving its medium to long-term sustainable growth and corporate value.

In that regard, the Company will strive to comply, in particular, with the provisions of the Public Entities Corporate Governance Act (Chapter 10:31) and the Companies and Other Business Entities Act (Chapter 24:31) and will focus on the areas mentioned below for best practices in corporate governance:

- a) having in place robust disclosure practices and policies in financial statements and annual reports, disclosing in detail executive remuneration and benefits and related party activities.
- b) ensuring that the Company's Strategic Plan and its implementation are aligned with the country's National Development Strategy 1 and Vision 2030;
- c) building the capacity of its Board members through training to ensure that Board members contribute meaningfully and add value to the organisation;
- d) ensuring that the Board plays an active role in the recruitment of key personnel as mandated in the Public Entities Corporate Governance Act;
- e) complying with the remuneration and benefits guidelines issued by the relevant Minister;
- f) ensuring that the Board conducts regular performance reviews for the Chief Executive Officer and Senior Management.
- g) ensuring that the Board members' evaluations are conducted annually; and
- h) having in place succession plans for the Chief Executive Officer and Senior Management.



## Board Of Directors



**Dr. Douglas Zimbango**  
Board Chairman

- Doctor of Philosophy in Organisational Leadership (PhD) (Zimbabwe Open University)
- Master of Business Administration (MBA) National University of Science & Technology
- Bachelor of Business Studies Honours (BBS. Hons) (University of Zimbabwe)
- Institute of Marketing Management Diploma (The Institute of Marketing Management, South Africa)
- Institute of Bankers Diploma (The Institute of Bankers –Zimbabwe)
- Associate- Chartered Institute of Transport (The Chartered Institute of Transport)



**Mrs. Nomusa Jowah**  
Deputy Chairman  
Technical & Strategy Committee Chairman

- Master of Business Leadership (MBL), (University of South Africa)
- BSc.in Electrical & Electronic Engineering, (University of Bath, UK)
- Ordinary National Diploma in Technology, (Solihull College, UK)



**Ms. Belinda Muswaka**  
Audit Committee Chairman

- Honours Bachelor of Accounting Science (UNISA)
- Bachelor of Commerce (Honours) Degree in Accounting (NUST)
- Chartered Accountant (Zimbabwe)
- Zimbabwe Certificate of Theory in Accounting (ZCTA)



**Dr. Stella V.N. Phiri**  
Risk Committee Chairman

- Doctorate in Business Administration,
- Executive Masters in Business Administration Degree (Midlands State University)
- Executive Diploma in Business Leadership
- Associate Member of the RBA International



**Mr. Gondai Sithole**  
Human Resources and Corporate  
Governance Committee Chairman

- Bachelor of Law Honors Degree(LLBS) (UZ)



**Ms. Ginnel K. Mabiza**  
Finance Committee Chairman

- Chartered Accountant (Zimbabwe)
- Bachelor's in Accountancy Honors Degree (UZ)
- Certificate in Project Management (UZ)
- Institute of Chartered Accountants Zimbabwe (ICAZ)
- Certificate Theory in Accounting (CTA)
- Association of Chartered Certified Accountants (ACCA)
- Association of Chartered Certified Accountants Affiliate
- Post Graduate Diploma in Applied Accountancy (UNISA)
- Post Graduate Diploma in Advanced Accountancy (UNISA)



**Mr. Newman Nyamhuri**  
Board Member

- Bachelor of Technology in IT, Diploma in Cybersecurity (University of Luis)
- Higher National Diploma Computer Studies(HND), (Kwekwe Poly Tech)
- National Diploma Computer Studies (ND), (Kwekwe Poly Tech)
- Certificate in Information Technology Education (HIT)
- Oracle Administration and Networking – Oracle (UNISA)



**Ms. Ephethehile Mazibeli**  
Board Member

- Masters in Business Administration (UoG)
- BSc. Honours in Applied Mathematics (NUST)



**Dr. Sherpard Shumba**  
Board Member

- Doctor of Philosophy in Counselling (ZOU)
- Masters of Science in Human Resources Management (MSU)
- Bachelor of Science in Counselling (ZOU)
- Diploma in Education (Gweru Teachers' College)



See page 24 for full Board Committees details

## Governance Structure

The Company has the following Board Committees:

- i. Technical and Strategy Committee.
- ii. Human Resources and Governance Committee.
- iii. Finance Committee.
- iv. Audit Committee.
- v. Risk Committee.

### Membership of Board Committees

Board Of Directors Effective 11 <sup>th</sup> December 2020		
Board Member	Designation	Committees
Dr. Douglas Zimbango	Board Chairman Non-Executive Director	■ Human Resources & Governance
Mrs. Nomusa Jowah	Deputy Chairman Non-Executive Director	■ Technical & Strategy ■ Finance
Ms. Ginnel K. Mabiza	Non-Executive Director	■ Audit ■ Finance
Ms. Ephethehile Mazibeli	Non-Executive Director	■ Technical & Strategy ■ Risk
Ms. Belinda Muswaka	Non-Executive Director	■ Audit ■ Risk
Mr. Newman Nyamhuri	Non-Executive Director	■ Technical & Strategy ■ Risk
Dr. Shepherd Shumba	Non-Executive Director	■ Human Resources & Governance ■ Audit
Mr. Gondai Sithole	Non-Executive Director	■ Human Resources & Governance ■ Audit
Mrs. Stella V.N. Phiri	Non-Executive Director	■ Risk ■ Finance
*Mrs. Chipo Mtasa	Executive Director (Managing Director)	■ Technical and Strategy ■ Human Resources and Governance ■ Finance ■ Risk
**Engineer Lawrence Nkala	Executive Director (Chief Operating Officer)	■ Technical and Strategy ■ Risk
***Mr. Bernard T.T. Makanza	Executive Director (Chief Finance Officer)	■ Finance

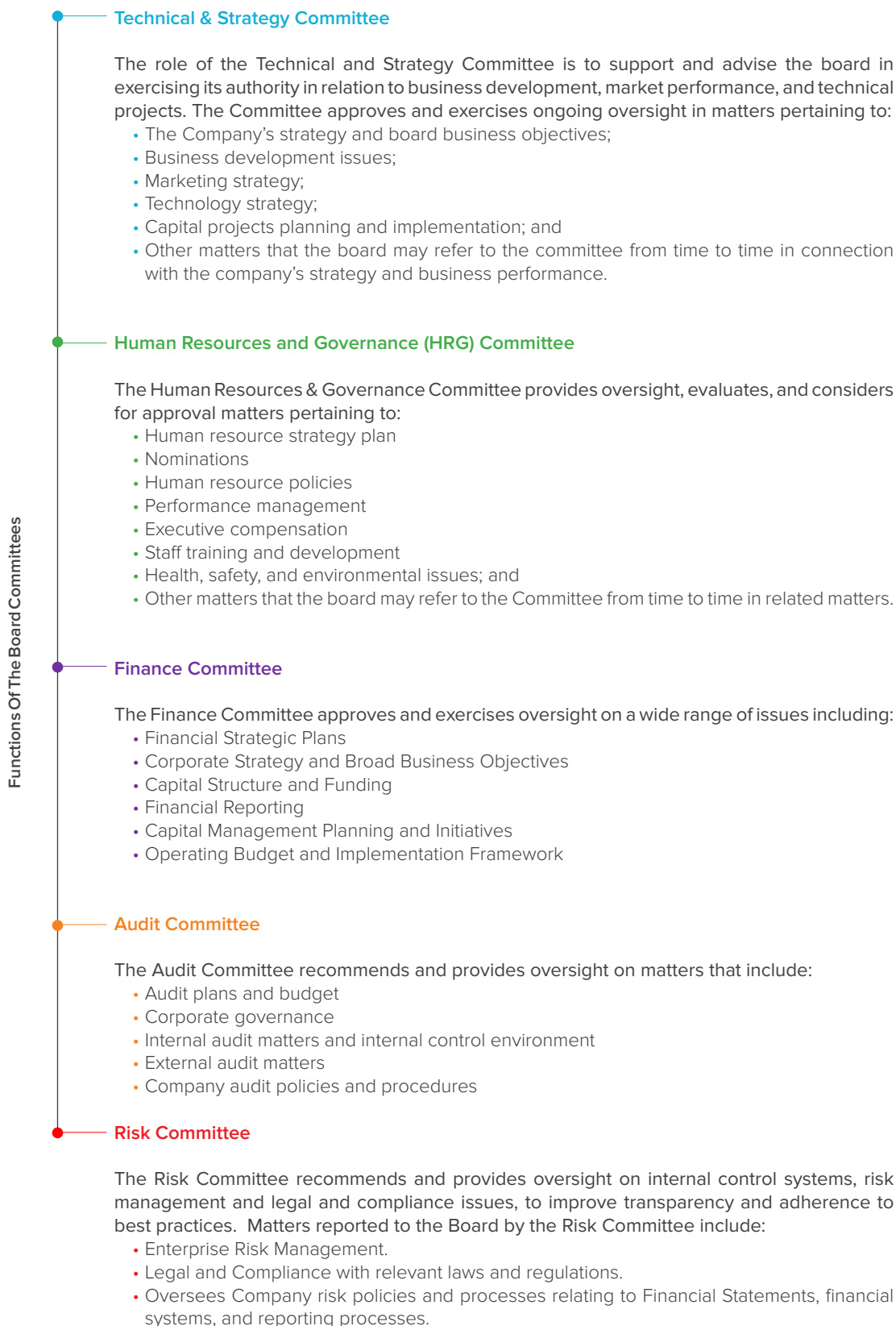
\*Mrs. Chipo Mtasa retired as Managing Director, in terms of the provisions of the Public Entities Corporate Governance Act.

\*\* Engineer Lawrence Nkala and \*\*\*Mr. Bernard T. Makanza both became Executive Directors with effect from 1st June 2022.



## Functions of the Board Committees

The Board delegates some of its functions to specialised committees. The mandate of the five Committees in the Company is derived from the terms of reference given to them by the Board. The Committees make decisions and recommendations to the Board for further consideration or adoption of resolutions.



## Board Induction Program

The current Board was appointed in December 2020. On 11 February 2021, all the Board Members were taken through an induction programme to provide them with the information and support that they required in their roles and responsibilities in the Company.

The Board Induction pack included among other documents, the key statutes that apply to the Company as a telecommunications player and as an incorporated and public entity, wholly owned by the Government of Zimbabwe.

## Annual Board Evaluation

An annual Board Evaluation was done on 15 July 2022 for the individual Board Members and the Board Chairman. The Board Evaluation for the year under review was done.

## Board Development Programmes

The Company carried out Ethics training to bring awareness to issues of corruption that affect members and the Company's integrity. Further training of the members was done on the key provisions of the Public Procurement and Disposal of Public Assets Act [Chapter 22:23].

## Director Tenure and Meeting Attendance for the year 2022

Board Members' attendance at both the main Board and Committee meetings for 2022 is shown in the table below:

Name	Year Of First Appointment	AGM(1 Meeting)	Main Board (8 Meetings)	Human Resources & Governance (6 Meetings)	Finance (4 Meetings)	Audit (4 Meetings)	Technical & Strategy (4 Meetings)	Risk (4 Meetings)
D. Zimbango	2020	1	8	6	N/A	N/A	N/A	N/A
***N. Jowah	2020	1	8	1	4	N/A	4	N/A
G. K. Mabiza	2020	1	8	N/A	4	4	N/A	N/A
E. Mazibeli	2020	1	8	N/A	N/A	N/A	4	4
B. Muswaka	2018	1	8	N/A	N/A	4	N/A	4
N. Nyamhuri	2020	1	5	N/A	N/A	N/A	4	3
S. Shumba	2020	1	8	5	N/A	4	N/A	N/A
G. Sithole	2020	1	6	6	N/A	4	N/A	N/A
S.V.N. Phiri	2020	1	6	N/A	4	N/A	N/A	4
*C. Mtasa	2022	1	8	4	4	4	4	4
**Eng.L. Nkala	2022	1	8	N/A	4	4	4	4
**Mr. B.T.T. Makanza	2022	1	8	4	4	4	4	4

\*Mrs. C. Mtasa was appointed as Executive Board Member on 20 January 2022 though she was already the Managing Director from 2013.

\*\*Eng. L. Nkala and Mr. B.T.T. Makanza were both appointed as Executive Directors on 1st June 2022. They are both employed by the Company as the Chief Operating and Chief Finance Officers, respectively.

\*\*\*Mrs Jowah attended the ad hoc HRG meeting for recruitment of Chief Executive Officer.

### Certification Of Corporate Governance Report For The Year Ended 31 December 2022

#### I Certify That:

- a) I have reviewed and assessed all the corporate governance structures, processes, and systems within TelOne (Private) Limited, (Company).
- b) I have assessed the functions and conduct of the Board and Board Committees and Board members within the Company and certify that it meets the requirements of the Public Entities Corporate Governance Act [Chapter 10:31], (the Act) and best practices.
- c) Board members and senior management have complied with statutory requirements for conflict of interest and have signed the conflict of interest declaration document as required under section 34 of the Act.
- d) Board members have entered into performance contracts with the line Minister as required under section 25 of the Act.
- e) Board members and senior staff members of the Company have declared their assets as required under section 37 of the Act.
- f) The Board and individual Board members have carried out their annual performance evaluation and the weaknesses and areas of development and training identified through the process have been discussed at board meetings with a view to rectifying the identified weaknesses and areas for development and training.
- g) The Company has complied with the Act, its establishing laws, and other applicable laws and regulations governing the entity.
- h) The entity's corporate governance report based on my knowledge, does not contain any untrue statements of a material fact nor has there been an omission to state any material fact necessary, in order for the statement not to be misleading.
- i) Based on my knowledge, the Chairman and Directors' Report fairly represent in all material respects, the true corporate governance condition of the entity for the reporting period.
- j) Based on my knowledge, all material disclosures on corporate governance compliance and other related matters, during the reporting period, have been fully disclosed.
- k) Based on my knowledge, all disclosure controls and procedures, including significant risk factors on corporate governance matters, and other areas of my expertise, have been addressed during the reporting period.



**L. Dziripi**  
Company Secretary And Legal Advisor





## Executive Management



**Lawrence Nkala**  
Acting Chief Executive Officer

- Masters in Business Administration (UZ)
- Bachelor of Science Honors Degree in Electrical Engineering (UZ)
- Chartered Engineer (UK)
- Member of Zimbabwe Institution of Engineers (MZWIE)
- Member of the Institution of Engineering; Technology (MIET, UK)
- Pr(Eng) Zimbabwe and United Kingdom



**Joseph Machiva**  
Acting Chief Operations Officer

- Masters in Business Administration (University of Gloucestershire UK)
- Bachelor of Commerce Honors Degree in Marketing (NUST)
- Fellow Marketers Association of Zimbabwe (MAZ)



**Bernard Makanza**  
Chief Finance Officer

- Chartered Accountant (Zimbabwe)
- Bachelor of Accounting Science (Honors) Degree (UNISA)
- Bachelor of Accountancy (Honors) Degree (UZ)



**Hopewell Zingau**  
Corporate Services Director

- Masters in Business Administration (UZ)
- Bachelor of English and Communication (UZ)
- Bachelor of Laws (LLB - UNISA)
- Diploma in Personnel Management (IPMZ)
- Diploma in Training Management (IPMZ)



**Initial Mlambo**  
Acting Technical Director

- Master of Business Administration (UZ),
- Bachelor of Business Studies and Computing Science (BBSC) (UZ);
- Executive Development Certificate - Africa University (AU),



**Maureen Chirambaguhwa**  
Acting Commercial Director

- Executive MBA in Strategic Management, ESAMI, Tanzania,
- Honors in Business Studies (Marketing) University of Zimbabwe
- Executive Management Development Certificate – Africa University
- Marketing Practitioner (MAZ) Marketers Association of Zimbabwe



**Lindy Dziripi**

Company Secretary and Legal Advisor

- Bachelor of Laws (LLB Honours) University of Zimbabwe.
- Master of Laws in Commercial and Corporate Law (LLM –Midlands State University –candidate).
- Registered Legal Practitioner, Notary Public and Conveyancer.
- Executive Leadership Development Programme Certificate- (Africa University).
- Certified Compliance Professional Certificate- (International Academy of Business and Financial Management-Hong Kong).
- Certificate in Public Prosecution-(Ministry of Justice, Legal and Parliamentary Affairs).



**Melody Harry**

Head of Corporate Communications

- Msc Development Studies – (NUST)
- Bsc (Honours) Media and Society Studies (MSU)
- Executive Development Programme – (AU)



**Christopher Maunganidze**

Audit Executive

- MBA University of Gloucestershire UK
- Bachelor of Accounting Science UNISA
- Associate of the Chartered Governance and Accountancy Institute (ACG)



**Cludios Chenga**

Procurement Executive

- Master of Science in Strategic Management (CUT)
- Master of Science in Purchasing & Supply Chain Management (BUSE)
- Master of Science in Counselling Psychology (GZU)
- Bachelor of Science in Special Honours Psychology(ZOU)
- Bachelor of Science in Psychology (ZOU)
- Professional Diploma Chartered Institute of Procurement & Supply (UK)
- Chartered Institute of Secretaries and Administrators Certificate (CISAZ)
- Diploma in Project Management and Humanitarian Aid (CBCA)
- MCIPS Member of the Chartered Institute of Procurement & Supply (UK)
- Executive Management Development Certificate (AU)
- Certificate in Dynamics of Successful Management (Success Motivation International)



**Moses Kapanga**

Risk Executive

- PhD (Monitoring and Evaluation for Programs & Projects (UAE –Candidate);
- Master of Social Science in Monitoring & Evaluation (LSU);
- Master of Science in Strategic Planning & Management (CUT);
- Bachelor of Social Science in Monitoring & Evaluation (LSU);
- Bachelor of Arts –joint Major in Police Science & Law (UNISA);
- EDP in Risk Management & Loss Control (NUST);
- COP – Short Term Insurance (IIZ:)
- Certified Revenue Assurance Practitioner (GRAPA);
- Certificate in Safety, Health and Welfare (IPMZ);
- Practical Enterprise Wide Risk Management (Hong Kong)
- Certificate in Auditing (LCCI)

### Management Committees

TelOne Management Committee members have a crucial obligation to direct the activities of the business, while ensuring delivery of set targets and strict adherence to corporate governance practices. Through the works of various committees, TelOne has been able to effectively and efficiently implement and monitor activities towards attainment of business goals.

**The committees that have been put in place to assist in managing business operations are as follows:**

**i. Executive Committee**

The Executive Committee has the responsibility to manage the affairs of the Company. The Executive Committee reviews significant functions of the Company and recommends appropriate action to the Board. The Executive Committee is tasked with implementation of the Company's strategy, ensuring that there are sound policies and procedures in place to guide operations. It also ensures that there are adequate systems of internal control to safeguard Company assets and resources.

**ii. Risk and Compliance Management Committee**

This committee meets monthly to review the Company's risk profile and monitor implementation of appropriate actions to mitigate identified risks.

**iii. LEAN Management Committee**

The committee's mandate is to establish a broad strategic framework, which enables the sustainable implementation of lean management philosophy, Digitalisation and Data Governance programmes in TelOne. The Lean concept is about managing and organising work using the 6S Model thereby improving efficiencies and the overall organisation performance.

**iv. COVID-19 Committee**

The Committee is chaired by the Chief Executive Officer and its key mandate is to ensure business continuity in the face of COVID-19 pandemic threat. The Committee also oversees COVID-19 preparedness by the Company including monitoring and implementation of agreed guidelines and programmes.

**v. Client Experience Management Committee**

The Committee is chaired by the Head of Corporate Communications and is tasked with monitoring the operational day-to-day activities of the Company's business that have a direct impact on Client Experience. The Committee also develops strategies guided by customer feedback to improve and enhance customer experience.

#### Internal Audit

The Company has in place an independent Internal Audit function with reports functionally to the Audit Committee of the Board. The Internal Audit function is governed by an Internal Audit Charter which is reviewed regularly. The Internal Audit's scope of work is reviewed and approved by the Audit Committee annually. The Audit Committee also receives quarterly reports on the Internal Audit's work.

#### Performance Management

We have in place a performance management system which was developed from the Results Based Management System. The performance management system evolves from the Company's strategy whereby departmental targets and strategic initiatives are first determined at Company level.

Following the determination of corporate and departmental strategies, individual employee performance contracts are signed off by every employee. These contracts form the basis of performance reviews which are done on a quarterly basis.

#### Business Ethics, Integrity and Transparency

TelOne is committed to upholding high standards of integrity and transparency in all operations. TelOne will continue to conduct itself in an open, honest, ethical and transparent manner. The Company recognizes the importance of protecting its human, financial, physical, informational, social, environmental and reputational assets.

To facilitate the investigation of any instance which goes against the Company's values and systems, the Company has for the last 5 years operated an independent and anonymous fraud reporting hot-line, Tip Offs Anonymous, offered through Deloitte.

**Deloitte.**  
**TIP-OFFS**  
**ANONYMOUS**



## LEAN Management Philosophy Improving Efficiencies

Using the Management Committees to drive specific agenda has paid dividends.

The continued challenging economic environment led to the adoption of the LEAN Management Philosophy as a strategy to bring about improved Client Experience (CX) and operational efficiency through the elimination of waste and continuous process improvements. LEAN Management philosophy is derived from the Toyota Production System (TPS) that is based on 3 fundamental principles which include:

**1. Delivering value as defined by the customer:** Where business shifts from a push-focused to a pull-focused approach to the provisioning of products and services;

**2. Eliminating waste:** the use of lean tools and techniques that help in the identification and elimination of waste in business processes. There are eight forms of waste which include defect and rework, excess processing, motion, inventory, transportation, non-utilized resources, over production and waiting.

**3. Continuous process improvement:** Ultimately, resulting in optimal utilisation of available resources such as less space, less capital, less human effort and less time to deliver products.

In 2022 the company earnestly enforced this management philosophy where organizing of workplaces and prioritizing improvement of processes that are along the service delivery value chain was at the core using the 6S Model.

A dissemination programme to ensure companywide uptake was implemented under the theme “The Red Card Campaign”.

Under the campaign, 572 TelOne sites were inspected for compliance and 20 internal continuous process improvement publications made to campaign and foster companywide awareness and adoption.

Below are highlights of some of the achievements in 2022:

Issue	Progress Update
Organising Work Areas	<b>Offices</b> One site cleared 1 694m <sup>2</sup> for leasing which will generate income for the business. This model will be adopted companywide as we move into 2023.
	<b>Network Elements</b> Achieved 100% 6S compliance on the reorganization of cabinets and network elements to facilitate ease of service delivery.
Fleet Repairs & Maintenance	Achieved 70% and 81% SLA compliance for major and minor repairs of the fleet from an average of 42% and 51% respectively, 135 drivers who were trained on defensive driving to keep our fleet on the road and reduce accidents.
New Service Installation	Improved by 80%
Fault Resolution	improved by 67%
Processes	Optimised and continue to optimize processes for digitalization in support of the vision on a “Digitally enabled Society by 2025”, prioritizing customer facing processes
Recycling	Major cost savings are also expected especially from fabrication of redundant materials in a bid to reduce operational costs.
	Though overall, cost reduction remains core across the business as we thrive to continuously improve our processes

**LEAN management prioritises safety and waste reduction.**



03

# SUSTAINABILITY REPORT

- 34. Our Economic Impact
- 44. Our Social Impact
- 56. Our Environmental Impact
- 60. Risk Management

The image features a hand in a white lab coat pointing at a transparent digital overlay. The overlay contains a checklist with three items: 'E environmental', 'S social', and 'G governance'. Each item is preceded by a white checkmark inside a square box. The background is a blurred image of a person in a lab coat, and the bottom of the image has a green gradient.

☒ E environmental

☒ S social

☒ G governance





## OUR ECONOMIC IMPACT

Financial	GRI Standard Number	GRI Standard Title
	201	Economic Performance
	202	Market Presence
	203	Indirect Economic Impacts
	204	Procurement Practices
	205	Anti-corruption
	207	Tax

The selected material topics under the economic GRI Standards guided economic performance parameters for the reporting period on assessing;

- Financial performance including economic value distributed through operating costs, employee salaries and benefits, payments to providers of capital and investments.
- Market presence and product performance
- Impact on the national economy through employment creation, infrastructure development, technological innovations and production.
- Statutory obligations payments
- Effectiveness of procurement practises in supporting national economic development and anti-corruption
- Financial Performance

## Our Economic Impact

### Operating Environment Overview

The operating environment remained challenging in the year 2022 characterized by unstable exchange rates and rising inflation which reached a peak of 285% in August 2022. The second half of the year was more stable in response to Fiscal and Monetary Policy interventions as evidenced by a slow down in inflation and exchange rate volatility.

Despite the challenging operating environment, the domestic economy, sustained by improved economic activity registered subdued growth of 4% in GDP from 7.8% in 2021.

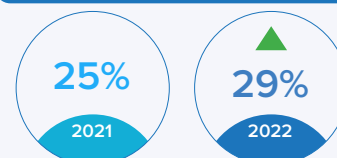
### TelOne strategic thrust and Year 2022 Performance overview

TelOne continued on a transformational strategic thrust focused on capacity utilisation and monetisation of the existing network while expanding on the digital footprint in line with SDG9 and NDS1 which aims to facilitate an e-enabled (digital) economy.

Approval of tariff adjustments in the third quarter as well as growth in the broadband business saw TelOne recovering from a below par performance in the first half of the year and posting remarkable achievements in the turnover, EBITDA and market share metrics at the close of the year. Liquidity constraints however curtailed the company's foreign currency generation as well as its capital growth initiatives.

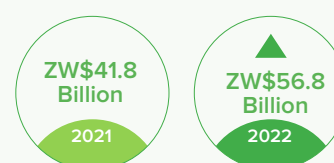
### Major Achievements

#### Revenue Market Share Growth



Increased from 25% in Quarter 1 to 29% at close of the year 2022.

#### Revenue Growth and Profitability



- Revenue increased from ZW\$41.8 billion (inflation adjusted) to ZW\$56.8 billion (inflation adjusted) in year 2022.
- EBITDA improved from ZW\$11.1 billion (inflation adjusted) in year 2021 to ZW\$11.4 billion (inflation adjusted) in year 2022.

### Financial Performance Summary

	Inflation Adjusted			Historical		
	2022 ZW\$	2021 ZW\$	% change	2022 ZW\$	2021 ZW\$	% change
<b>Revenue (billion)</b>	<b>56.8</b>	<b>41.8</b>	<b>36%▲</b>	<b>41.6</b>	<b>9.1</b>	<b>357%▲</b>
Broadband(billion)	44.7	29.6	51%▲	33	6.7	393%▲
Voice(billion)	8.6	9.3	8%▼	5.8	2.1	176%▲
Other	3.5	2.9	21%▲	2.8	0.3	833%▲
<b>Average Revenue per User (ARPU)</b>						
Voice	35,178	38,254	8%▼	23,913	8,475	182%▲
Broadband	334,745	218,472	53%▲	246,805	49,215	401%▲
<b>Operating expenses (billion)</b>	<b>37.8</b>	<b>24.1</b>	<b>57%▲</b>	<b>24.9</b>	<b>5.6</b>	<b>345%▲</b>
Cost to income ratio	87%	90%	3%▼	77%	93%	17%▼
<b>EBITDA (billion)</b>	<b>11.4</b>	<b>11.1</b>	<b>3%▲</b>	<b>11.5</b>	<b>2.1</b>	<b>448%▲</b>
<b>EBITDA Margin</b>	<b>20%</b>	<b>26%</b>	<b>23%▼</b>	<b>28%</b>	<b>23%</b>	<b>22%▲</b>
<b>CAPEX (US\$)</b>	<b>9.0</b>	<b>5.1</b>	<b>76%▲</b>	<b>9.0</b>	<b>5.1</b>	<b>76%▲</b>
<b>Home Broadband Subscribers</b>	<b>133,617</b>	<b>135,487</b>	<b>1%▼</b>	<b>133,617</b>	<b>135,487</b>	<b>1%▼</b>
<b>Voice subscribers</b>	<b>243,495</b>	<b>243,421</b>	<b>0%▲</b>	<b>243,495</b>	<b>243,421</b>	<b>0%▲</b>
<b>Customer Satisfaction Index</b>	<b>80%</b>	<b>82%</b>	<b>2%▼</b>	<b>80%</b>	<b>82%</b>	<b>2%▼</b>
<b>Employee Engagement Index</b>	<b>62%</b>	<b>64.40%</b>	<b>4%▼</b>	<b>62%</b>	<b>64.40%</b>	<b>4%▼</b>

# Our Presence and Impact In The Market

Through the Commercial Division, TelOne drove sustainability by providing:



## Communication For All

- Bonus home broadband bundles offering value for money in urban areas enabling everyone to communicate freely.
- Voice bundles that give unlimited calls for landlines for just US\$2 per month enabling people to communicate free



## Digital Inclusion

- Unlocking digital possibilities for Government, Enterprise and Residential clients.
- TelOne manufacturing plant driving digital inclusion through affordable devices for all

### Drive For Digital Inclusion For All

#### Home Broadband Bonus Bundles

Through our continuous strategic thrust to keep our clients engaged and provision of exceptional products we have continued to offer reliable Home Broadband solutions through Fibre, Copper, Satellite and LTE fixed wireless technologies.

In 2022 TelOne has made strides in responding to client needs by introducing the US\$ Bonus Broadband packages which gave customers flexible options and also assisted the business to generate foreign currency.

We have managed to increase demand for the US\$ Bonus Broadband packages through our competitive product offering and flexibility in terms of payment options with packages starting from 10 gig to unlimited all below the US\$100 price point.

#### Voice bundles

TelOne has continued to offer cost effective voice solutions. Our Voice Bundles are the best deal in town with an offer on “unlimited” intranet talk-time valid for 30days. We value our customer’s loyalty to our voice service and believe it is our duty to enable communication for all through an affordable price point for all our Residential landline users.

The VoIP Solution has become a popular solution with Corporates. TelOne has been investing in promoting the service and giving clients more options for affordable Voice connectivity on the go.



#### Unlocking digital possibilities for Residential clients

As a client centric organization and in line with our digitalization strategy, we launched digital solutions around client experience resulting in a positive impact on the customer satisfaction index (CSI) which was 79%. The Net Promoter Score (NPS) was 31%, an improvement by 3% in comparison to the previous year.

#### Key Highlights Include;

- Online On-boarding platform with a thrust of improving the service provision times.
- New mobile application platform
- The self-service kiosk was also launched with a view of reducing client waiting times at our client service centres.
- New version Chatbot made available on website
- Cyber Security Awareness Platform

## Our Presence And Impact In The Market

### Efficient Communication Solutions for Business

#### Tailoring Solutions for SMEs

The SME strategy has seen TelOne developing tailored products to harness and grow the small and medium business sectors, which make up about 66% of the Zimbabwean economy. We offer comprehensive advisory and managed services to assist organisations to minimise their business risk as well as to grow their technology proficiency.

Our connectivity solutions remain very attractive on the market, enabling SME clients to communicate with their customers, suppliers and partners and ensuring business continuity.

#### Delivering Efficient Connectivity for Large Enterprises

Our strategy around digitalization of businesses has seen TelOne partnering with Enterprises across all industry verticals to provide expert advice on Connectivity, Cyber security and VoIP solutions. We offer comprehensive advisory and managed services to assist organisations to minimise their business risk.

TelOne connectivity solutions remain very attractive on the market. We have continued to impart expertise in detecting cyber security threats, enhancing human firewall capabilities and offering training on management interventions, so as to ensure that best practices are adopted to prevent data breaches and/or suspicious activities.

#### Driving digital inclusion through low cost end user gadgets

The Zimbabwe Information Technology Company (ZITCO) Assembly Plant is housed at TelOne's Msasa Manufacturing plant and it assembles laptops, tablets and smartphones for use in schools, clinics, enterprises as well as for individuals.

Msasa is geared to become Zimbabwe's premier Information Communication Technology (ICT) Company hub through

availing affordable ICT devices for everyone everywhere in Zimbabwe. The plant operates as an Original Equipment Manufacturer (OEM) under the Microsoft Ecosystem and is partnering Original Design Manufacturers (ODMs) from China and Europe. TelOne Manufacturing entered into strategic international partnerships with world renowned brands such as EPSON.

Partnering with the likes of EPSON enables TelOne to supply genuine audio visual learning aids for schools, colleges and universities in the country. The plant diversified into supply of Prepaid electricity meters with over 2500 units being sold in the 2022 to locals within Zimbabwe. Into 2023 we are looking into 3 phase meters for industrial use with a growth trajectory of over 10,000 units.



### Prioritizing Digital Solutions for Government

#### Digital solutions driving efficiency in Government

TelOne Government Business is focused on taking a leading role in providing digital solutions on Smart Agriculture, Smart Cities, e- Health and the e-learning Systems that are fundamental to digitisation of Government.

The sector has grown significantly through implementation of partnership projects with State entities and public organizations on internet connectivity and smart city development projects.

In the period under review we have grown in terms of revenue, market share and operational excellence. One of the key factors in helping us achieve this was working collaboratively with officials from different Government

Ministries and Departments to accelerate inclusive and equitable quality education and promote lifelong learning opportunities for all. Key developments for the period under review include;

- Providing Connectivity to 468 rural clinic sites
- Providing internet solutions to 228 schools
- Digitisation of Judiciary services thus allowing for improved operational efficiency

In 2023 the organization is aiming to connect an additional 575 rural clinics and 400 schools. The thrust is to play an enabling role in the Government digitalization drive for sustainable development in the various sectors of the economy.



# Indirect Economic Impact

## Infrastructure Development, Technology and Innovation

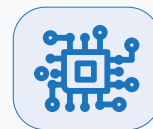
TelOne through the Technical Division focus in driving sustainability where anchored on;



Expansion of network –  
Driving connectivity for all



Cloud solutions  
and Cyber security



Driving digital solutions  
through innovation

### Network Roll-out Sustaining our Position as Carrier of Carriers

#### Delivering beyond Zimbabwe

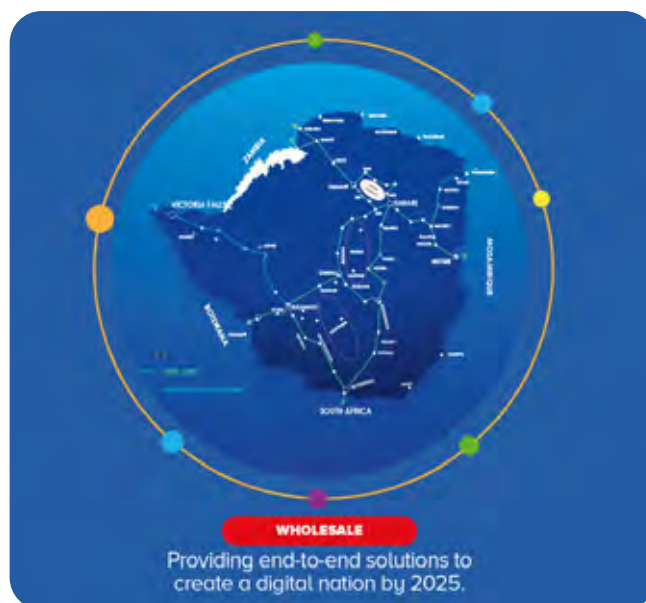
TelOne is a leading wholesale service provider in Zimbabwe. Over the years we have invested in building a resilient network to offer carrier grade services. This has strengthened our position as a carrier of carriers in Zimbabwe and a provider of cross border connectivity to neighbouring countries. TelOne has managed to expand its global reach through consolidation of interconnection relationships with both local and international carriers.

We are building a future-proof network to enhance connectivity, digital inclusion and drive economic growth. The future is better as we are rolling out fibre infrastructure which is the backbone of a digitally enabled society. Our journey to modernise and diversify our network continues through focused additional investments.

In view of the challenges of theft and vandalism of copper network infrastructure, we have accelerated deployment of fibre and wireless access network solutions. During the year, we managed to upgrade our Internet gateways to improve service experience.

We also rolled out fibre to a number of new and existing residential areas. One of the areas to benefit from this is Chitungwiza, where 4G LTE was successfully deployed.

In order to improve service reliability, we managed to strengthen and rehabilitate some sections of the backbone fibre network. With a lot of road construction happening, our network has occasionally been affected by the road works. These and other network development projects will drive digital inclusion as indeed the future is better together!



#### Network Roll-Out Highlights

Figure: 2022 Achievements on Network Rollout



- 10 LTE base stations commissioned in Chitungwiza.
- 9,620 homes passed FTTH capacity available.

#### Access Projects



- Tejas Phase 2&3 commissioned (200G).
- Bulawayo - VicFalls - Kuzungula backbone contract ready for signing.

#### Backbone Projects



- 5 sites commissioned under New Sahara Ventures contract.
- RFP awarded to Uvongo for 9 additional solar sites.

#### Solar Projects



- IP core routers commissioned (100G)
- 18,000 EPC capacity available.

#### Core Network Projects



- 528km installed out of a target of 580km.

#### Fiber Length



- Mazowe Data Centre expansion (20 Racks).

#### Data Centre Expansion



## Indirect Economic Impact

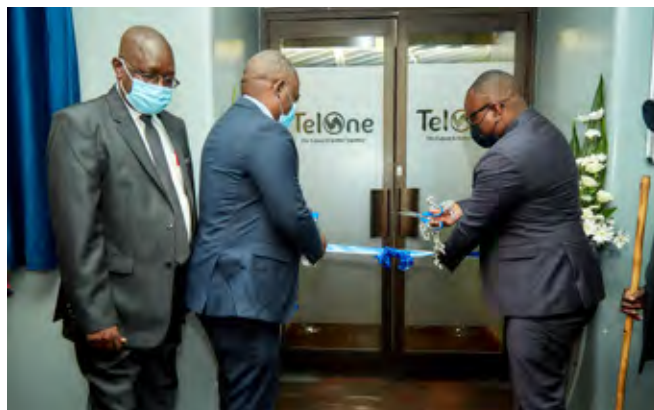
### Fortifying the Data Centre Business

The business invested US\$1.2m in Cloud ICT Expansion and Cyber security systems and network monitoring systems to assist the business to offer full DC and cloud solutions.

TelOne also deployed the self-service cloud platform which allows our customers to register, provision and pay for their cloud resources online.

TelOne continues to invest in Data Centre facilities in order to provide world-class service cloud-based services, such as virtual private servers, web, and email hosting.

With 3 Data centres dotted around Zimbabwe's major cities and towns TelOne is best positioned to unlock digital opportunities for the Public and Private Enterprises that it serves.



Minister Of ICT Postal and Courier Services Dr. J. Muswere officially opening the expanded Mazowe Data Centre.

#TowardsAConnectedFuture

**SAY HELLO  
TO RELIABLE  
DATA STORAGE  
SOLUTIONS**

CONNECTING EVERYONE EVERYWHERE

WORK  
TOGETHER  
DATA  
SOLUTIONS

**TelOne**  
WHOLESALE

 An advertisement graphic for TelOne's data storage solutions. It features a man in a blue suit and glasses holding a laptop. The background shows server racks. There are icons for data storage (a green circle with a download arrow) and cloud storage (a blue circle with a cloud and upload arrow). The text includes the hashtag #TowardsAConnectedFuture, the headline 'SAY HELLO TO RELIABLE DATA STORAGE SOLUTIONS', the tagline 'CONNECTING EVERYONE EVERYWHERE', a circular logo with 'WORK TOGETHER DATA SOLUTIONS', and the TelOne Wholesale logo.

### Supporting Economic Transformation through Digital Innovation

The Innovation team continues to drive TelOne's corporate vision of transforming lives through establishing a digitally enabled society by 2025. The key mandate is to;

- Drive technology, product and process innovation at all levels
- Innovation Leadership, Planning and Execution
- Digital transformation Leadership and Planning
- Research and Development

In driving the digital agenda, the focus is on the development of data centric products to improve TelOne customer experience and generating revenue through offering products that address the needs of society and institutions including Government, Corporates, Individuals, SMEs, Informal markets, and NGOs.

Key products that were rolled out in 2022 include Crop Monitoring, Remittance service and Insure Me. With massive growth being experienced in the TelTrack service, more IOT products are earmarked for launch in 2023.

# Contribution Through Skills Training

## TelOne Centre for Learning

TCFL is a SADC certified technical centre of excellency whose mandate is to provide skills for the digital economy in Zimbabwe and beyond. By so doing TCFL contributes towards the fulfilment of Vision 2030, the National Development Strategy 1 (NDS1) and the ICT policy. Our TelOne Centre for Learning programmes are designed to provide current and future skills that enable the construction, maintenance and support of ICT infrastructures and data. The conventional programmes on offer include: Telecommunications Engineering, Software Engineering, Data Science, Cybersecurity, Computer Networking and Digital Marketing, Financial Engineering and Business Analytics. Further, TelOne Centre for Learning has continued to provide training for TelOne staff mainly in short courses and the public for both short courses and conventional programmes at local and regional levels.

### TCFL Sustainability Goals

#### Programmes Sustainability

- The development and review of training programmes to meet current and future industry needs
- The continued provision of effective quality training services for both short and conventional programmes
- Continuous research into future innovative technologies that keep TCFL relevant in providing appropriate and effective training.
- The provision of required resources that promote quality teaching and learning
- Compliance to partner and regulatory requirements

TCFL successfully held a graduation Ceremony on the 30th of November 2022 and the Graduation Statistics are shown in the table below.

PROGRAMME	FEMALE	MALE	TOTAL
Telecommunications Degree	5	20	25
Diploma In Telecommunications	48	75	123
Diploma In Software Engineering	41	52	93
Diploma In Computer Networking	15	25	40
Diploma In Data Science	12	3	15
Diploma In Digital Marketing	30	23	53
Diploma In Business Analytics	10	9	19
Postgraduate Diploma In Digital Marketing	9	6	15
Post Graduate Diploma In Business Analytics	0	9	9
<b>Total Diploma Graduands</b>	<b>165</b>	<b>202</b>	<b>367</b>
<b>Total Graduates including Degree</b>	<b>170</b>	<b>222</b>	<b>392</b>

#### Human Capital Sustainability

- The development of staff skills in order to acquire current and future skills needs through TCFL and individual initiatives.
- The provision of a conducive teaching/working environment that promotes motivation, creativity and innovation in employees.
- Fulltime members of staff working eight (8) hours a day while guest lecturers attending their scheduled lectures.

#### Training Service Continuity

- Teaching and learning using the blended mode to complement the advantages of both methods while creating space at campus.
- Continued lobbying for an integrated student management system for the provision of a seamless service and improved client experience.
- Maintenance of a database of qualified potential guest lecturers.

#activateyourfuture

TelOne Centre for Learning  
Cnr. Samora Machel West / Hampden Street  
P.O. Box CY1001, Causeway, Belvedere, Harare  
Tel: (0242) 780126-9, 78013-3, 7806015/6/7/9  
Cell: 0719780126-9  
Email: studentaffairs@telone.co.zw; tcl.marketing@telone.co.zw  
Website: www.telone.ac.zw

Technical | Business | Facilities  
www.telone.co.zw

#### Financial Sustainability

- The provision of quality training services at a balance between profitability and capacity of clients to pay.
- The enrolment of student numbers that provide sustainability against running costs, quality and capacity.

#### Environmental Sustainability

- The adherence to SHEQ rules and regulations, including Covid-19 protocols
- The provision of a conducive working environment through maintenance, landscaping, support and development of quality campus grounds, utilities and buildings.



## In Focus

### Our 2022 Innovations

#### Fleet Management Solution - Teltrack

TelTrack has established itself as a force to be reckoned with in the vehicle tracking industry, now with over 2,000 vehicles in 2022 connected on the platform.

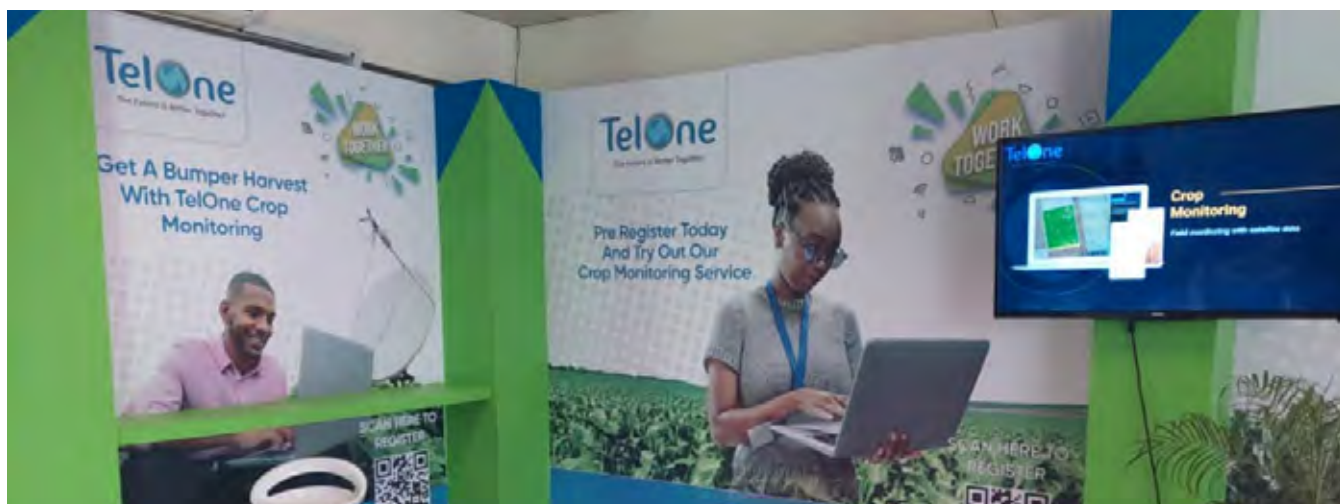
This market segment is expected to grow in the coming year as clients now appreciate the benefits brought about by the service in their daily operations.

Stolen vehicle recovery remains at 100% since the product was introduced and this has increased confidence and reputation of the product in the market.

#### Crop Monitoring

TelOne Crop Monitoring is a data gathering software solution which ensures that players in the agriculture sector make critical decisions based on high quality earth observation data.

The solution can be used by farmers, government, agro-business, banks, insurance companies, farming cooperatives and NGO's. This service was unveiled at the Harare Agricultural Show in 2022.



TelOne launched Crop Monitoring system in partnership with EOS Data Analytics.

#### The Aggregated Insurance Platform - Insure Me

In November 2022, TelOne introduced the first of its kind aggregated insurance platform called Insure-Me aimed at providing all insurance products in a single integrated experience. This innovation was birthed from TelOne's experience of providing telematics insurance in partnership with Sanctuary Insurance.

TelOne developed the insurance platform with no foreign currency requirements and partnered with 8 insurance companies to launch the first insurance product under this platform which is, motor vehicle insurance and ZINARA licencing. The 8 insurance companies are Sanctuary Insurance, Old Mutual, FBC Insurance, Champions Insurance, AFC Insurance, Nicos Diamond, CredSure and ZIMNAT.



Insure-Me product launch.

#### TelOne Remit service

In May 2022, TelOne launched TelOne Remit Bureau De Change at the Julius Nyerere Way client service centre. TelOne Remit Bureau De Change offers weekly US\$50 allowances to senior citizens above 60 years as stipulated by the Reserve Bank of Zimbabwe.



# Our Contribution to the Fiscus

## Approach to Tax

Tax is a key element that enables TelOne to fulfil its responsibility to contribute to the economy and support national development. As a responsible corporate, we remain committed to our core values of integrity, honesty, accountability and transparency in the implementation of our tax strategy, policies and practices. Major thrust is to drive social responsibility approach to tax and be an anchor in supporting contribution to the economy and communities through a coordinated and supported tax strategy.

We fully appreciate the benefits realized by the society through fair, transparent and effective tax approach. Our Board and management ensure that a strong culture of compliance, ethics and good governance exists across the entire organisation. In building a sustainable culture of responsible leadership, our Board prioritise sustainability considerations, tax risk management, stakeholder relations and accountability to actions with a thrust to foster societal value creation.

The following are key pillars that drive our sustainable and responsible tax governance:

### We Are For Full Compliance

TelOne through Board oversight upholds full compliance to tax governance and compliance. Apart from a fully-fledged tax department, independent assurance to compliance is monitored by the Legal, Risk and Internal Audit departments.

#### Major Focus Being On:

- Integrity and transparency in computing and remitting of taxes,
- timely compliance with relevant statutory tax obligations and,
- Timely remittance of all taxes due in compliance with tax laws

### We Manage Tax Risk

Guided by the Company's Risk Management Policy, a tax risk register is maintained and continuously monitored and updated by the Risk Department in coordination with Tax Function. This ensures that all strategic and tax decisions taken are subjected to comprehensive risk assessment and adequately supported for the benefit of the TelOne's stakeholders. Our Head Financial Reporting leads the tax Function. The Company also outsources expert services from reputable Tax Advisory firms with a team of tax specialists who possess accounting, tax and legal qualifications. We believe in a dynamic tax environment and as a result we continuously invest in the upskilling of our tax workforce and leverage technology to attain sustainable value.

### We Act In a Transparent Manner

As a responsible business, in line with our core values, we strictly adhere to responsible taxation principles driven by our transparent relationship with tax authorities and other key stakeholders.

This is fostered through implementation of a tax strategy supported by Board and management as well as clear presentation and disclosure of all appropriate tax and economic information. Compliance with all relevant legal disclosures and approval requirements is key. Through our tax function, we cooperate and timely provide information to tax authorities or other relevant bodies as and when requested.

### We Engage

We believe The Future Is Better Together and this can only be made possible through professional, timely, transparent, proactive and continuous engagements and cooperation with government, tax authorities and other regulators.

#### Our Over Aching Tax Principles:

- We comply fully with all relevant legal, regulatory and governance laws.
- We uphold integrity in all tax matters, disclosing all relevant facts to tax and regulatory authorities.
- We cooperate and proactively engage with stakeholders.
- We pay all the tax due.
- We are accountable for our actions.
- We are an ethical responsible corporate citizen.

## Delivering Societal Value Through Contributions to Public Finances

As a responsible State Owned Entity, taxpayer employer and investor, TelOne is clear about its mandate to supporting government to build a better future for communities, businesses and individuals, through contributions we make to public finances. The Company is also mindful of its obligations to contribute to the national economy. This is a key deliverable for any sustainable business as it means directly impacting the broader service delivery capacity of the Government as well as impacting all national development objectives.

### Settling Tax Obligations

The Company's contribution to the fiscus is without debate and historical. The Company has a traceable record of settling all tax obligations within stipulated timelines as guided by statutory regulations. During the financial year ending 31 December 2022, total payments of ZWL6.5 billion and US\$2m were paid by TelOne, in settlement of its tax obligations as shown >>

#### Direct Taxes

**Value Added Tax -**  
ZW\$1.7 billion,  
US\$1 million

**Pay As You Earn**  
ZW\$2,3 billion

#### Direct Non-Tax Contributions

**Monthly Licence Fees Including TTMS**  
ZW\$836 million,  
US\$408k

**Operating Licence Fees**  
ZW\$519 million

#### Indirect Taxes

**Special Excise Duty on Airtime**  
ZW\$2.4 billion,  
US\$492k

**Withholding Tax On Local Contracts**  
ZW\$23 million

**Non-Residents Tax**  
US\$527k

## Sustainable Procurement Practices

As a public entity we are governed by the Public Procurement and Disposal of Public Assets Act (PPDPA Act) as read with the Regulations. One of the objectives of public procurement as stated under Section 4 (1) (e) of the PPDPA Act is to secure the implementation of any environmental, social, economic and other policy that is authorised or required by any law to be taken into account by a procuring entity in procurement proceedings”.

In line with this objective TelOne has taken the following actions to promote sustainability through procurement.

### Management Approach Disclosures

Management is driving sustainable procurement through:

- Promoting local suppliers,
- Ensuring competitive and transparent procurement practices, so as to achieve value for money,
- Conducting supplier vetting,
- Deliberately exclude unethical bidders,
- Provide for the fair and equitable treatment of all bidders,
- Supplier diversification that is the strategic variation of TelOne's Vendors to include more traditionally excluded groups.

The diverse supplier program in place enables supplier companies owned by war veterans, detainees, women, youth, people living with Disability and other less represented groups to gain a more equal share in the market.

### Policies and practices used to select locally-based suppliers

PPDPA Act procurement thresholds such as the request for quotation mean we mostly procure from local suppliers. Where a competitive process is adopted a domestic preference clause is inserted for up to 15% on cost. The procurement methods are dependent on the financial thresholds as follows:

- When goods are below US\$10000, we adopt the Request for Quotation Method of procurement, where we invite local bidders to submit their bids.

- When the goods value is above US\$10000 but below US\$300000 the PMU invite Zimbabwean (domestic) suppliers to bid.
- For thresholds above US\$300000 both Zimbabwean (domestic) and foreign bidders are invited.

Where international competitive bidding method is adopted, TelOne gives preference to bids from Zimbabwe or local suppliers in line with Section 29 of the PPDPA Act. The domestic preference allowable will be up to fifteen per centum for procurement of goods.

When procuring consultancy services TelOne can adopt selection amongst community service organizations method of procurement and evaluation.

The selection amongst community service organizations method entails a process whereby all or most of the firms on the procuring entity's short-list consist of community service organizations as the service sought will require local participation and knowledge of local issues and community needs. Evaluation will be on unique qualifications of community service organizations such as voluntarism, non-profit status, local knowledge, scale of operation and reputation.

### Management is promoting local suppliers through:

- Prioritizing tenders to domestic and community based suppliers and offering domestic preferences where the procurement method require us to invite both domestic and international suppliers
- Dividing a tender into lots. This will encourage and enable small and medium sized suppliers to participate and possibly get orders.
- As TelOne we also encourage small players to participate through designing tender documents with less stiff requirements such as bid bond, number of years of experience

### Proportion of spending on local and international suppliers

Tender Type	No. of Tenders	No. of Procurements	Total Value (RTGS\$)	Total Value (USD)	RTGS %	USD %	Average %
Restricted Bidding Tender	2	2	-	178,020	0%	2%	1%
Competitive Bidding Tender International	5	7	979,942,732	397,800	9%	5%	7%
Competitive Bidding Tender Domestic	136	289	4,387,161,488	3,902,279	41%	50%	46%
Direct Procurement	215	215	2,572,530,815	3,288,377	24%	42%	33%
Request for Quotation	1257	1868	2,733,164,571	32,640	26%	0.4%	13%
<b>Total</b>	<b>1615</b>	<b>2381</b>	<b>10,672,799,606</b>	<b>7,799,116</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Supply Chain Risks	Management Intervention
<ul style="list-style-type: none"> <li>• Increased pressure on cash flow resulting in delayed purchases</li> <li>• Slow funding at the RBZ auction affecting international procurement</li> <li>• Variation of procurement contracts.</li> <li>• Lack of foreign currency</li> <li>• Supply delay and supply failure resulting in materials provisioning gaps</li> <li>• Slow automation of procurement process in the industry.</li> <li>• Lack of funding on the part of suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiating for better payment terms e.g. payment within 30 days after delivery.</li> <li>• Prioritizing domestic suppliers to ease pressure on forex</li> <li>• Deliberately awarding tenders to different suppliers thereby spreading and mitigating none delivery risks. Vigorous follow up of orders.</li> <li>• Intervention by PRAZ through introduction of PRAZ PORTAL</li> </ul>



# OUR SOCIAL IMPACT



Social	GRI Standard Number	GRI Standard Title
	401	Employment
	402	Labor/Management Relations
	403	Occupational Health and Safety
	404	Training and Education
	405	Diversity and Equal Opportunity
	410	Security Practices
	413	Local Communities
	417	Marketing and Labeling
	418	Customer Privacy

Our priority material topics under the Social GRI Pillar as listed, guided our work as we sought to deliver and create social value;

- For our internal stakeholders through our responsible and fair human resource practises,
- For our communities through sustainable social investments,
- For our clients through responsible business practises.



## Focus On Our Team

To augment and enrich the hybrid environment for telecommuters and office-bound employees, we enhanced performance management, learning and development, and ongoing employee engagement activities. In line with TelOne's Strategy we continued to take steps to safeguard the health and safety of our employees, customers and stakeholders. In addition, we undertook to increase representation of women in management positions, and more broadly grow an inclusive workforce. We continue to progress initiatives to extend shared value through Investing with Purpose, including developing the workforce of tomorrow, as well as enhancing our culture, engagement and employee experience.

### Our Approach to Talent Acquisition and Retention

Our stock of human capital is key to our ability to deliver against our strategic objectives. It includes the individual skills, competencies and experience of our people, their health and well-being and their motivation to improve our productivity, processes, products and services. Our employees' support of TelOne's approach to governance, risk management and the practice of ethical values also contributes to our stock of human capital and the sustainability of our business, as well as their abilities to lead, manage and collaborate and, most importantly, understand, develop and implement our strategy.

**Table 1:** Employment Creation Summary

Employment Creation	2021	2022	% movement
Specialist Skills	69	86	25%
Brand Ambassadors	114	356	212%
Casuals	855	1,540	80
<b>Total</b>	<b>1,038</b>	<b>1,982</b>	<b>91%</b>

FY 2022 TelOne employment creation rate increased by 91% when compared to prior year. The significant investments towards resilient network expansion and upgrades during the year largely saw employment creation for the youth. Whereas external recruitment continued to focus on attracting skills to meet our digital strategy needs. These include data science, data engineering, data analytics, Solutions Development; Solutions Architects and IT security which are scarce and continues to be in demand.

**Table 2:** Staff Turnover rate

Description	2022 Actual	2022 Target	% improvement
Rate of Skills Turnover	4.4%	3.5%	26% ▼

Employee turnover rate was below target by 26% this is mainly due specialist skills turnover which continues to be a threat for the business as millennials now prefer remote working (freelance) for companies outside Zimbabwe. TelOne continues to implement a job cover ratio of 1:1 for mission critical specialist skills as a business continuity strategy.

### Employee Relations

In accordance with TelOne's labour relations approach and philosophy, the involvement of trade unions as material stakeholders is appreciated and embraced. TelOne has a recognition agreement with the three trade Unions as a strategic

business partners. The trade Unions and the Works Council have bargaining rights and are represented at Company forum structures. Overall, the employee relations climate has been cordial throughout the year and all staff issues were resolved internally. Consistent with the engagement approach to employee relations, Management held a total of 14 meetings against a target of 8 engagement meetings. Management therefore exceeded its target by 75% spurred by the need to engage on emerging environmental dynamics.

### Pursuing the Gender Equality Agenda

TelOne is committed to ensuring gender equality and sensitivity in the workplace. Key to this is improving female representation at all levels, as outlined and committed in the 2022 corporate strategy and beyond. Strategies employed by Management in this regard include;

- Establishment of a reward mechanism for departments which excel in mainstreaming gender in their work.
- Creation of gender and sexual harassment policy awareness campaign to ensure that all employees are well informed.
- Establishment of mechanisms that promote implementation of the Gender Policy and its monitoring and evaluation
- Defined vision for gender equality and gender mainstreaming which has become a priority for the company.
- Establishment of an office that influence gender related decision making at a higher level.
- Establishment of a Gender budget line for effective gender mainstreaming.

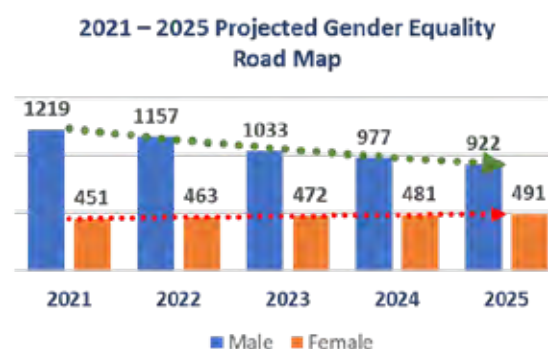
While interventions are gaining momentum, the impact is beginning to yield results based on the nominal wins posted in the past year as per table below;

**Table 3:** Women in TelOne

Level	2021	2022	% Change
Board	6	6	0%
Executive Committee	3	2	33% ▼
Management	10	14	40%
Other Professional level Staff	411	421	2.4%
Technical staff	145	162	12%
Works Council	6	7	16.7%

Overall, women remain under represented across the business at 28%. With the gender equality roadmap in place, it is expected that the gap will continue to close into next year and beyond as per gender equality targets outlined in the table.

**Figure 1:** Gender Equality targets





## Focus On Our Team

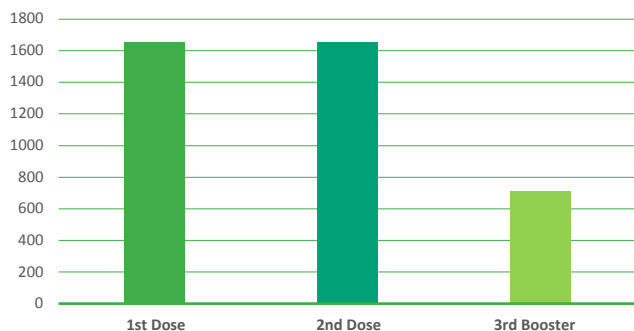
### Health, Safety and Wellness

TelOne is committed to providing a safe working environment where zero incidents are achievable.

#### COVID-19 Response

TelOne's occupational Health and Safety programme facilitates workplace hazards/risk identification and control thereof and was a critical part of TelOne's COVID-19 response. TelOne implemented extensive measures to protect employees and contractors which enabled operations to continue safely during the COVID-19 pandemic peak period. Some of the measures implemented included a TelOne's COVID-19 hotline offering clinical risk assessment and medical advice for employees and their families, employee testing, COVID-19 hygiene measures, provision of PPE and enabling 60% of employees to work from home.

Covid-19 Vaccination Status



Joint Management and worker representatives' engagements were held weekly to address emerging COVID-19 matters in adherence to WHO protocols. 160 members of staff tested positive during the 4th wave and all had mild symptoms from the Omicron variant. From a staff compliment of 1,650 members, 43% have so far taken booster shot. Enlightenment and encouragement of receiving the booster shot will be continued in 2023.

#### Safety

The year under review saw an improved safety performance, including a 16% decrease in the lost-time injury frequency. This is attributed to an improved safety culture and a heightened level of employee awareness and responsibility due to previous safety initiatives which were carried over into the year.

Motor vehicle safety remains one of the high-risk activities in our operations, and we continue to monitor and foster good driver behaviour using telematics systems, defensive and safety behaviour training and knowledge reviews.

#### Wellness Drive

TelOne carried staff wellness programmes throughout the year, which involved periodic expert talks on a variety of health topics as well as a voluntary, company supported wellness check opportunity for every employee. The table below indicates the topic covered and number of participants.

Topic Covered	Participation
Tackling Mental Wellness in the Zimbabwean paradox.	365 - Male 287 - Female
Male Sexual and Reproductive Health; the Difficult Questions Answered	Male - 412
Unmarried or Married: What you need to know about the new Marriages Act	463 - Male 302 - Female
Balancing the Pennies: Financial Literacy Basics	389 - Male 333 - Female

#### Wellness Checks

TelOne continues to send employees for medical checks ups, with every staff member receiving a free check-up voucher during their birthday month. The check-up covers basic full body and gynaecological checks as well as non-communicable diseases like diabetes, hypertension and different types of cancers. Health education and promotion is also provided. The programme offered a one stop shop for all medical ailments and presented an opportunity for employees to get expert medical advice.



TelOne team members redeeming vouchers for wellness check.



Breast Cancer Awareness

## Focus On Our Team

### Staff Training and Development

TelOne strongly believes in organisational learning, a process of creating, retaining, and transferring knowledge within an organization. We always strive to ensure that employees are equipped with up-to-date skills and knowledge. For this reason, various courses are offered to employees every year.

#### Courses Delivered in 2022

Skill	Number of Employees Targeted	Total Trained	% Trained	Average training hours/year/employee	Gender	
					M	F
Commercial	1351	1152	85	25	830	322
Digital/ Technical	1194	1087	91	30	783	304
Soft	1837	1351	74	20	973	378
Leadership	96	89	93	15	65	24
Workshops	68	67	99	10	49	18

The average number of training hours increased to 20 hours in 2022 as compared to 16 in 2021 due to relaxed COVID-19 restrictions. This was also boosted by the company's thrust on the use of digital training platforms as opposed to physical sessions mainly used in prior years.



TelOne senior management graduating from the Executive Development Programme.

#### Training and Institutionalisation of Gender Equity

Management completed the training on Oversight and institutionalization of Gender Equity that was being facilitated by Women's University in Africa.

The initiative is meant to build a fair and equitable workplace that accommodates all employees through Diversity, Equity and Inclusion. Besides the training, TelOne is also embedding recommendations from a gender survey conducted by the same university.

#### Performance Management and Career Development Reviews

100% of non-managerial employees completed their 2022 annual performance reviews using the in-house IRBM digital performance management platform. 100% of Executive and senior management completed their 2022 annual performance reviews using the IRBM template developed by the Ministry of ICT, Postal and Courier Services.



Client service training for field staff.

## Focus On Our Team

### Talent Retention Strategies

Employee retention represents the ability to create a more stable and efficient workforce. Reducing turnover has always been a high priority for TelOne since it increases productivity, accelerates growth and success, and reduces overall costs.

The organisation working on a basket of strategies to retain talent or critical staff. The organization has completed succession planning for the senior managers and is now focusing on middle management and the rest of the staff. The aim is to provide opportunities for career development that are suited to each individual. Learning and growing remains the main focus for the organization in areas such as digital or technical skills, leadership and soft skills and commercial skills.



Team building in session. All departments went through team building through the year.

### 2022 Culture and Employee Engagement Survey

The business undertook several initiatives to address Culture and Employee Engagement following the survey results for 2022 with a target to improve Employee Engagement from 62% to 74%.

Management has carried out focus group discussions with all the directorates to address the employee engagement gaps established. The organisation acknowledges that when working in a more diverse environment, team members can feel higher levels of belonging as well, which can positively contribute to their levels of engagement hence continuous efforts are being directed to cultivating a more diverse and inclusive work environment through investing in education and training.

### Chief Executive Officer's 2022 Performance Recognition

Chief Executive Officer's Performance Recognition Awards were held quarterly to acknowledge and appreciate outstanding staff accomplishments and performance. It was also designed to motivate and improve productivity. Given below is a summary of the awards presented.

#### 2022 Chief Executive Officer Performance Recognition Awards

Category	Number of Award Winners
Worker of the Month Awards	382
Quarterly EC Award	8
Manager of the Quarter Awards	7
Personal Development Awards	45
Worker of the Year Awards	36
Strategy Team Award	9
Manager of the Year Awards	5
Director of the Year Award	1
<b>Total Staff Recognised</b>	<b>493</b>



Staff awards ceremony.



## Focus On The Community

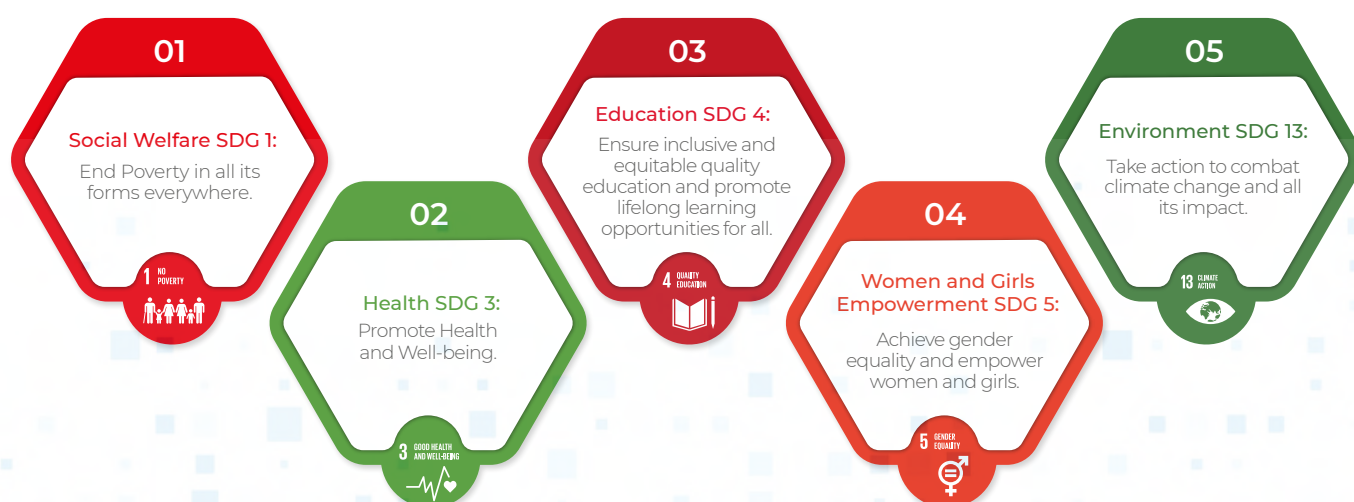
Driven by the Tripple P (People, Planet, Profit) Principles of sustainable business operations and guided by the GRI Standards, we remain focused on being relevant to the communities around us through social investments that impact everyday lives beyond our products and services.

As a company about people, our commitment is to be deliberate about our responsibility to supporting and creating social, economic and environmental value towards sustainable human development.

To this end, the TelOne Corporate Social Investment (CSI) programming forms a key strategic deliverable under the Corporate Strategy. Programmes are designed under five pillars which are informed by the Global Sustainable Development Goals (SDGs). Our CSI programmes have evolved over the past 5 years reaching and impacting at least 17 districts of Zimbabwe.

# SUSTAINABLE DEVELOPMENT GOALS

TelOne Corporate Social Investment is run under 5 pillars derived from selected 5 Sustainable Development Goals.





## Focus On The Community



### Our Community Investment and Impact at a glance

The past year saw a continued emphasis on supporting health with about 70% of the social investment spent going towards programmes under this pillar. Building on the work started in 2021 as part of the response to the COVID-19 pandemic, heightened focus was put on investing in infrastructure in the health sector with part of the investment going towards equipment and provision of scarce consumables.

Supporting livelihoods in vulnerable communities under the Social Welfare Pillar was also another major area, reaching seven Districts, at least 300 families and 3 charitable homes.






The Girls Mentorship and Empowerment Programme was reignited after a one-year sabbatical owing to the COVID-19 lockdowns while the Environment Pillar also saw an expansion in both scope and impact.

### Delivering for the Community Highlights



## Focus On The Community

### Corporate Social Investment Programmes Summary

CSI PILLAR	2021 PERFORMANCE			2022 PERFORMANCE		
	Programmes/ Activities	Expend (US\$)	Reach/Impact	Programmes /Activities	Expend (US\$)	Reach/Impact
<b>Health</b> <b>3</b> GOOD HEALTH AND WELL-BEING 	Public Hospitals Ward Refurbishment and Borehole Drilling	\$40,000	3 Hospitals 14,000 patients benefitted directly	Marondera Female Open Prison Clinic construction	\$27,000	3000 Marondera Prison community members impacted
	Public Hospitals PPE and Consumables Donations	\$1,500	3 hospitals Impacted	Sally Mugabe Children's Hospital Ward C1 Refurbishment	\$58,000	1 hospital reached
	Public Hospitals Equipment Donations	\$10,000	1 Hospital reached	Bulilima clinics construction support	\$3,000	4 clinics reached
	COVID-19 Public Communication Campaign	\$35,000	National Reach	COVID-19 response materials donation to rural clinics and schools	\$5,000	7 schools and communities in 5 Districts impacted
<b>SOCIAL WELFARE</b> <b>1</b> NO POVERTY 	Wheelchairs, Blankets and Food Donations to vulnerable groups and individuals	\$35,000	2 children's Home and 1 Old age Home reached  300 food hampers issued to vulnerable households	Food donation to charitable homes	\$6,000	-200 families and 3 charitable homes impacted
	Supported communities with water provisioning through sinking of boreholes	\$36,000	4 Boreholes drilled impacting 2500 households	Winter warmer blankets donation to charitable homes and vulnerable community members	\$14,000	700 blankets distributed to vulnerable groups and individuals in 7 Districts
				Prison inmates material support	\$2,000	36 Female Open Prison Inmates impacted
				Sanitary pads donation to disadvantaged girls	\$1,500	3000 girls in 3 Districts were impacted
<b>ENVIRONMENT</b> <b>13</b> CLIMATE ACTION 	• Prisons Nurseries and Orchards Projects and National Tree Planting	\$8,000	-4 Prisons reached -30,000 trees planted	Prisons Nurseries and Orchards Projects and National Tree Planting	\$5,000	-Nursery with seedling population of 100,000 tree seedling established -15 inmates trained
	• Litter bin donation to local authorities			Litter Bin donation	\$800	3 cities impacted
<b>EDUCATION</b> <b>4</b> QUALITY EDUCATION 				Innovation Hub Connectivity	\$8100	-4 Innovation hubs and schools reached
				Material and equipment donations to schools		-8 schools supported with sports kits and equipment -10,000 exercise books donated
<b>GIRLS AND WOMEN EMPOWERMENT</b> <b>5</b> GENDER EQUALITY 				Supporting girls through the Girls Empowerment and Mentorship Programme	\$4 500	-12000 girls impacted
<b>TOTAL</b>		<b>\$165,500</b>			<b>\$134,900</b>	



## Corporate Social Investment Programmes In Pictures



TelOne team during a tree planting event to mark the beginning of the tree planting season.



Chikurubi Prison Inmates Nursery and Forestry Management Training Programme graduation ceremony. TelOne supported the training of 15 inmates.



Street litter bins fabricated from recycled material at TelOne Msasa Factory for donation to City Councils, 3 Cities where reached in 2022.



As part of the clean up programme TelOne focused on clearing of illegal dump sites in 2022.



Winter warmer donations at Entembeni Old People's Home Bulawayo, Marondera Prison and Epworth



## Corporate Social Investment Programmes In Pictures



Marondera Female Open Prison Clinic sponsored by TelOne and completed in 2022 is benefiting more than 300 inmates and community members quarterly.



Girls mentorship sessions conducted by female senior managers reached 12,000 girls at 20 schools.



Minister of Primary and Secondary Education Dr. E. Ndlovu receiving sporting kits and equipment on behalf of schools in Plumtree district during a sports tournament sponsored by TelOne.



# Focus On Clients

Our commitment is to fair business practices, ethical marketing and respecting the privacy of our clients. During the year under review, our heightened focus was on ensuring;

1

We deliver promised products and services at a fair price to our clients

2

We deliver a memorable client experience

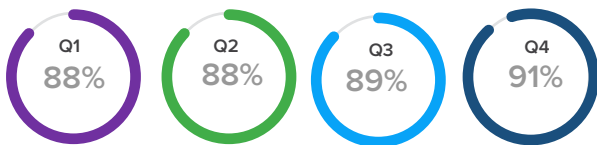
3

We communicate clearly and truthfully in all our marketing communication including labelling.

## Keeping the Promise to our Clients

In line with our Client centric values and the fact that our Clients are the centre of our existence we will continue to keep our promise on service delivery and turnaround times. For 2022, our efforts saw us achieving our average turnaround time target of 24 Hours. To ensure our service promise is delivered, we have an energetic team manning our 24/7 Contact Centre. Over the period, the

**Contact centre managed to achieve a response rate of 90% as highlighted below.**



The contact centre answer rate has been on an upward trajectory as a result the digital interventions that have resulted in reduction of traffic at our client touch points. We are accountable for our actions which remain compliant, professional, reliable and fair in our pricing and packaging.

TelOne continues to explore option to deliver the best service at the least cost as well as packaging our products and services to cater for the different market needs and pockets. Our education package has seen at least 412 rural schools being able to connect at a nominal cost of US\$70/Mbps.

The ultimate objective of keeping our promise is to improve the Customer journey as well as providing seamless options and above all making our services accessible to all.

**412**  
Rural Schools  
Connected

## Digitalization for Improved Client Experience

As a client centric organization and in line with our digitalization strategy, the following digital systems were deployed:

### • Online On-boarding platform

This platform was deployed with a thrust of improving the service provision times. Our clients are now able to apply for our services in the comfort of their homes. This digital intervention on the client journey certainly led to a very significant reduction in service provision turnaround times.

### • The Self-service Kiosk

The self-service kiosk was also launched with a view of reducing client waiting times at our client service centres. Our clients are now able to recharge their accounts, check balances and pay bills without interacting with our client facing staff.

### • Digital Support Platforms

Our clients are also able to get assistance through various digital platforms such as the Self-service portal, Facebook, Twitter, Live Chat, Email, Mobile App and Instagram.

The opening up of various digital platforms has led to an improved call answer rate at the contact centre and a reduction of average waiting times in our client service centres as our clients are embraced digital technology.



### • The WhatsApp Chatbot (Chommie) and the USSD Code (\*216#)

The deployment of the user friendly recharging platforms has resulted in reduction of traffic at our touch points by 50% thus improving the response rate on the same.

The continuous deployment of digital solutions around client experience has resulted in a positive impact on the customer satisfaction index (CSI) which was 79%. The Net Promoter Score (NPS) was 31%, an improvement by 3% in comparison to the previous year.

## Focus On Clients

### Customer Service Month; Instilling the Service Culture

In line with our slogan of service **#ENGAGE**, we took time to celebrate our clients in March and October 2022. All departments within the organization took time to participate in the client experience improvement campaigns in line with our customer centric culture. Engagements were conducted throughout the organization with a view of inculcating consistency and uniformity in as far as client experience is concerned.

Exchange programs were run as part of our skills gap closure initiative. Our Executives took time to also interact with our clients at our various client touch points during the October Campaign.

Trainings and refresher courses on customer service were also conducted throughout the year as part of gap-closure interventions as we drive towards delivering excellent customer service throughout the organization.



### Modernising Our Client Service Outlets

In line with our business transformation pillar on Client Experience, TelOne has started a process of upgrading client service outlets into fully-fledged Client Experience Centres to improve ambience and feel while at the same time ensuring a one stop shop for our walk-in clients.

During 2022, two Client Experience Centres in Highlands, Harare and Hillside, Bulawayo were launched. Additionally, new modern outlets were opened in Harare CBD and Hillside. These launch of the new look shops coincided with the launch of our trendy new uniform for all front liners.

The flagship Client Experience Centres comprise of a separate High Value Clients section, client service shop, self-service section together with dedicated personnel for each section.





## OUR ENVIRONMENTAL IMPACT

Environmental	GRI Standard Number	GRI Standard Title
	301	Materials
	302	Energy
	304	Biodiversity
	306	Effluents and Waste
	307	Environmental Compliance

We believe that TelOne requires urgent and sustainable action to contribute to the local and global climate emergency. It is in our consciences that our business should not succeed at the expense of our environment hence our thrust and commitment to ensure the greening of our operations.

It is this principle that guided the selection of our material topics, which we used to track our impact on the environment and guide our interventions in the following specific areas;

- Choice of materials used in our operations including substitute technologies to reduce dependence on natural resources.
- Energy consumption and approach to alternative sources of energy
- Our approach to recycling, reusing and reclaiming
- Our contribution to water and biodiversity conservation
- Our environmental laws and ethics compliance levels



“ TelOne was able to distribute 25,000 tree seedlings to schools and different communities for planting while the company directly planted 5000 trees. ”





# Our Environmental Impact

## For Sustainable Material Use

The business has been focusing on reducing the impact of TelOne's emissions, particularly the environmental benefits of our reduction in the deployment of air conditioning systems that use environmentally unfriendly refrigerants like R22 (difluoromono-chloromethane) with very high Global Warming Potential (GWP) of 1810 or more environmentally safe refrigerants like R410A (GWP of 2088, which in essence means its 2088 times more than CO2) and R32 (GWP of 650). Furthermore, replacement of the high energy consumption and inefficient legacy air conditioning plant with smaller energy-efficient units, have already contributed a steady 10% towards the target 40% energy saving.

TelOne have not been procuring R22 systems over the past decade and the strategic goal is to phase out all R22 systems by 2025 way ahead of the national target set Ministry of Environment, Climate Change, Tourism and Hospitality Industry in 2021.

With regards to purchase of network elements that use environmentally unsafe substances, TelOne has also been strict in ensuring that all purchases of batteries and telecom elements are compliant with RoHS (Restriction of Hazardous Substances).



## For Sustainable Energy Use

Through digitilisation and network upgrades, TelOne is dedicated to providing products and services that enhance the service offering and experience of our customers. This investment in the network has to be matched with efficient and environmentally friendly consumption of natural resources and emissions.

As part of this commitment, in 2022, TelOne worked towards reduction of the carbon emissions through a replacement of high carbon emission generators with smaller high efficient low carbon emission generators as well as deployment of solar solutions at key sites.

### Fuel Consumption

Fuel Consumption	Litres
Generator Diesel and petrol	449,951
Transport (fleet)	1,441,335
<b>Total Consumption</b>	<b>1,891,286</b>

### Green Energy For Sustainable Business

TelOne has adopted the use of hybrid solar system as renewable energy system that is grid-tied and includes battery storage. The system uses solar panels to produce energy during the day to power exchanges and base stations, while the batteries store excess energy for use during the night.

In 2022 TelOne embarked on deployment of Solar green energy to its operations with a view to migrate all power to green energy. In pursuance of this 5 sites were commissioned in Concession, Glendale, Banket, Beatrice and Chirundu.

This drive is being amplified with the expectation to reach 50 exchange sites to be on Hybrid solar by 2025.





## Our Environmental Impact

### Reduction of Energy Consumption Through the Core and Access Equipment

TelOne has adopted an approach where careful consideration is done during procurement to ensure that the new network elements are ecologically friendly in alignment with the environmental sustainability goals of the business. This is mainly achieved through installation of low energy consumption network nodes and/or Data Centers guided by metrics like Power Usage Effectiveness (PUE) and Data Centre Infrastructure Efficiency (DCIE).

The Company has adopted smart and latest industry standards. These include;

- Installing energy-efficient network nodes/Data Centers being guided by metrics like Power Usage Effectiveness (PUE) and Data Centre Infrastructure Efficiency (DCIE)
- Adopting smart and latest industry standards for Data Centre Cooling e.g. in-row/in-rack cooling with hot aisle/cold aisle configuration guided by the applicable ASHRAE/EIA/TIA Standards.
- Implementing ASHRAE guidelines on Environmental Conditions for Data Processing Environments as guided by TIA Standard 942 which permits a wider range of temperature and humidity to reduce power consumption.

The overall impact has seen the company being able to reduce energy consumption by about 15% during the past year.



Energy  
Consumption

**15%**



### For Biodiversity

TelOne is committed to ensuring Biodiversity is maintained by ensuring that all base station, fiber projects and any other major projects have Environmental Impact Assessments conducted. All projects commence upon granting of approval by relevant authorities. To date TelOne has not been fined for any violation.

Furthermore, in order to reduce any impact of business activities on the environment, TelOne has been embarking on a nationwide tree planting program. The program which was started in 2019, seeks to achieve an annual target of planting 100 000 trees of diverse variety.

Since 2021, the programme received a boost through utilizing seedlings produced from the nursery that was established in partnership with Zimbabwe Prisons and Correctional Services, which has managed to produce 160 000 seedlings. For 2022, TelOne was able to distribute 25 000 tree seedlings to schools and different communities for planting while the company directly planted 5 000 trees.

As a way to further contribute to biodiversity, TelOne has a programme to adopt public roads islands for maintenance and donating litter receptacles to local authorities to support responsible waste management.

In 2022 the programme managed to donate bins to Bulawayo, Kwekwe and Mutare. Donation of litter bins is set to be resuscitated for 2023 to replace those donated to over 20 local authorities in the last 3 years.



For Sustainable Waste Management

We recycle waste, re-use waste and generate revenue.

As a responsible corporate citizen it is our duty to ensure that we achieve 100% compliance with waste management laws and policies.

TelOne management has ensured that all waste paper is recycled with assistance of recycling companies. During the year under review, 57 tonnes of waste paper was put up for recycling and US\$1500 revenue was realised.

In terms of network waste, TelOne has adopted a re-use policy. This saves on procurement costs particularly through re use of network cables.

Network Waste	Tonnes
Reused network waste	2,5
Recycled waste	57.0
Total waste	59.5



For Environmental Compliance

<b>304-1</b> Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"><li>• TelOne operations do not impact on protected areas or areas with high biodiversity value.</li></ul>
<b>304-2</b> Significant impacts of activities, products, and services on biodiversity	<ul style="list-style-type: none"><li>• There are no significant impacts on areas of high biodiversity value.</li></ul>
<b>304-3</b> Habitats protected or restored	<ul style="list-style-type: none"><li>• No TelOne activities conducted required that restoration activities be undertaken.</li></ul>
<b>304-4</b> IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"><li>• No Red List species were affected by any of the company's operations.</li></ul>

# Risk Management

## Risk Overview

External and internal environment risk issues continue to characterise the risk business landscape, necessitating proactive risk prediction and forecasting while embracing business opportunities in order to meet strategic goals.

To achieve company's objectives, we have developed a robust risk management framework that is constantly benchmarked against international standards and supported by the following lines of defence:

## Risk Management Approach

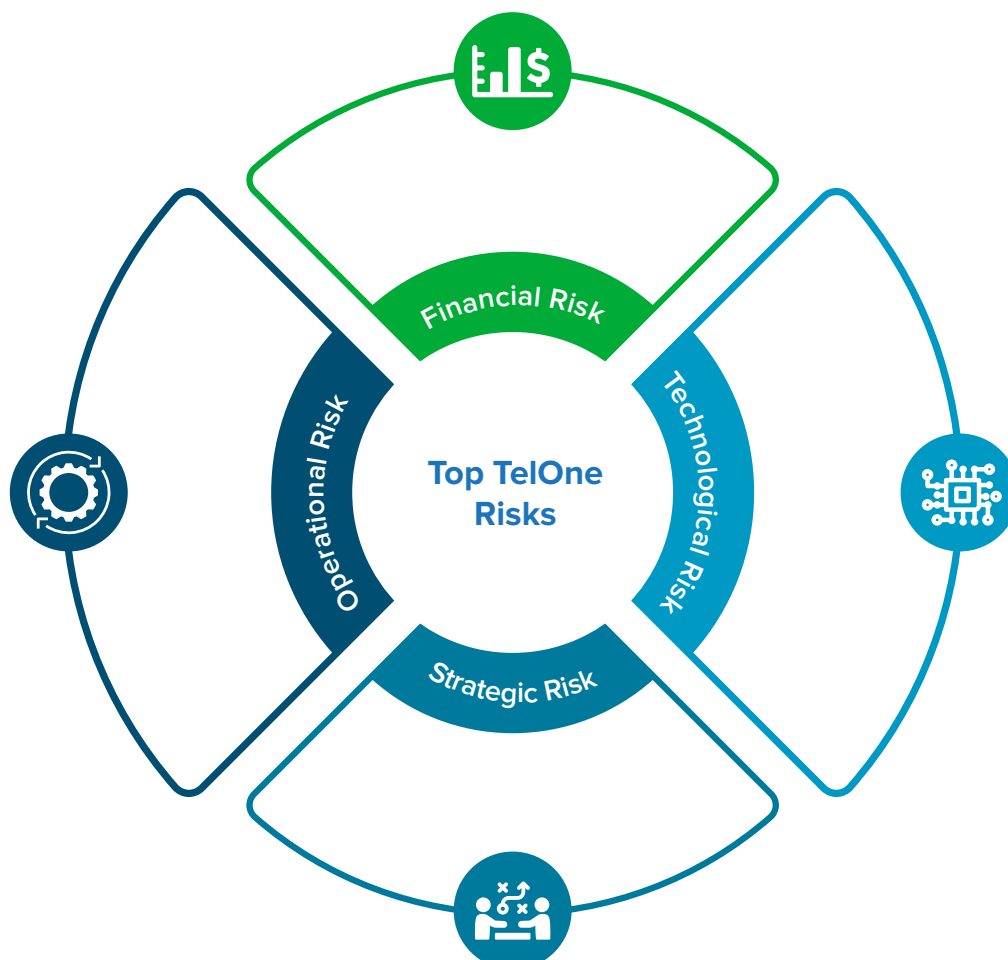
TelOne has a Risk Management Framework in place to govern risk management in accordance with the Public Entities Corporate Governance Act, benchmarked and aligned with best practice, and in accordance with the ISO31000 international standard.

Risk issues in the business are tracked monthly, then quarterly, with key issues cascaded to the Board for risk oversight. This ensures that risk issues are kept within acceptable limits. Among the various lines of risk defence built into the business structure are: -

- i Risk Champions;
- ii Regional Risk Management Committees;
- iii Risk Management Committee;
- iv Executive Committees;
- v Risk Board Committee;
- vi Board of Directors;

## TelOne Risk Universe Outlook 2022-2023

The following diagram summarizes the overall or composite risks affecting strategic objectives in various business segments.



## Top Risks Affecting Strategy

Below is the outlook of risks highlights potentially affecting strategy deployment in 2022:

Corporate Risk Register & Highlights Of Detailed Management Interventions December 2022		
Risk Pillar	Risk Description	Management Interventions
<b>Financial Risks</b> Risk Rating: High ○○○	<ul style="list-style-type: none"> <li>Inadequate project funding</li> <li>Value erosion on earnings due to inflation.</li> </ul>	<ul style="list-style-type: none"> <li>The business to raise long term funds amounting to US\$34m to support the 2023 strategy deployment.</li> <li>Aggressive selloff of recovered copper in line with deployment of fibre &amp; wireless solutions</li> <li>Pursue PPP funding model and project-specific trade financing outside the balance sheet;</li> <li>Repositioning of the TelOne Property portfolio with a view to unlock revenues;</li> <li>Recapitalisation engagements and efforts are underway.</li> </ul>
<b>Liquidity Risk</b> Risk Rating: High ○○○	<ul style="list-style-type: none"> <li>Gross debtors book standing at ZWL14.5bil as at 31.12.2022, with government and parastatals owing 57% of the total exposure.</li> <li>Price regulation with 3 price reviews in 2022 regardless of constant changes is the exchange rate changes.</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive recovery efforts including demand letters, blacklisting and interest rates effected on the debtors' book in line with market changes.</li> <li>Timely engaging the regulator for price reviews to ensure that the price is in line with changes in the market rate.</li> <li>The business to push for pre-paid services on data centric services to enhance liquidity and reduce the debtors book.</li> </ul>
<b>Strategic Risks</b> Risk Rating: High ○○○	<ul style="list-style-type: none"> <li>Legacy Debt</li> <li>High cost structure</li> </ul>	<ul style="list-style-type: none"> <li>Debt warehousing of US\$394m legacy loans remains a strategy priority into 2023;</li> <li>Cost containment programs addressing electricity and diesel consumption, fuel, human resources and security costs are being implemented and tracked;</li> <li>Capacitate the business to allow for diversified revenue growth initiatives incorporated in the 2023 Commercial Strategy Plan;</li> </ul>
<b>Technological Risks</b> Risk Rating: High ○○○	Technological Obsolescence characterised by: <ul style="list-style-type: none"> <li>Incompatible systems to enhance client experience.</li> <li>Slow internet speed and latency.</li> </ul>	<ul style="list-style-type: none"> <li>Technology roadmap and Master Plans developed and awaits funding for implementation</li> <li>Deployment of Fibre and Wireless Solutions Program supported by a clear funding strategy put into place for deployment;</li> </ul>
<b>Operational Risks</b> Risk Rating: Moderate ○○	Cyber Security threats.	<ul style="list-style-type: none"> <li>Cyber Client Awareness Program particularly addressing IPBX coupled with routine vulnerability assessments &amp; hardening initiatives underway;</li> <li>Enhanced supervisory controls &amp; checks in all identified areas with leakages;</li> <li>Risk independent checks of recoveries of all identified leakages;</li> </ul>
	Revenue Leakages and Fraud related risk issues characterised by: <ul style="list-style-type: none"> <li>Power challenges affecting the country leading to low recharges.</li> <li>Network theft and vandalism.</li> </ul>	<ul style="list-style-type: none"> <li>Deployment of solar power to provide power to the exchanges and minimise outage downtime.</li> <li>Network fortification to reduce the number of copper cables theft.</li> <li>Strengthen online fraud detection capabilities.</li> <li>Enhance fraud audits/ forensics audits to timely identify high fraud risk issues.</li> </ul>



### Security Practices

#### Background

The use of security personnel in the protection of the company's assets is critical in preserving revenue streams and ensuring the smooth delivery of services to customers, thereby minimizing losses. More than 200 telecommunications infrastructure sites require protection against potential theft and vandalism. To provide security services, security personnel, both internal and external (contracted security companies), are deployed.

We are alive to the importance of upholding human rights in respect of the amount of force used in apprehending suspects and their general treatment. Respect for human rights, coupled with established processes to reduce the risk of human rights violations, are critical to our long-term success.

Human rights training is therefore a critical part of our policy and programmes for our security personnel to ensure that the United Nations' human rights standards are adhered to at all times.

#### Management Approaches

- Security training for internal staff is outsourced and personnel are offered Police training that incorporates human rights as a subject.
- For external staff, the security companies are mandated to recruit personnel having relevant security training and a minimum of two years' work experience.
- Provisions are in place for reporting to the internal supervisors of any human rights violations by security personnel. External reporting mainly to the Police can be done by the victim(s) and investigations are conducted and appropriate action is implemented.

#### Specific Disclosures

Human rights training has been provided to 90% of internal employees, while only 5% of external security personnel have received it. Security firms have been engaged, and they will include human rights training in future recruitments, as well as in-service training for those who are already employed.

### Anti-Bribery & Corruption

#### Background

Our Code of Ethics, which is shared with all staff condenses TelOne's anti-bribery and corruption policy. It states that employees or any other persons contracted by TelOne must never offer or accept bribes. Our anti-bribery policy is consistent with the Zimbabwe Anti-Corruption Laws, and any violations can result in dismissal or contract termination.

The policy specifies what constitutes a bribe and forbids the giving or receiving of excessive or improper gifts or hospitality. TelOne's work to prevent bribery and corruption is overseen by our Board of Directors and Executive Committees. They are supported by the Integrity Committee, which is in charge of ensuring that the anti-bribery and corruption program is implemented effectively.

#### Management Approach

- Our risk awareness training programs have been designed to address anti-bribery and corruption. These mandatory trainings are conducted company wide and are required of all employees.
- Additional mandatory trainings are being implemented for employees in the procurement management unit, sales and marketing teams, and other higher-risk roles to provide them

with practical guidance on how to conduct themselves at all times.

- The organization also ensures that suppliers and business partners go through due diligence processes before entering into a partnership.
- Continuous anti-bribery compliance monitoring ensures they understand our anti-bribery policy, and compliance assessments have been designed for higher-value and high-risk suppliers.

#### Specific Disclosures

Every TelOne employee has an obligation to address the risk of bribery and corruption. Every year, mandatory trainings are held to ensure that employees understand how they can contribute. Communication programs such as Risk Bulletins, Risk Awareness Training focusing on whistleblowing via the Deloitte Tip-Off Anonymous Facility, and other programs that highlight the most common compliance risks are continuously shared with staff. These includes handling personal data, accepting gifts, conflicts of interest, and confidentiality requirements.

The company has a whistle-blower policy in place and subscribes to Deloitte Tip-Off Anonymous facility.

### Deloitte Tip-Off Anonymous Facility

#### Policy Objectives

This policy is intended to encourage employees and other relevant stakeholders to report perceived unethical or illegal behavior of employees, management, directors, and other stakeholders across the company in a confidential manner without fear of harassment, intimidation, victimization, or reprisal. TelOne will reward useful information received via Deloitte Tip-offs Anonymous or any other whistleblowing channel.

#### Integrity Committee

Aside from the Whistle-blower policy, the Company has

established an Integrity Committee. The TelOne Board of Directors has approved the Integrity Committee as a working committee.

It was formed as a liaison committee with the Zimbabwe Anti-Corruption Commission, which is mandated by Section 255(h) of the Zimbabwean Constitution (Amendment No. 20 of 2013) to make recommendations to the Government and other persons on measures to improve integrity and accountability and prevent improper behaviour in both the private and public sectors.

### Fighting the Network Vandalism Menace

Several strategies were employed to counter network theft and vandalism menace during 2022. These include awareness campaigns in the communities, on radio; newspaper; television and social media.

The offer of reward incentives to informers; deployment of guards for patrols and surveillance duties in areas under attack; joint operations with the police and other state security agents and use of electronic cable alarms to provide alerts to reaction teams in the event of cable vandalism were also part of the strategies.

**Regrettably, network theft and vandalism remained a serious risk and largely on an upward trend:**

- 402 incidents of live network theft and vandalism recorded representing an
- US\$697,000 worth of infrastructure was vandalized
- US\$510,000 estimated revenue loss to the business
- 51,500 customers affected due to network theft and vandalism.
- 93 suspects were arrested and 11 were handed down the mandatory 10-year jail term by the courts.




Network vandalism is one of the major risks that the business is facing. In 2022 we heightened our efforts to curb the scourge through community activations.



# 04

## FINANCIAL PERFORMANCE

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  - 66. Auditor's Report
  - 69. Financial Statements
  - 74. Notes to the Financial Statements



# Directors' Responsibility Statement

## Accounting records and financial statements

The Board of Directors is responsible for the maintenance of adequate accounting records, preparation of financial statements and related information contained in the Annual Report, ensuring that they fairly present the state of affairs of and results of TelOne's operations.

## External Auditor's Role

The company's external auditor, the Office of the Auditor General, is responsible for carrying out an independent examination of financial statements in accordance with International Standards on Auditing and reporting on findings. The external auditor's report is presented on pages 66 to 68 of the Annual Report.

## Systems of internal control

TelOne's systems of internal financial control give reasonable assurance to the reliability of financial statements, safeguard assets and prevent misstatements to financial information.

## Going concern

The financial statements have been prepared on a going concern basis. The Going Concern basis has been considered to remain an appropriate reporting basis due to plans that are being pursued to recapitalize the company balance sheet and transform the business. Further, the Directors are aware of Government Guarantees against the company's legacy loan balances. Further disclosure on the company's going concern has been made in note 30 to the financial statements.

## Accounting standards and policies

The financial statements have been prepared in accordance to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board. The Financial statements were prepared using appropriate accounting policies which have been consistently applied and modified, where necessary by the impact of new and revised standards. The application of accounting policies is supported by reasonable and prudent judgements and estimates.

## Approval of financial statements

The financial statements were approved by the Board of Directors on 16 June 2023 and are signed on its behalf by:



**Dr. D. Zimbango**  
Board Chairman



**Engineer. L. Nkala**  
Acting Chief Executive Officer



**Mr. B. T. Makanza**  
Chief Finance Officer

These financial statements have been prepared under the supervision of the Chief Finance Officer, Mr. Bernard Makanza CA(Z).

All communication should be addressed to  
“The Auditor-General”  
P.O. Box CY 143, Causeway, Harare  
Telephone No.: 793611/3/4, 762817/8/20-23  
Telegrams: “AUDITOR”  
Fax: 706070  
E-mail: ocag@auditgen.gov.zw



Reference: SB 54

**OFFICE OF THE AUDITOR-GENERAL**  
5th Floor, Burroughs House  
48 George Silundika Avenue  
Harare

**REPORT OF THE AUDITOR-GENERAL**  
**TO**  
**THE MINISTER OF INFORMATION COMMUNICATION TECHNOLOGY AND**  
**POSTAL AND COURIER SERVICES**  
**AND**  
**THE BOARD OF DIRECTORS**  
**IN RESPECT OF THE FINANCIAL STATEMENTS FOR**  
**TelOne (PRIVATE) LIMITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Report on the Audit of the Financial Statements**

**Opinion**

I have audited the accompanying financial statements of TelOne (Private) Limited, as set out on pages 69 to 100, which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of TelOne (Private) Limited as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of TelOne (Private) Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in Zimbabwe, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Material uncertainty related to going concern**

I draw attention to Note 30 to the financial statements which indicates that the Company incurred losses amounting to ZWL 112 billion (2021: ZWL 53.3 billion) in the 2022 financial year. The entity has significant legacy loans and borrowings amounting to ZWL 335.05 billion (2021: ZWL 194.2 billion) principal plus interest accruals. These conditions, along with other matters set out in the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

**Key Audit Matters**

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of TelOne (Private) Limited for the year ended December 31, 2022. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

## Report on the Audit of the Financial Statements (cont.)

Key Audit Matter	How my audit addressed the Key Audit Matter
<p><b>Valuation of trade and other receivables. Refer to note 12 of the financial statements.</b></p> <p>The Company disclosed the recoverable amount of trade and other receivables to be ZWL 20.9 billion as at December 31, 2022 after adjusting for allowance for credit losses of ZWL 0.8 billion.</p> <p>With significant amounts of trade and other receivables overdue for payment and considering current economic environment characterized by liquidity challenges, allowance for credit losses is an area requiring management to make significant judgement. The application of International Financial Reporting Standards (IFRS) 9 and the expected credit loss (ECL) model in determining allowance for credit losses involves management judgement.</p> <p>The valuation of trade and other receivables was therefore considered to be a key audit matter.</p>	<p>My audit procedures to address the risk of material misstatement relating to the valuation of trade receivables included:</p> <ul style="list-style-type: none"> <li>Obtaining third party confirmations for material outstanding trade receivables.</li> <li>Performing a detailed debtor's analysis to verify accuracy and validity of debtor movements and identify irregular debtor balances.</li> <li>Assessing the reasonableness of the judgements and assumptions made in estimating the allowance for credit losses.</li> <li>Evaluating the appropriateness of the presentation and disclosure of trade receivables in the financial statements for compliance with IFRS 9.</li> <li>Re-performing of the allowances for credit losses computation to confirm if it was in line with the IFRS 9 principles.</li> </ul> <p>Based on evidence gathered, I found the valuation, presentation and disclosure of property, plant and equipment and investment property to be appropriate.</p>
<p><b>Valuation of Property, plant and equipment and Investment property. Refer to note 4 and note 7.</b></p> <p>The company held property, plant and equipment valued at ZWL 397, billion as at December 31, 2022.</p> <p>Investment property was valued at ZWL 798 million as at December 31, 2022.</p> <p>The useful life and residual values are reviewed annually by management with reference to current, forecast and relevant technical factors. This involves significant management judgement and assumptions. As a result, valuation of property, plant and equipment and investment property was considered a key audit matter.</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to the valuation of property, plant and equipment and Investment property included:</p> <ul style="list-style-type: none"> <li>Analyzing and testing the management assumptions used to determine the revalued amounts</li> <li>Evaluating the methodology and assumptions used by the company when performing the valuation.</li> <li>Inspecting documentary evidence of asset register and investment property register.</li> </ul> <p>Based on evidence gathered, I found the valuation, presentation and disclosure of property, plant and equipment and investment property to be appropriate.</p>
<p><b>Revenue recognition. Refer to note 20 to the financial statements.</b></p> <p>The Company recognized revenue amounting to ZWL 54.9 billion.</p> <p>The company has various products that cut across internet, voice and data from which it generates revenue. To support these services, the company uses a complex IT based billing system.</p> <p>The huge volume of transactions from numerous revenue streams and the high level of regulation in the Telecoms industry results in revenue recognition being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit.</p> <p>As a results, revenue recognition was considered a key audit matter.</p>	<p>The audit procedures to address the risk of material misstatement relating to revenue recognition included:</p> <ul style="list-style-type: none"> <li>Testing of data input controls with the assistance of Information Technology (IT) specialists.</li> <li>With assistance of Information Technology (IT) specialists, I tested controls over data migration from LEAP billing system to SAP accounting system to ensure accuracy, completeness and integrity of revenue.</li> <li>Billing data analysis to confirm the accuracy and completeness of revenue.</li> <li>Testing the validity, accuracy and completeness of revenue in line with the changed business conditions and terms.</li> </ul> <p>Based on evidence gathered, I found no material errors in the computation and recognition of revenue.</p>

### Other Information in the Annual Report

Those charged with governance are responsible for the Other Information. The Other Information comprises all the information in the Company's 2022 annual report other than the financial statements and my auditor's report thereon ("the Other Information").

My opinion on the Company's financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Company's financial statements, my responsibility is to read the other information and, in doing so, consider whether the Other Information is materially inconsistent with the Company's financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of other information, I am required to report that fact. I have nothing to report in this regard.



## Report on the Audit of the Financial Statements (cont.)

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Companies and Other Business Act [Chapter 24:31] and Public Finance Management Act [Chapter 22:19] and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

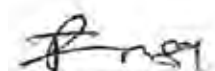
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Postal and Telecommunications Act [Chapter 12:05], Public Finance Management Act Chapter [22:19], Companies and other Business Entities Act [Chapter 24:31], and other relevant Statutory Instruments.



**R. KUJINGA,  
ACTING AUDITOR – GENERAL**

**16 June, 2023**

# Statement Of Financial Position

as at 31 December 2022

		Inflation Adjusted		Historical Cost	
	Notes	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	4	397,771,223,849	168,226,744,233	397,771,223,849	30,459,850,621
Capital work in progress	5	1,820,788,235	598,549,615	1,220,227,755	136,270,598
Investment property	7	798,000,000	591,861,535	798,000,000	172,213,877
Intangible assets	8	33,608,976,244	24,675,823,060	33,608,976,244	4,636,094,699
Right of use assets	10.1	3,582,514,361	446,048,107	2,374,766,098	79,988,533
Investment in joint venture	9.3	686,379,799	657,819,258	171,878,223	142,141,912
Deferred tax asset	17.2	-	3,150,443,656	-	4,243,934,269
Financial assets	9.1	7,122,015,201	3,116,268,032	7,122,015,201	906,740,120
		<b>445,389,897,689</b>	<b>201,463,557,496</b>	<b>443,067,087,370</b>	<b>40,777,234,629</b>
<b>Current assets</b>					
Inventory	11	3,183,832,611	1,507,631,609	1,863,906,866	328,081,413
Assets classified as held-for-sale	6	-	291,903	-	46,202
Trade and other receivables	12	20,916,853,139	8,547,530,110	17,704,627,447	2,409,164,415
Current tax asset	17.3	-	982,317,743	-	285,824,871
Security deposits	12.1	1,784,414,383	992,498,658	1,784,414,383	288,787,210
Cash and cash equivalents	13	1,410,941,219	3,059,228,560	1,410,941,219	890,143,352
		<b>27,296,041,352</b>	<b>15,089,498,583</b>	<b>22,763,889,915</b>	<b>4,202,047,463</b>
<b>TOTAL ASSETS</b>		<b>472,685,939,041</b>	<b>216,553,056,079</b>	<b>465,830,977,285</b>	<b>44,979,282,092</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	14	175	175	32	32
Fair value reserve of financial assets through other comprehensive income		8,803,115,531	2,689,062,191	6,679,366,332	565,312,992
Revaluation reserve		299,702,992,261	128,192,220,839	298,220,007,440	23,212,843,298
Retained income		(244,906,522,343)	(132,882,145,748)	(248,156,535,590)	(42,402,492,141)
		<b>63,599,585,624</b>	<b>(2,000,862,543)</b>	<b>56,742,838,214</b>	<b>(18,624,335,819)</b>
<b>Non-current liabilities</b>					
Foreign legacy loans	15.1	268,402,087,191	156,844,005,663	268,402,087,191	45,636,880,753
Foreign loans long term portion	15.2	62,400,626,107	37,337,954,081	62,400,626,107	10,864,219,840
Long term payable	18.4	82,810,519	44,788,965	82,810,519	13,032,239
Deferred tax liability	17.2	18,183,270,672	-	18,185,056,326	-
Operating licence	18.2	24,288,494,894	10,215,241,059	24,288,494,894	2,972,327,416
Contract liabilities	18.5	3,620,338,601	2,502,161,132	3,620,338,601	728,053,512
Lease liability	10.2	2,391,971,208	278,778,393	2,391,971,208	81,116,114
		<b>379,369,599,192</b>	<b>207,222,929,293</b>	<b>379,371,384,846</b>	<b>60,295,629,874</b>
<b>Current liabilities</b>					
Trade and other payables	18.1	15,063,160,219	8,456,897,195	15,063,160,219	2,460,702,321
Foreign loans current portion	15.2	4,243,685,790	-	4,243,685,790	-
Operating licence payable	18.2	4,344,515,455	630,447,117	4,344,515,455	183,441,119
Loan interest payable	18.3	1,828,998,158	663,457,694	1,828,998,158	193,046,203
Local loans due within one year	16.1	39,000,000	96,190,401	39,000,000	39,000,000
Current tax liability	17.3	2,181,824,641	-	2,181,824,641	-
Contract liabilities	18.5	673,340,135	184,304,745	673,340,135	53,627,129
Lease liability	10.2	58,581,779	7,495,663	58,581,779	2,181,012
Provisions	19	1,283,648,048	1,292,196,514	1,283,648,048	375,990,253
		<b>29,716,754,225</b>	<b>11,330,989,329</b>	<b>29,716,754,225</b>	<b>3,307,988,037</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>472,685,939,041</b>	<b>216,553,056,079</b>	<b>465,830,977,285</b>	<b>44,979,282,092</b>



**B. MAKANZA**  
(Chief Finance Officer)  
16 June 2023



**Engineer L. Nkala,**  
(Acting Chief Executive Officer)  
16 June 2023



**D. ZIMBANGO**  
(Board Chairman)  
16 June 2023

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Notes	Inflation Adjusted		Historical Cost	
		Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
Revenue	20	54,902,929,052	40,279,381,106	40,016,331,069	8,895,854,669
Payment to other operators	21	(7,669,120,307)	(6,596,678,533)	(5,242,936,780)	(1,570,913,354)
<b>Net revenue</b>		<b>47,233,808,745</b>	<b>33,682,702,573</b>	<b>34,773,394,289</b>	<b>7,324,941,315</b>
Other income	22	1,897,910,570	1,518,797,114	1,614,450,890	340,960,557
<b>Operating expenses</b>		<b>(37,769,264,185)</b>	<b>(24,148,498,429)</b>	<b>(24,904,115,028)</b>	<b>(5,570,129,364)</b>
Other operating expenses	23	(19,701,739,112)	(12,322,942,927)	(12,746,827,489)	(2,786,583,854)
Staff costs	23.1	(18,067,525,073)	(11,825,555,502)	(12,157,287,539)	(2,783,545,510)
<b>Earnings before interest, tax and depreciation and amortisation</b>		<b>11,362,455,130</b>	<b>11,053,001,258</b>	<b>11,483,730,151</b>	<b>2,095,772,508</b>
Depreciation of property, plant and equipment	4	(3,606,177,237)	(6,323,049,610)	(1,856,569,158)	(1,428,316,456)
Fair value adjustment investment property	7	200,751,217	128,868,935	621,477,523	88,382,577
Fair value re-measurement gain on profit and loss	9.2	3,876,293	-	3,876,293	-
Depreciation of right of use assets	10	(89,012,893)	(17,441,032)	(70,554,879)	(3,932,672)
Amortisation of intangible assets	8	(740,840,125)	(509,221,157)	(503,695,804)	(115,421,234)
<b>Operating profit</b>		<b>7,131,052,385</b>	<b>4,332,158,394</b>	<b>9,678,264,126</b>	<b>636,484,723</b>
Foreign legacy loans expenses	24.3	(342,589,274,584)	(36,333,508,445)	(222,765,206,238)	(10,113,798,835)
Finance income	24.1	3,997,856,393	1,316,688,260	2,201,522,068	307,243,292
Other finance costs	24.2	(2,251,426,586)	(1,431,826,630)	(1,635,739,147)	(322,853,754)
Monetary gain		244,199,697,462	95,810,174,947	-	-
Net exchange movements	25	(93,519,656,460)	(9,413,429,439)	(60,643,194,153)	(2,739,024,389)
Share of profit/(loss) from joint venture	9.3	(10,836,793)	1,065,919	(5,968,388)	240,347
<b>(Loss) before tax</b>		<b>(183,042,588,183)</b>	<b>54,281,323,006</b>	<b>(273,170,321,732)</b>	<b>(12,231,708,616)</b>
Net tax income	17.1	71,018,211,588	(976,143,519)	67,416,278,283	3,543,009,389
<b>Profit/(loss) for the year</b>		<b>(112,024,376,595)</b>	<b>53,305,179,487</b>	<b>(205,754,043,449)</b>	<b>(8,688,699,227)</b>
<b>Other comprehensive income</b>					
Revaluation of property, plant and equipment	4	227,830,461,506	-	365,312,385,949	-
Deferred tax on revaluation gain of property, plant and equipment		(56,319,690,084)	-	(90,305,221,807)	-
Fair value re-measurement gain		8,121,749,920	947,493,296	8,121,749,920	275,692,006
Deferred tax on remeasurement gain		(2,007,696,580)	(234,220,343)	(2,007,696,580)	(68,151,064)
<b>Total other comprehensive profit</b>		<b>177,624,824,762</b>	<b>713,272,953</b>	<b>281,121,217,482</b>	<b>207,540,942</b>
<b>Total Comprehensive profit/ (loss) for the year</b>		<b>65,600,448,167</b>	<b>54,018,452,440</b>	<b>75,367,174,033</b>	<b>(8,481,158,285)</b>



# Statement of Changes in Equity

for the year ended 31 December 2022

Inflation Adjusted	Share capital ZWL	Revaluation surplus reserve ZWL	Fair value through other comprehensive income ZWL	Retained earnings ZWL	Total Equity ZWL
<b>Balance at January 01, 2021</b>	175	128,192,220,839	1,975,789,238	(186,187,325,235)	(56,019,314,983)
Total comprehensive income for the year	-	-	713,272,953	53,305,179,487	54,018,452,440
Profit for the year	-	-	-	53,305,179,487	53,305,179,487
Fair value on financial assets classified as FVTOCI	-	-	713,272,953	-	713,272,953
<b>Balance at December 31, 2021</b>	175	128,192,220,839	2,689,062,191	(132,882,145,748)	(2,000,862,543)
<b>Balance at January 01, 2022</b>	175	128,192,220,839	2,689,062,191	(132,882,145,748)	(2,000,862,543)
<b>Total comprehensive income for the year</b>	-	171,510,771,422	6,114,053,340	(112,024,376,595)	65,600,448,167
Loss for the year	-	-	-	(112,024,376,595)	(112,024,376,595)
Revaluation adjustment	-	171,510,771,422	-	-	171,510,771,422
Fair value on financial assets classified as FVTOCI	-	-	6,114,053,340	-	6,114,053,340
<b>Balance at December 31, 2022</b>	175	299,702,992,261	8,803,115,531	(244,906,522,343)	63,599,585,624

# Statement of Changes in Equity

for the year ended 31 December 2022

HISTORICAL	Share capital ZWL	Revaluation surplus reserve ZWL	Fair value through other comprehensive income ZWL	Retained earnings ZWL	Total Equity ZWL
<b>Balance at January 01, 2021</b>	32	23,212,843,298	357,772,050	(33,713,792,914)	(10,143,177,534)
Total comprehensive income for the year	-	-	207,540,942	(8,688,699,227)	(8,481,158,285)
Profit for the year	-	-	-	(8,688,699,227)	(8,688,699,227)
Fair value on financial assets classified as FVTOCI	-	-	207,540,942	-	207,540,942
<b>Balance at December 31, 2021</b>	32	23,212,843,298	565,312,992	(42,402,492,141)	(18,624,335,819)
<b>Balance at January 01, 2022</b>	32	23,212,843,298	565,312,992	(42,402,492,141)	(18,624,335,819)
<b>Total comprehensive income for the year</b>	-	275,007,164,142	6,114,053,340	(205,754,043,449)	75,367,174,033
Loss for the year	-	-	-	(205,754,043,449)	(205,754,043,449)
Revaluation of property, plant and equipment	-	275,007,164,142	-	-	275,007,164,142
Fair value on financial assets classified as FVTOCI	-	-	6,114,053,340	-	6,114,053,340
<b>Balance at December 31, 2022</b>	32	298,220,007,440	6,679,366,332	(248,156,535,590)	56,742,838,214

# Statement of Cash Flows

for the year ended 31 December 2022

	Note	Inflation Adjusted		Historical	
		Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>Cash flows from operating activities</b>					
<b>Operating profit</b>		<b>7,131,052,385</b>	<b>4,332,158,394</b>	<b>9,678,264,126</b>	<b>636,484,723</b>
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment	4	3,606,177,237	6,323,049,610	1,856,569,158	1,428,316,456
Fair value adjustment on investment property	7	(200,751,217)	(128,868,935)	(621,477,523)	(88,382,577)
Depreciation of right of use assets	10	89,012,893	17,441,032	70,554,879	3,932,672
Amortisation of intangible assets	8	740,840,125	509,221,155	503,695,804	115,421,234
Allowances for credit losses	12.2	350,042,505	386,483,625	350,042,505	112,455,092
Provision for staff costs	19	907,657,795	1,052,483,192	907,657,795	306,240,903
Discount received	22	(253,867,693)	(166,834,123)	(253,867,693)	(48,543,704)
Discount allowed	23	25,324,005	32,701,069	14,004,563	7,373,562
(Gain)/Loss on disposal of property, plant and equipment		(51,486,891)	(21,034,975)	(51,486,891)	(4,153,045)
		<b>12,344,001,144</b>	<b>12,336,800,044</b>	<b>12,453,956,723</b>	<b>2,469,145,316</b>
<b>Changes in working Capital</b>					
Increase in inventory		(1,676,201,002)	(978,458,477)	(1,535,825,453)	(232,290,382)
Increase in receivables		(12,369,323,030)	(636,177,920)	(15,295,463,031)	(977,049,819)
(Decrease) / Increase in payables		6,606,263,023	(3,681,671,318)	12,602,457,898	352,957,860
<b>Cash generated from operations</b>		<b>4,904,740,135</b>	<b>7,040,492,329</b>	<b>8,225,126,137</b>	<b>1,612,762,975</b>
<b>Net cash from operating activities</b>		<b>4,904,740,135</b>	<b>7,040,492,329</b>	<b>8,225,126,137</b>	<b>1,612,762,975</b>
<b>Cash flows from investing activities</b>					
Dividends received from equity instruments designated at FVTOCI	22	-	2,503,830	-	728,539
Finance income received	24	1,128,763	12,131,929	315,445	2,659,743
Investment property additions		(5,387,248)	-	(4,308,600)	-
Purchase of property, plant and equipment	4	(5,158,577,408)	(2,352,954,104)	(3,744,779,070)	(549,616,881)
Purchase of capital works in progress equipment	5	(1,426,064,232)	(529,674,592)	(1,213,467,650)	(135,240,209)
Investment in joint venture	9.3	(39,397,334)	(349,581,492)	(35,704,699)	(86,283,797)
Investment in gold coins	9.2	(10,552,241)	-	(9,627,985)	-
Proceeds from disposal of assets and redundant material	22	100,804,282	122,320,756	70,220,017	30,262,578
Intangible asset development expenditure	8	(2,527,973,724)	(15,994,786)	(916,589,971)	(4,414,474)
<b>Net cash utilised in investing activities</b>		<b>(9,066,019,142)</b>	<b>(3,111,248,459)</b>	<b>(5,853,942,513)</b>	<b>(741,904,501)</b>
<b>Cash flows from financing activities</b>					
Finance costs paid		(1,092,876,578)	(549,570,587)	(560,366,123)	(131,759,978)
Principal lease payments		(279,150,636)	(7,107,846)	(153,742,833)	(1,602,704)
Repayment of local borrowings		(1,091,628,923)	(296,564,330)	(548,996,172)	(81,850,143)
Repayment of foreign borrowings	15	(787,012,125)	(128,233,289)	(587,280,629)	(26,300,533)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(3,250,668,262)</b>	<b>(981,476,052)</b>	<b>(1,850,385,757)</b>	<b>(241,513,358)</b>
Inflation effects on cash and cash equivalents		5,763,659,928	(1,329,252,664)	-	-
<b>Net increase in cash and cash equivalents</b>		<b>(7,411,947,269)</b>	<b>2,947,767,818</b>	<b>520,797,867</b>	<b>629,345,116</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>3,059,228,560</b>	<b>1,440,713,406</b>	<b>890,143,352</b>	<b>260,798,236</b>
<b>Cash and cash equivalents at end of year</b>	13	<b>1,410,941,219</b>	<b>3,059,228,560</b>	<b>1,410,941,219</b>	<b>890,143,352</b>



# Notes to the Financial Statements

for the year ended 31 December 2022

## 1 NATURE OF BUSINESS AND GENERAL INFORMATION

TelOne (Private) Limited was incorporated in Zimbabwe in 2000 in terms of the Companies and Other Business Entities Act [Chapter 24:31] pursuant to the Postal and Telecommunications Act [Chapter 12:05]. The Company is wholly owned by the Government of Zimbabwe. TelOne is a fixed mobile convergence operator whose principal activities are that of provision of telecommunication services and multimedia services. The Company is registered at the Registrar of Companies under registration number 4658/2000.

The registered offices and address: Runhare House  
107 Kwame Nkrumah Avenue  
P.O Box CY 331  
Harare

## 2 BASIS OF PREPARATION

### 2.1 Authorisation of Financial Statements

The financial statements are authorised for issue by the TelOne Board of Directors and prepared under the supervision of Mr B. Makanza, CA (Z) and have been audited in terms of Section 188 of the Companies and Other Business Entities Act [Chapter 24:31].

### 2.2 Statement of Compliance

#### 2.2.1 Compliance with IFRS

The entity's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as issued by the International Accounting Standards Board ("IASB").

#### 2.2.2 Compliance with Legal and Regulatory requirements

The financial statements have been prepared in compliance with the Zimbabwe Companies and Other Business Entities Act [Chapter 24:31].

### 2.3 Going Concern Basis

The Directors have satisfied themselves that the entity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

### 2.4 Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Zimbabwe dollar ("ZWL"), which is the entity's functional and presentation currency. Assessment of functional currency was done and management concluded that the Zimbabwe Dollars (ZWL) is the functional currency of the entity.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange translation gains or losses are presented on the face of the statement of comprehensive income.

### 2.5 Consistency of Presentation and Accounting policies

The principal accounting policies applied in the preparation of the entity's annual financial statements are in terms of IFRS and have been applied consistently in all material respects with those of the previous annual financial statements.

The financial statements of the entity comprise the following:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of cash flows for the year ended 31 December 2022;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies

### 2.6 Basis of Measurement

The entity's annual financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and adjusted for the effects of applying IAS29 and are presented in Zimbabwean Dollars (ZWL), except for certain financial instruments that are carried at fair value, investment property measured at fair value and property, plant and equipment that are carried under the revaluation model.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 2.7 Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and formulate assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could require a material adjustment to the carrying amount of the asset or liability in the future. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements were applied on the following:

- i. Useful life of assets, depreciation rates and residual values.
- ii. Allowance for credit losses.
- iii. Discount rate to be applied for IFRS 16.

### 2.7.1 Revaluation process for items of property plant and equipment

Property, plant and equipment was revalued on 31 December 2022 by Knight Frank, an accredited independent valuer through a desk top assessment undertaken in accordance with the current edition of the Royal Institute of Chartered Surveyors (RICS) Valuation -Professional Standards 2017 (the "Red Book") which incorporates International Valuation Standards.

All other classes of plant and equipment were valued at market values. However, telecommunication equipment has been assessed on the gross replacement cost and the depreciated replacement cost bases because the assets are not commonly traded on the market such that there would be no market evidence to rely on.

### 2.8 Financial Reporting in Hyperinflationary Economies

On 11 October 2019, the Public Accountants and Auditors Board made a pronouncement on the application of International Accounting Standard IAS 29 "Financial reporting in Hyperinflationary economies" in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods on or after 1 July 2019 to apply requirements of IAS 29 'Financial reporting in Hyperinflationary economies'. The entity adopted and applied the requirements of IAS 29 with effect from 1 July 2019 and comparatives were also restated accordingly. Monetary items, assets and liabilities; and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. A net monetary loss was recognised in the statement of profit or loss.

Comparative amounts have been restated to reflect the change in the reporting period. Judgment has been used in the various assumptions used such as the consumer price indices for the various years due to limitation of data available.

The following general price indices and conversion factors were applied:

Date	General Price Index	Conversion factor
31 December 2022	13669.8	1.00
31 December 2021	3977.5	3.437
Average CPI for 12 months to:		
31 December 2022	9198.41	
31 December 2021	3135.23	
31 December 2020	1579.09	
31 December 2019	64.01	

### 2.9 New and Revised Financial Reporting Standards implemented during the year. New standards, amendments and interpretations effective January 01 2022, which have been adopted.

#### i. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment.

#### ii. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

On 14 May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 2.10 New Standards, Amendments and Interpretations issued but not yet effective for financial year beginning 01 January 2022 and not yet adopted

#### i. Accounting Policies, Changes in Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued Definition of Accounting Estimates. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively to items of property, plant and equipment.

#### ii. Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date In July 2020, the IASB issued an amendment that defers the effective date of the January 2020 amendments by one year.

In January 2020 the IASB issued an amendment to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

#### iii. Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On 7 May 2021, the IASB issued an amendment that clarify that the initial recognition exemption does not apply to transactions in equal amounts of deductible and taxable temporary differences arising on initial recognition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

## 3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2021.

### 3.1 Property, Plant and Equipment

#### 3.1.1 Recognition and measurement

An item of property, plant and equipment is initially recorded at cost and this includes all costs necessary to bring the asset to working condition for its intended use. Cost includes original purchase price, cost of site preparation, delivery and handling, installation, related professional fees for architects and engineers and the estimated cost of dismantling and removing the asset and restoring the site.

Subsequent to initial recognition, IAS 16 provides entities with the option of accounting for its property, plant and equipment using the cost model or the revaluation model. TelOne revalues its items of property, plant and equipment subsequent to initial recognition.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The revaluation model is a fair value based model within the scope of IFRS 13. IAS 16, paragraph 34 still allows an entity to continue with the policy of determining revalued amounts at regular intervals even after adoption of IFRS 13.

TelOne only apply IFRS 13 if the fair value of a revalued asset differs materially from its carrying amount. The entity's items of property, plant and equipment is carried at a revalued amount less accumulated depreciation and accumulated impairment losses.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and is recognised in the statement of profit or loss and other comprehensive income.

#### 3.1.2 Depreciation

Items of property, plant and equipment are depreciated using the straight-line method, so as to write off the assets over the anticipated useful lives. The depreciation methods, useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date with the effect of any changes in accounting estimate accounted for on a prospective basis. The useful life of the different categories of property, plant and equipment is estimated as follows:

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

Asset class	Years
Buildings	20-40
Telecommunications plant	5-20
Stores plant	5-10
Fixtures and fittings	5-20
Transport equipment	3-10
Computer equipment	3-5

Subsequent costs are recognised in the statement of profit or loss and other comprehensive income.

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment.

### 3.1.3 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss and other Comprehensive Income.

### 3.2 Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the entity. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently they are carried at cost less accumulated amortization and impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite. The entity only has intangible assets with finite useful lives. These assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income from the date it is available for use.

The company intangible assets comprise mainly of acquired computer software licenses, operating licenses issued by the regulator and Indivisible Rights of Use (IRU), which are capitalized on the basis of the costs incurred to acquire and bring to use the specified assets. Intangible assets are amortized over their estimated useful lives as follows:

Intangible Asset	Years
SAP software	5
Leap billing software	5
Indefeasible Rights of Use	20
Operating license	20

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

### 3.3 Investment Property

Investment properties are properties held to earn rentals or for capital appreciation rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is initially measured at cost. The cost includes purchase price and any directly related cost such as (professional or legal charges, property transfer taxes and any other transaction costs). Subsequent to initial recognition, the entity measures investment property at fair value.

Fair values are determined based on valuation performed by an accredited independent valuer. Where valuation is not determined by an independent valuer that fact will be disclosed.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount is recognised in profit or loss in the year of de-recognition.



## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 3.4 Non- Current Assets Held for Sale

Non-current assets held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are carried at the lower of carrying amount and fair value less costs to sell. For an asset to qualify for classification under IFRS 5 it must meet the following conditions:

- asset must be available for immediate sale in its present condition
- its sale must be highly probable

#### Defining a highly probable sale

- Appropriate level of management must be committed to a plan to sell the asset (e.g. recommendation to dispose of specific asset in a board of survey is approved at director level)
- An active program to locate a buyer and complete the plan must have been initiated (e.g. advertising through appropriate media platforms)
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of qualification (except where circumstances beyond the entity's control prevent this).
- When a sale does not take place within a year because of circumstances beyond an entity's control that fact shall be stated. Reclassification can also be done to original class when the decision to sell the asset changes. Reclassification shall be at the carrying amount.

### 3.5 Impairment of Non-Financial Assets

The company at each reporting date assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing is required the company estimates the recoverable amount. Recoverable amount being the higher of fair value less costs to sell and the value in use of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and that reduction is an impairment loss. An impairment loss shall be recognised immediately in profit or loss unless the asset is carried at revalued amount. An impairment loss of a revalued amount is treated as a revaluation decrease. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

### 3.6 Leases

With effect from 1 January 2019, IFRS 16 replaced IAS 17 and the core principle of IFRS 16 is that the lessee and lessor are required to recognize all rights and obligations arising from leasing arrangements on the statement of financial position. IFRS 16 eliminates the classification of leases for lessees as either operating or finance leases and introduces a single lessee accounting model where a right of use asset together with a lease liability for future payments is recognized for all leases with a term of more than 12 months, unless the underlying asset is of low value.

#### TelOne as a lessor

The company leases out its investment property consisting of its owned commercial property. All leases are classified as operating leases. Lease income from operating leases is recognized in the statement of profit or loss within 'other income' on a straight line basis over the lease term. Lease receivables are recognized within "other receivables" in the statement of financial position.

#### TelOne as a lessee

TelOne recognises a lease liability and a right of use asset on all significant leases. This excludes all leases relating to lower value assets and leases for periods less than 12 months which will be treated as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease. Payments made under the finance leases are deducted from the lease liability. Right of use assets and lease liabilities are presented on the face of the statement of financial position, and the interest charged on lease liability is presented under "Interest expense" in the statement of profit or loss.

### 3.7 Inventory

Inventories are assets held for sale in the ordinary course of business; or in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories that the company still carries but which are no longer available on the market are carried at nil value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. Items accounted for as inventory include installation material, maintenance material and network equipment.

### 3.8 Trade and Other Receivables

Trade and other receivables are measured at their transaction price initially and subsequently at amortised cost. Trade receivables are composed of an extensive customer base, covering residential, government, wholesale, local authorities and state owned entities. When a trade receivable is uncollectible, it is written off against the allowance for expected losses. Subsequent recoveries of amounts previously written off are credited in profit or loss.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 3.8.1 Allowance for Expected Credit Losses

The company has a credit policy that is applied to all categories of trade receivables. Summary of the credit policy is as follows:

#### TelOne Credit Policy

The major impact of the application of IFRS 9 is on trade and other receivables. IFRS 9 stipulates three approaches to calculating expected credit losses i.e. the General Approach, the Simplified Approach and the

#### Credit Impaired Approach.

- TelOne adopted the simplified approach as this is the approach specifically designated for trade receivables or contract assets that arise from transactions that are within the scope of IFRS 15 (para 5.5.15).
- TelOne has a large number of trade receivables (most of them with small balances) and it would be difficult to obtain/monitor forward-looking credit information on each customer hence the company has applied the portfolio basis when assessing changes in credit risk of its customers.
- Seven markets within the company's trade receivables portfolio have been identified as Portfolios as follows:

- |                      |                                     |              |
|----------------------|-------------------------------------|--------------|
| 1. Corporates        | 4. Government                       | 7. Wholesale |
| 2. Local authorities | 5. State owned Entities             |              |
| 3. Residential       | 6. Internet Service Providers (ISP) |              |

- The portfolios have been identified on the basis of their shared characteristics (particularly payment patterns) and also that these markets are already demarcated as such in our books for reporting purposes.
- In calculating the expected credit loss for each portfolio of trade receivables, a default rate for the given portfolio is determined on the basis of the value of trade receivables accounts in default for a particular period divided by the total value of trade receivables. Customers/Accounts that are in default are those who have not paid their accounts for at least a period of twelve months.
- Adjustments are made to the default rate in order to take into account reasonable and supportable forecasts affecting collectability. The forecasts may be external e.g. macro-economic conditions or may be portfolio specific.
- The default rates adjusted in line with forward looking information are then applied on the total value of receivables for the particular market to come up with expected credit losses.

### 3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. Financial assets and financial liabilities are recognized when the company becomes party to the contractual provisions of the instrument.

#### 3.9.1 Financial Assets

Financial assets are classified on the basis of both:

- i. The business model for managing the financial assets; and
- ii. The contractual cash flow characteristics of the financial asset.

#### The Business Model Test

- The Business Model Test considers the objective/motive of an entity in holding a financial asset as follows:
- is the objective of the entity's business model to hold the financial asset in order to collect contractual cash flows or,
- is the financial asset held to achieve an objective of both collecting contractual cash flows and to sell.
- Initially all financial instruments are measured at fair value plus transaction costs (or minus transaction costs in the case of a financial asset/liability not at Fair Value through Profit or Loss).

On subsequent measurement, IFRS 9 classifies financial assets according to categories that reflect the measurement basis (i.e. measurement determines the category), namely

- amortised cost .
- fair value through other comprehensive income.
- fair value through profit or loss.

The critical issues that are considered in determining the class of a financial asset on subsequent measurement is the Business Model Test and the Cash flow Characteristic Test

#### The Cash flow Characteristics Test (also known as the SPPI test)

This test considers the characteristics of the cash flows of the financial asset whether they are 'solely payments of principal and interest (SPPI)'

Financial assets are classified initially as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

Financial assets are measured at amortized cost if:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets shall be measured at fair value through other comprehensive income if both of the following conditions are met

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

An entity can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial instruments carried in the Statement of Financial Position comprise cash and cash equivalents, trade and other receivables, trade and other payables, debentures, equity instruments and amounts owing to and from related parties. These instruments are measured initially at fair value, for instruments not at fair value through profit or loss and directly attributable costs.

### 3.9.2 Financial Liabilities

Financial liabilities are classified as subsequently measured at amortized cost except for those financial liabilities at fair value through profit or loss. At initial recognition an irrevocable election can be made to designate a financial liability as measured at fair value through profit or loss for hybrid contracts or when doing so results in more relevant information. Financial liabilities of the company include trade and other payables and loans.

### 3.9.3 Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized when the company has a present obligation, legal or constructive, as a result of past event. It should be probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount of the obligation shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the obligation. The discount rate applied shall be a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

## 3.10 Revenue

Revenue is recognised when the following criteria are met:

- The parties to the contract have approved the contract whether in writing, orally or in accordance with other customary business practices and are committed to perform their respective obligations.
- The entity can identify each other's rights regarding the goods or services to be transferred.
- The entity can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance.
- It is probable that the entity will collect consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer.
- Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised by applying the 5 step model of IFRS 15 as follows:

**Step 1:** Identify the contract with the customer

**Step 2:** Identify the performance obligations in the contract

**Step 3:** Determine the transaction price

**Step 4:** Allocate the transaction price to the performance obligations in the contract

**Step 5:** Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is from the provision of telecommunication services, rental, sale and repair of telecommunication equipment. The company provides five broad categories of goods and services.

- Voice
- Broadband
- Satellite
- Centre for Learning Services
- Sale of accessories and client premise equipment

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 3.10.1 Voice

The company provides voice telephone services. Revenue includes installation fees for first time service, monthly rentals and usage charges. The service can be prepaid or postpaid. For the postpaid service billing is done monthly and revenue is recognized when the client is billed. For the prepaid service revenue is based on actual usage or upon expiration of the usage period. Installation fees revenue is recognized on date of connection to our service. Monthly rentals are recognized as revenue as the clients are provided access to network based on the agreed fixed charges.

### 3.10.2 Broadband

The company provides internet services in the form of broadband services. The company provides broadband connectivity through Asymmetric Digital Subscriber Line (ADSL), Long-term Evolution (LTE) and Fibre to the Home/Premise (FTTH). These are prepaid services and revenue is recognized when the services have been used or when period of service has expired. The company provides leased circuit services. The service is a data service. Revenue includes installation fees and rental fees for the data services. The service is postpaid and revenue is recognized on accrual basis that is when the client is billed at the end of each month.

### 3.10.3 Satellite

The company offers satellite services that can deliver voice, data and video services. The service can also provide broadband via satellite through the Ka Band VSAT. Satellite services are postpaid and revenue is recognized on accrual basis that is when the client is billed at the end of each month.

### 3.10.4 Other Income

This is income from non-core activities for the business that is it is income from the sale of goods and services that are non-telecommunication. Income from the sale of goods is recognized when the performance obligations under the contract have been satisfied. Income from services rendered is recognized by reference to the stage of completion of the transaction at the reporting date. Other income also includes income from the rental of properties and income from training services.

### 3.10.5 Finance Income

This is income earned from financial assets, money market placements and accounts at financial institutions. As a way of encouraging customers to settle all current bills on time interest is now being levied on all overdue accounts in line with the client service contracts.

### 3.10.6 Deferred Revenue

Revenue from WIOCC is deferred when revenue has not yet been earned. The Company has deferred income arising from long term service agreements with WIOCC. Revenue is deferred over the period of service agreement. Revenue is realized as the service is rendered over the period of the agreement.

## 3.11 Taxation

### 3.11.1 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or to be paid to the tax authorities. The tax rates and tax laws used to compute the tax amount are those that are enacted or substantially enacted at the reporting date. Current income tax relating to items recognized directly in equity shall also be recognized in equity and not in the statement of comprehensive income. Current tax for current and prior periods shall to the extent unpaid be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset.

### 3.11.2 Deferred tax

Deferred tax is provided using the Financial Position Approach on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. Deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carry forward of unused tax losses and unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled based on tax rates and tax laws that are enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current liabilities and deferred taxes relate to the same taxable authority.



## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 3.11.3 Value Added Tax (VAT)

Expenses and assets are recorded net of amount of VAT except when the VAT incurred on the purchase of assets or services is not recoverable from tax authorities, in which case, the tax is recognized as part of the expenses items as applicable. All receivables and payables are stated with the amount of Value Added Tax included. The company remits output VAT to the Revenue authority on a cash basis.

### 3.12 Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

#### 3.12.1 Short Term Employee Benefits

Employee benefits other than termination benefits that are expected to be settled wholly before twelve months after the year end of the annual reporting period in which the employees render the related service. The short term benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. When an employee has rendered service during an accounting period the entity shall recognize the undiscounted amount of the short term benefits expected to be paid in exchange for that service as an expense or as a liability (accrued expense).

#### 3.12.2 Post-employment Benefits

Employee benefits other than termination benefits and short term benefits that are payable after the completion of service. They comprise of retirement benefits provided through a Defined Benefit Plan administered by the Communication and Allied Industries Pension Fund, a multi-employer plan. The company also contributes to National Social Security Authority. When an employee has rendered service during the reporting period the entity shall recognize the contribution payable to a defined contribution plan as an expense or as a liability (accrued expense).

#### 3.12.3 Termination Benefits

Employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The company recognizes a liability and expense at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes costs for restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. Termination benefits are measured according to the terms of the termination contract.

### 3.13 Fair Value Measurement

The company measures financial instruments such as financial assets at fair value through other comprehensive income at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the absence of a principal market in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the company. The fair value of the asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation techniques that are used are those that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### 3.14 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are engaged for the valuation of significant assets like property, plant and equipment and investment property. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The valuation of investment property and property plant and equipment involves the use of unobservable market inputs.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

The following table analyses within the fair value hierarchy the entity's assets and liabilities (by class) measured at fair value at 31 December 2022. All fair value measurements disclosed are recurring fair value measurements.

Asset	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
<b>Financial assets (FVPL)</b>				
ZB shares	111,005,679	-	-	111,005,679
Gold Coins	13,504,278			13,504,278
<b>Financial assets (FVOCI)</b>				
WIOCC shares	-	6,996,203,817	-	6,996,203,817
Tetrad shares	-	-	11,284	11,284
Hwange debentures	-	-	1,290,144	1,290,144
<b>Investment Property</b>	-	-	798,000,000	798,000,000
<b>Property, plant and equipment</b>	-	-	397,771,223,849	397,771,223,849
<b>Total</b>	<b>124,509,957</b>	<b>6,996,203,817</b>	<b>398,570,525,277</b>	<b>405,691,239,051</b>

### 3.15 Foreign Currency Transactions.

The company's presentation currency is the Zimbabwe Dollar (ZWL). The functional currency is also the Zimbabwe Dollar (ZWL). Foreign currency transactions are recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction period. At each reporting date monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

### 3.16 Government Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants including non-monetary grants at fair value shall not be recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no related costs shall be recognized in profit or loss of the period in which it becomes receivable. Grants related to income are presented as part of profit or loss. Grants related to assets shall be presented in the Statement of Financial Position as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

### 3.17 Current and Non-Current classification

The company presents assets and liabilities in the statement of financial position using the current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or

- held primarily for the purpose of trade.
- expected to be realised within twelve months after the reporting period.
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The company classifies all other assets that do not meet the above definition as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle.
- it is held primarily for the purpose of trading.
- it is due to be settled within twelve months after the reporting period.
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities that do not meet the above definition as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

### 3.18 Events after the Reporting Period

Events after the reporting period favorable and unfavorable that occur between the end of the reporting period and the date when the financial statements are authorized for issue. They can be either adjusting events after the reporting period that is those that provide evidence of conditions that existed at the end of the reporting period or adjusting events after the reporting period that is those that are indicative of conditions that arose after the reporting period. An entity shall adjust the amounts recognized in its financial statements to reflect the adjusting events after the reporting date. No adjustments shall be done in the financial statements to reflect the non-adjusting events after the reporting date. Material events after the reporting period shall be disclosed stating the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 4 PROPERTY, PLANT AND EQUIPMENT

#### 4.1 Property, plant and equipment - Inflation Adjusted

	Land and Buildings ZWL	Telecoms Plant ZWL	Stores Plant ZWL	Fixtures and Fittings ZWL	Computer Equipment ZWL	Transport Equipment ZWL	Total Dec 31, 2022 ZWL	Total Dec 31, 2021 ZWL
<b>Opening carrying amount</b>	<b>31,816,008,501</b>	<b>128,363,304,639</b>	<b>190,553,083</b>	<b>1,434,620,758</b>	<b>3,606,404,894</b>	<b>2,815,852,358</b>	<b>168,226,744,233</b>	<b>171,787,008,336</b>
Gross carrying amount	32,597,325,398	132,853,137,379	199,976,186	1,626,359,473	4,274,454,158	3,717,735,533	175,268,988,127	172,507,486,866
Accumulated depreciation	(781,316,897)	(4,489,832,740)	(9,423,103)	(191,738,715)	(668,049,264)	(901,883,175)	(7,042,243,894)	(720,478,530)
Additions	531,534,720	3,394,976,780	-	107,823,539	494,805,550	629,436,819	5,158,577,408	2,352,954,104
Revaluation surplus	21,612,721,110	198,368,882,821	705,650,676	4,037,867,070	(1,505,708,928)	4,611,048,757	22,7830,461,506	-
Reclassification from Capital works in progress (Note 5)	-	203,825,612	-	-	-	-	203,825,612	410,017,157
<b>Carrying amount of disposed items</b>	<b>(19,566,083)</b>	<b>(60,204)</b>	<b>(219,476)</b>	<b>(986,149)</b>	<b>(634,016)</b>	<b>(20,741,745)</b>	<b>(42,207,673)</b>	<b>(185,754)</b>
Deemed cost	(21,604,192)	(123,124)	(724,281)	(2,037,221)	(2,568,815)	(39,029,833)	(66,087,466)	(1,470,000)
Accumulated depreciation	2,038,109	62,920	504,805	1,051,072	1,934,799	18,288,088	23,879,793	1,284,246
Depreciation charge for the year	(214,439,648)	(2,955,096,648)	(12,474,784)	(70,677,068)	(99,593,700)	(253,895,389)	(3,606,177,237)	(6,323,049,610)
<b>Closing carrying amount</b>	<b>53,726,258,600</b>	<b>327,375,833,000</b>	<b>883,509,499</b>	<b>5,508,648,150</b>	<b>2,495,273,800</b>	<b>7,781,700,800</b>	<b>397,771,223,849</b>	<b>168,226,744,233</b>
Gross carrying amount	54,719,977,036	334,820,699,468	904,902,581	5,770,012,861	3,260,981,965	8,919,191,276	408,395,765,187	175,268,988,127
Accumulated depreciation	(993,718,436)	(7,444,866,468)	(21,393,082)	(261,364,711)	(765,708,165)	(1,137,490,476)	(10,624,541,338)	(7,042,243,894)

#### 4.2 Property, plant and equipment - Historical

	Land and Buildings ZWL	Telecoms Plant ZWL	Stores Plant ZWL	Fixtures and Fittings ZWL	Computer Equipment ZWL	Transport Equipment ZWL	Total Dec 31, 2022 ZWL	Total Dec 31, 2021 ZWL
<b>Opening carrying amount</b>	<b>5,741,919,619</b>	<b>23,277,344,460</b>	<b>33,786,084</b>	<b>253,323,233</b>	<b>648,133,464</b>	<b>505,343,761</b>	<b>30,459,850,621</b>	<b>31,252,924,493</b>
Gross carrying amount	5,913,905,162	24,266,026,341	36,208,492	298,129,344	797,471,897	706,504,900	32,018,246,136	31,383,377,229
Accumulated depreciation	(171,985,543)	(988,681,881)	(2,422,408)	(44,806,111)	(149,338,433)	(201,161,139)	(1,558,395,515)	(130,452,736)
Additions	429,790,585	2,665,958,387	-	80,370,305	286,762,948	281,896,845	3,744,779,070	549,616,881
Revaluation adjustment	47,704,418,212	302,686,142,257	860,879,172	5,235,387,271	1,625,789,855	7,199,769,182	365,312,385,949	-
Reclassification from Capital works in progress (Note 5)	-	129,510,493	-	-	-	-	129,510,493	85,679,752
<b>Carrying amount of disposed items</b>	<b>(7,882,513)</b>	<b>(48,150)</b>	<b>(88,419)</b>	<b>(397,286)</b>	<b>(207,930)</b>	<b>(10,108,828)</b>	<b>(18,733,126)</b>	<b>(54,049)</b>
Deemed cost	(8,703,598)	(98,472)	(291,788)	(820,727)	(842,460)	(19,021,826)	(29,778,871)	(42,772,6)
Accumulated depreciation	821,085	50,322	203,369	423,441	634,530	8,912,998	11,045,745	373,677
Depreciation charge for the year	(141,987,303)	(1,383,074,447)	(11,067,338)	(60,035,373)	(65,204,537)	(195,200,160)	(1,856,569,158)	(1,428,316,456)
<b>Closing carrying amount</b>	<b>53,726,258,600</b>	<b>327,375,833,000</b>	<b>883,509,499</b>	<b>5,508,648,150</b>	<b>2,495,273,800</b>	<b>7,781,700,800</b>	<b>397,771,223,849</b>	<b>30,459,850,621</b>
Gross carrying amount	54,039,410,361	329,747,539,006	896,795,876	5,613,066,193	2,709,182,240	8,169,149,101	401,175,142,777	32,018,246,136
Accumulated depreciation	(313,151,761)	(2,371,706,006)	(13,286,377)	(104,418,043)	(213,908,440)	(387,448,301)	(3,403,918,928)	(1,558,395,515)

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

		Inflation Adjusted		Historical	
		Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>5</b>	<b>CAPITAL WORKS IN PROGRESS</b>				
	Opening carrying amount	598,549,615	478,892,178	136,270,598	86,710,141
	Additions	1,426,064,232	529,674,594	1,213,467,650	135,240,209
	Reclassification- property, plant and equipment	(203,825,612)	(410,017,157)	(129,510,493)	(85,679,752)
	<b>Closing carrying amount</b>	<b>1,820,788,235</b>	<b>598,549,615</b>	<b>1,220,227,755</b>	<b>136,270,598</b>

TelOne completed projects to modernise the telecommunications network which have been transferred to Property, plant and equipment.

		Inflation Adjusted		Historical	
		Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>6</b>	<b>NON-CURRENT ASSETS HELD FOR SALE</b>				
	Opening carrying amount	291,903	513,489	46,202	92,975
	Disposals	(291,903)	(221,586)	(46,202)	(46,773)
	<b>Closing carrying amount</b>	<b>-</b>	<b>291,903</b>	<b>-</b>	<b>46,202</b>

		Inflation Adjusted		Historical	
		Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>7</b>	<b>INVESTMENT PROPERTY</b>				
	Opening balance	591,861,535	462,992,600	172,213,877	83,831,300
	Fair value adjustment	200,751,217	128,868,935	621,477,523	88,382,577
	Additions	5,387,248	-	4,308,600	-
	<b>Closing balance</b>	<b>798,000,000</b>	<b>591,861,535</b>	<b>798,000,000</b>	<b>172,213,877</b>

The investment property portfolio comprises of commercial property (Memorial Building) leased to third parties and commercial land. Leases have varied running periods and all renewals are negotiated with the lessee. Contingent rentals are chargeable for all the tenants equivalent to the monthly rental charge. Owner occupancy is less than 20% of the total leasable area for all the buildings classified as investment property.

The investment property value was based on valuations done by an independent valuer, Knight Frank as at 31 December 2022.



## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

		Inflation Adjusted		Historical	
		Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>Operating leases</b>					
<b>Included in the statement of profit or loss and other comprehensive income is the following rental income and expenses:</b>					
Rental income		341,450,469	235,589,846	253,736,298	53,127,972
Operating expenses that generated rental income		(17,788,753)	(10,676,030)	(9,797,195)	(2,407,272)
<b>Net rental income</b>		<b>323,661,716</b>	<b>224,913,816</b>	<b>243,939,103</b>	<b>50,720,700</b>
<b>Future rental income</b>					
Up to 1 year		341,450,469	293,491,946	253,736,298	53,127,972
Over 1 year; less than 5 years		1,365,801,875	1,173,967,779	1,014,945,191	212,511,888
Over 5 years		1,707,252,344	1,467,459,725	1,268,681,489	265,639,860
<b>Total expected receipts</b>		<b>3,414,504,688</b>	<b>2,934,919,450</b>	<b>2,537,362,978</b>	<b>531,279,720</b>
		Indefeasible right of use ZWL	Unified Operating licence ZWL	Software Licences ZWL	Dec 31, 2022 ZWL
					Dec 31, 2021 ZWL
<b>8 INTANGIBLE ASSETS</b>					
<b>Inflation Adjusted</b>					
<b>Opening carrying amount</b>	<b>9,086,253,878</b>	<b>15,440,363,862</b>	<b>149,205,320</b>	<b>24,675,823,060</b>	<b>7,832,502,125</b>
Gross carrying amount	9,584,142,180	15,580,347,553	494,719,654	25,659,209,387	8,306,667,295
Accumulated Amortisation	(497,888,302)	(139,983,691)	(345,514,334)	(983,386,327)	(474,165,170)
					-
Additions: Spectrum Licence	-	2,322,758,975	-	2,322,758,975	15,580,347,550
Additions other	-	-	205,214,749	205,214,749	24,386,625
Fair value on adjustments	(1,041,797,710)	8,313,536,044	(125,718,749)	7,146,019,585	1,747,807,917
Amortisation for the year	(456,227,886)	(266,851,141)	(17,761,098)	(740,840,125)	(509,221,157)
<b>Closing carrying amount</b>	<b>7,588,228,282</b>	<b>25,809,807,740</b>	<b>210,940,222</b>	<b>33,608,976,244</b>	<b>24,675,823,060</b>
Gross carrying amount	8,542,344,470	26,216,642,572	574,215,654	35,333,202,696	25,659,209,387
Accumulated Amortisation	(954,116,188)	(406,834,832)	(363,275,432)	(1,724,226,452)	(983,386,327)
		Indefeasible right of use ZWL	Unified Operating licence ZWL	Software Licences ZWL	Dec 31, 2022 ZWL
					Dec 31, 2021 ZWL
<b>Historical</b>					
<b>Opening carrying amount</b>	<b>1,829,140,763</b>	<b>2,788,628,686</b>	<b>18,325,250</b>	<b>4,636,094,699</b>	<b>1,418,184,297</b>
Gross carrying amount	1,927,437,611	2,820,357,710	89,574,862	4,837,370,183	1,504,038,547
Accumulated Amortisation	(98,296,848)	(31,729,024)	(71,249,612)	(201,275,484)	(85,854,250)
Additions: Spectrum Licence	-	711,960,680	-	711,960,680	2,820,357,710
Additions other	-	-	204,629,291	204,629,291	4,414,474
Exchange movement on intangible assets	6,091,409,129	22,468,578,249	-	28,559,987,378	508,559,452
Amortisation for the year	(332,321,610)	(159,359,875)	(12,014,319)	(503,695,804)	(115,421,234)
<b>Closing carrying amount</b>	<b>7,588,228,282</b>	<b>25,809,807,740</b>	<b>210,940,222</b>	<b>33,608,976,244</b>	<b>4,636,094,699</b>
Gross carrying amount	8,018,846,740	26,000,896,639	294,204,153	34,313,947,532	4,837,370,183
Accumulated Amortisation	(430,618,458)	(191,088,899)	(83,263,931)	(704,971,288)	(201,275,484)

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 9 FINANCIAL ASSETS

9.1 Financial assets at fair value through other comprehensive income	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>Opening balance</b>	<b>3,116,268,032</b>	<b>2,164,340,792</b>	<b>906,740,120</b>	<b>629,757,970</b>
ZB Shares	260,075,518	81,062,907	83,053,083	23,586,864
WIOCC Shares	2,851,719,788	2,083,239,103	822,385,609	606,159,822
Hwange Debentures	4,433,944	-	1,290,144	-
Tetrad Shares	38,782	38,782	11,284	11,284
Additions	-	4,433,944	-	1,290,144
Fair value adjustment	3,992,242,891	947,493,296	6,201,770,803	275,692,006
<b>Closing balance</b>	<b>7,108,510,923</b>	<b>3,116,268,032</b>	<b>7,108,510,923</b>	<b>906,740,120</b>

Financial instruments include shares in ZB Holdings, an entity listed with the Zimbabwe Stock Exchange, shares in the West Indian Ocean Cable Company, Tetrad shares and Hwange Debentures. Investments in the equity instruments are measured at fair value through other comprehensive income.

WIOCC shares are measured at fair value using level 2 inputs in accordance with the fair value hierarchy. The fair value movements are recorded in other comprehensive income. ZB shares are measured at fair value using level 1 inputs, the market value as per the Zimbabwe Stock Exchange values is applied.

9.2 Gold coins	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>Financial assets at fair value</b>				
<b>Opening balance</b>	-	-	-	-
Additions: Gold coins	10,552,241	-	9,627,985	-
Fair value adjustment	2,952,037	-	3,876,293	-
<b>Closing balance</b>	<b>13,504,278</b>	-	<b>13,504,278</b>	-
<b>Total financial assets</b>	<b>7,122,015,201</b>	<b>3,116,268,032</b>	<b>7,122,015,201</b>	<b>906,740,120</b>

During the financial year, the Company purchased gold coins and these are accounted for at fair value through profit and loss account.

9.3 Investment in Joint Venture	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>ZITCO INVESTMENT</b>				
Opening balance	657,819,258	307,171,847	142,141,912	55,617,768
Additions	39,397,334	349,581,492	35,704,699	86,283,797
Share of profit from ZITCO	(10,836,793)	1,065,919	(5,968,388)	240,347
<b>Closing balance</b>	<b>686,379,799</b>	<b>657,819,258</b>	<b>171,878,223</b>	<b>142,141,912</b>

Zimbabwe Information Technology Company (ZITCO) was formed and incorporated in 2019. ZITCO was incorporated as a joint venture between TelOne, Government of Zimbabwe, through Flushcord Enterprises and Inspur to run the Zimbabwe Information Technology Company (ZITCO) through an assumption that parties were to make a total capital contribution of US\$5.6 million (TelOne-US\$1.7 million, Flushcord Enterprises -US\$2.2 million and Inspur Group -US\$1.7 million) which would result in 30%, 40% and 30% respectively. However up to 31 December 2022, the contributions have not yet been aligned to the assumed shareholding. TelOne was exclusively given an immediate mandate by the Government to make all decisions that can be lawfully made by the Board and Management of ZITCO in order to carry all activities necessary to operationalize the company and commence production pending finalisation of the ZITCO establishment. As at 31 December 2022, formal establishment of ZITCO was still pending Cabinet approval. Management is continuously following all the processes and facts involved in ZITCO establishment and conclude with certainty the possibility of significant changes in both investment structure and management of operations of ZITCO upon finalisation by Cabinet. Having assessed the progress and substance of the facts surrounding ownership of ZITCO, management applied judgement and decided to account for TelOne contributions in ZITCO as an Investment accounted for in terms of IAS 28 Equity accounting whilst the Cabinet finalises ownership structure and operating modalities of the company. TelOne contributed ZWL697 million in inflation adjusted terms (ZWL178 million in historical terms), equivalent to US\$1.4 million by 31 December 2022 towards preliminary operational activities and capital expenditure which according to the arrangement was capitalised as its investment contribution. Up to 31 December 2022, there were no significant trading transactions done by ZITCO hence immaterial share of earnings after its incorporation.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 10 LEASES

Leases consists of two properties leased from the Communication and Allied Pensions. The properties are Runhare House and the Msasa factory. On initial adoption of IFRS 16 the terms are as follows:

	Runhare House	Msasa Factory
Lease term	40	10
Remaining Lease term (years)	37	7
Rate per annum	13%	13%
Payment per month	US\$31,700	US\$14,000
Rate per month	1.0833%	1.0833%
Number of payments from commencement date	480	120

	Inflation Adjusted			Historical		
	Runhare House ZWL	Msasa Factory ZWL	Total ZWL	Runhare House ZWL	Msasa Factory ZWL	Total ZWL
<b>10.1 Right of use assets</b>						
Opening carrying amount 01 January 2021	328,388,387	135,100,752	463,489,139	59,459,320	24,461,885	83,921,205
Depreciation charge	(6,592,414)	(10,848,618)	(17,441,032)	(1,486,483)	(2,446,189)	(3,932,672)
Carrying amount 31 December 2021	321,795,973	124,252,134	446,048,107	57,972,837	22,015,696	79,988,533
Opening carrying amount 01 January 2022	321,795,973	124,252,134	446,048,107	57,972,837	22,015,696	79,988,533
Depreciation charge before remeasurement	(1,198,601)	(2,405,948)	(3,604,549)	(391,708)	(786,276)	(1,177,984)
Carrying amount 31 March 2022	320,597,372	121,846,186	442,443,558	57,581,129	21,229,420	78,810,549
Remeasurement adjustment	1,030,114,149	247,217,611	1,277,331,760	359,158,660	86,194,667	445,353,327
Carrying amount after remeasurement 31 March 2022	1,350,711,521	369,063,797	1,719,775,318	416,739,789	107,424,087	524,163,876
Depreciation charge after remeasurement	(35,536,046)	(49,872,298)	(85,408,344)	(28,865,804)	(40,511,091)	(69,376,895)
Fair value movement	1,548,341,984	399,805,403	1,948,147,387	1,536,720,364	383,258,753	1,919,979,117
Carrying amount 31 December 2022	2,863,517,459	718,996,902	3,582,514,361	1,924,594,349	450,171,749	2,374,766,098
<b>10.2 Lease Liability</b>						
Lease Liability balance 2021						
Long term portion	203,277,012	75,501,381	278,778,393	59,147,487	21,968,627	81,116,114
Short-term portion	3,651,654	3,844,009	7,495,663	1,062,521	1,118,491	2,181,012
	206,928,666	79,345,390	286,274,056	60,210,008	23,087,118	83,297,126
Lease Liability balance 2022						
Long term portion	1,972,631,975	419,339,233	2,391,971,208	1,972,631,975	419,339,233	2,391,971,208
Short-term portion	2,619,319	55,962,460	58,581,779	2,619,319	55,962,460	58,581,779
	1,975,251,294	475,301,693	2,450,552,987	1,975,251,294	475,301,693	2,450,552,987

	Inflation adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>Amounts recognised in the profit and loss</b>				
Interest on lease liabilities	221,821,445	48,649,308	175,993,599	10,969,632
Depreciation on right of use asset	89,012,893	17,441,032	70,554,879	3,932,672
	310,834,338	66,090,340	246,548,478	14,902,304
<b>Amounts recognised in the cash flow statement</b>				
Cash outflow for leases-principal	177,670,925	7,107,846	145,673,693	1,602,704
Cash outflow for leases-finance costs	37,470,844	33,130,048	30,722,619	7,470,290
Total cash outflows	215,141,769	40,237,894	176,396,312	9,072,994

Maturity Analysis-contractual undiscounted cash flows	Runhare House ZWL	Msasa Factory ZWL	Total ZWL
Less than 1 year	256,809,106	114,495,074	371,304,181
One to five years	1,027,236,426	1,027,236,426	2,054,472,851
More than five years	7,704,273,191	114,495,074	7,818,768,266

**Notes to the Financial Statements (cont'd)**  
for the year ended 31 December 2022

		Inflation Adjusted		Historical	
		Dec 31,2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>11</b>	<b>INVENTORY</b>				
	Manufacturing	264,523,499	8,269,586	155,839,677	548,468
	Telecomms	2,061,055,725	963,861,026	1,343,751,885	220,226,507
	Transport	616,432,092	414,955,721	253,857,899	80,171,393
	General	241,821,295	120,545,276	110,457,405	27,135,045
		<b>3,183,832,611</b>	<b>1,507,631,609</b>	<b>1,863,906,866</b>	<b>328,081,413</b>

Inventory is carried at the lower of cost and net realisable values. All inventory is expected to be consumed within 12 months.

		Inflation Adjusted		Historical	
		Dec 31,2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>12</b>	<b>TRADE AND OTHER RECEIVABLES</b>				
	Trade receivables	14,487,319,161	6,995,714,417	14,487,319,161	2,035,542,151
	Allowance for credit losses	(801,669,454)	(1,552,143,323)	(801,669,454)	(451,626,949)
	<b>Net trade receivables</b>	<b>13,685,649,707</b>	<b>5,443,571,094</b>	<b>13,685,649,707</b>	<b>1,583,915,202</b>
	Prepayments and other	7,150,231,674	3,048,792,774	3,938,005,982	809,197,498
	Real estate receivables	78,755,020	47,547,797	78,755,020	13,834,977
	IDBZ receivables	2,216,738	7,618,445	2,216,738	2,216,738
		<b>20,916,853,139</b>	<b>8,547,530,110</b>	<b>17,704,627,447</b>	<b>2,409,164,415</b>
<b>12.1</b>	<b>Security deposits</b>				
	Stanbic Escrow	489,703,693	272,375,219	489,703,693	79,252,983
	China Exim Escrow	1,294,710,690	720,123,439	1,294,710,690	209,534,227
		<b>1,784,414,383</b>	<b>992,498,658</b>	<b>1,784,414,383</b>	<b>288,787,210</b>

Restricted funds in Stanbic Escrow Account and The Debt Service Reserve Accounts are classified as such since they are not accessible for the Company's use in the short term and are pledged as security for the China Exim Bank loan.

		Inflation Adjusted		Historical	
		Dec 31,2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>12.2</b>	<b>Allowance for credit losses</b>				
	At January 1	1,552,143,323	1,873,668,503	451,626,949	339,171,857
	Charge for the year	350,042,505	386,483,625	350,042,505	112,455,092
	Effects of inflation	(1,100,516,374)	(708,008,805)	-	-
	<b>As at December 31</b>	<b>801,669,454</b>	<b>1,552,143,323</b>	<b>801,669,454</b>	<b>451,626,949</b>
<b>13</b>	<b>CASH AND CASH EQUIVALENTS</b>				
	Bank and cash balances	1,410,941,219	3,059,228,560	1,410,941,219	890,143,352
		<b>1,410,941,219</b>	<b>3,059,228,560</b>	<b>1,410,941,219</b>	<b>890,143,352</b>
<b>14</b>	<b>AUTHORISED SHARE CAPITAL</b>				
	Authorized share capital				
	32 000 ordinary shares of \$0.001	175	175	32	32
		<b>175</b>	<b>175</b>	<b>32</b>	<b>32</b>
	<b>Issued and fully paid</b>				
	32 000 ordinary shares of \$0.001 each	175	175	32	32
		<b>175</b>	<b>175</b>	<b>32</b>	<b>32</b>

The issued shares are held by nominees on behalf of the Government of Zimbabwe.



## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 15. FOREIGN LOANS AS AT 31 DECEMBER 2022

#### 15.1 FOREIGN LEGACY LOANS

NAME OF LOAN	PROJECT	INTEREST RATE %	CURRENCY	REDEMPTION COMM- ENCIES	FINAL REDEM- PTION DATE	TOTAL DRAWDOWN FOREIGN CURRENCY	PRINCIPAL OUTSTANDING 31.12.2021 ZWL	INTEREST AS AT 31.12.2021 ZWL	OVERDUE CHARGES 31.12.2021 ZWL
AFRICAN DEVELOPMENT BANK (ADB 11)	2TELECOMMUNICATIONS 11	7.45%	US	1999	2014	UA26,378,360.05	8,102,862,720	1,367,621,592	2,814,690
BANQUE NATIONALE DE PARIS (BNP)	WIRELESS LOCAL SYSTEM	7.68%	EURO	1997	2005	FRF 61,464,391.00	3,590,823,340	26,930,497	955,031,848
EKSPORTFINANS	EXTENSION OF MUTARE	8.30%	NOK	1993	2003	NOK 41,211,400.00	1,503,944,747	6,666,290	599,859,796
KREDITANSTALT FUR WIEDERAUFBAU	HARARE UNIT 5 EXCHANGE	0.75%	EURO	1993	2033	DM 10,500,000.00	784,604,499	20,436,376	47,372,135
(KFW) 11 PORTION 1									
KREDITANSTALT FUR WIEDERAUFBAU	HARARE WESTERN SATELITE	2.00%	EURO	1994	2014	DM 15,000,000.00	1,276,220,266	67,824,136	103,605,728
(KFW) 11 PORTION 1	EXCHANGE								
KREDITANSTALT FUR WIEDERAUFBAU	-84415005.52	4.50%	EURO	1995	2012	DM 12,000,000.00	1,105,972,855	59,694,539	86,010,061
(KFW) 111	EXCHANGE								
KREDITANSTALT FUR WIEDERAUFBAU									
(KFW) V PORTION 1	RURAL TELECOM	0.75%	EURO	2003	2032	DM 13,000,000.00	1,104,378,061	30,110,017	55,663,230
PORTION 11	MATEBELELAND	2.00%	EURO	2003	2022	DM 6,738,304.00	830,303,633	47,514,143	52,631,253
OVERSEAS ECONOMIC CO-OPERATION	MATEBELELAND	3.00%	YEN	2003	2023	YEN9,189,121,756	16,745,027,840	541,494,657	1,665,066,045
FUND (OECF) III	DIGITALISATION								
OVERSEAS ECONOMIC CO-OPERATION	DIGITAL TRANS SYSTEMS	2.60%	YEN	2005	2025	YEN 269,382,754.00	462,958,492	16,387,253	40,793,111
FUND (OECF) IV									
OVERSEAS ECONOMIC CO-OPERATION	MASH & MANICALAND	2.30%	YEN	2006	2026	YEN 1,744,969,851.00	2,820,408,015	99,932,888	225,342,912
FUND (OECF) V	DIGITALISATION								
EXIMBANK OF JAPAN (SUMITOMO 11)	2ND MAZOE EARTH STATION	6.00%	YEN	1995	2004	YEN 934,718,650.00	1,029,767,906	7,742,887	153,062,296
<b>TOTAL LEGACY LOANS BEFORE CHINA EXIM</b>							<b>39,357,272,374</b>	<b>2,292,355,275</b>	<b>3,987,253,105</b>

#### 15.2 CHINA EXIM BANK LOAN

CHINA EXIM BANK LOAN	NATIONAL BROADBAND PROJECT	5.00%	US	2017		US\$ 98,495,973	8,173,993,598	-	-
<b>TOTAL FOREIGN LOANS</b>							<b>47,531,265,972</b>	<b>2,292,355,275</b>	<b>3,987,253,105</b>

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

MOVEMENT AS AT 31.12.2021	CLOSING BALANCE 31.12.2021 ZWL	INFLATION ADJUSTED CLOSING BALANCE 31.12.2021 ZWL	CAPITAL MOVEMENTS 31.12.2022 ZWL	PAYMENTS 31.12.2022 ZWL	SUB TOTAL 31.12.2022 ZWL L	INTEREST AS AT 31.12.2022 ZWL	OVERDUE CHARGES 31.12.2022 ZWL	HISTORICAL CLOSING BALANCE 31.12.2022 ZWL	INFLATION ADJUSTED CLOSING BAL- ANCE 31.12.2022 ZWL
-	9,473,299,001	32,557,662,521	19,352,634,552	-	28,825,933,552	31,403,416,704	58,931,839	60,288,282,096	60,288,282,096
-	4,572,785,685	15,715,667,066	3,591,198,461	-	8,163,984,146	709,974,902	19,888,737,769	28,762,696,817	28,762,696,817
-	2,110,470,833	7,253,227,955	813,073,559	-	2,923,544,392	134,970,212	9,969,581,370	13,028,095,974	13,028,095,974
-	852,413,010	2,929,557,601	2,713,326,561	-	3,565,739,570	472,299,011	1,028,327,193	5,066,365,774	5,066,365,774
-	1,447,650,130	4,975,257,763	3,376,666,197	-	4,824,316,327	1,567,476,472	2,279,048,369	8,670,841,169	8,670,841,169
-	1,251,677,455	4,301,742,420	2,971,958,276	-	4,223,635,731	1,379,592,297	1,890,066,784	7,493,294,812	7,493,294,812
-	1,190,151,308	4,090,290,472	3,997,874,339	-	5,188,025,647	695,859,140	1,183,448,089	7,067,332,877	7,067,332,877
-	930,449,029	3,197,750,381	2,381,787,187	-	3,312,236,216	1,097,031,717	1,149,652,300	5,558,920,233	5,558,920,233
-	18,951,588,542	65,132,476,444	38,451,840,417	-	57,403,428,959	14,079,620,007	34,024,556,535	105,507,605,501	105,507,605,501
-	520,138,856	1,787,603,806	1,127,230,974	-	1,647,369,830	420,863,372	821,654,867	2,889,888,070	2,889,888,070
-	3,145,683,815	10,811,029,191	7,301,818,827	-	10,447,502,642	2,526,598,584	4,496,343,446	17,470,444,672	17,470,444,672
-	1,190,573,089	4,091,740,042	1,703,896,242	-	2,894,469,331	211,211,617	3,492,638,249	6,598,319,197	6,598,319,197
-	<b>45,636,880,752</b>	<b>156,844,005,663</b>	<b>87,783,305,592</b>	-	<b>133,420,186,345</b>	<b>54,698,914,036</b>	<b>80,282,986,809</b>	<b>268,402,087,191</b>	<b>268,402,087,191</b>
<b>2,690,226,241</b>	<b>10,864,219,839</b>	<b>37,337,954,081</b>	-	<b>(587,280,629)</b>	-	-	<b>56,367,372,687</b>	<b>66,644,311,897</b>	<b>66,644,311,897</b>
<b>2,690,226,241</b>	<b>56,501,100,591</b>	<b>194,181,959,743</b>	<b>87,783,305,592</b>	<b>(587,280,629)</b>	<b>133,420,186,345</b>	<b>54,698,914,036</b>	<b>136,650,359,496</b>	<b>335,046,399,087</b>	<b>335,046,399,087</b>

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### CHINA EXIM BANK LOAN

The China Exim Bank loan is in respect of a loan received from the EximBank of China. The proceeds of the loan were used for the National Backbone and Broadband Project. The terms of the loan are as follows:

Contract Amount	116,805,523
Down Payment	15.571%
Loan currency	US\$
Amortizable amount	98,617,482
First drawdown date	14-Mar-17
Drawdown to date	98,495,973
Tenor (Years)	15
Number of Payments	30
Grace Period (Years)	5
Interest Rate	2.000%

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>15.3 Borrowing costs</b>				
Expensed	1,092,876,578	807,044,857	799,043,394	181,975,566
Capitalised	-	-	-	-
<b>Total for the year</b>	<b>1,092,876,578</b>	<b>807,044,857</b>	<b>799,043,394</b>	<b>181,975,566</b>

### 16 LOCAL LOANS

		Inflation Adjusted			Historical		
		Government	IDBZ	Dec 31, 2022 TOTAL	Dec 31, 2021 TOTAL	Dec 31, 2022 TOTAL	Dec 31, 2021 TOTAL
Opening balance		35,000,000	4,000,000	134,034,494	223,415,551	39,000,000	65,007,195
Additions		-	-	-	-	-	-
Repayments		-	-	-	(90,389,196)	-	(26,300,533)
Charges capitalized		-	-	-	1,008,139	-	293,338
Effects of inflation		-	-	(95,034,494)	-	-	-
Closing balance		35,000,000	4,000,000	39,000,000	134,034,494	39,000,000	39,000,000
16.1	Short-term portion	35,000,000	4,000,000	39,000,000	134,034,494	39,000,000	39,000,000
		35,000,000	4,000,000	39,000,000	134,034,494	39,000,000	39,000,000

**16.2** The IDBZ local loan is in respect of the loan that was received from the Government of Zimbabwe through the Infrastructure Development Bank for the Mutare - Harare and Harare-Bulawayo Optic fibre projects. The terms of the loan are as follows:

Interest rate	5% p.a
Repayment period	18 months
Interest calculation period	Monthly
Penalty rate	1% p.a
Effective penalty rate	6% p.a

Penalty Interest rate	16.50% p.a
Expiry date	31 May 2022
Interest calculation period	Monthly

The loan was secured by Memorial Building and Centre for Learning. This facility has not been drawn down.

### 16.3 Government of Zimbabwe (GoZ) Loan Facility

TelOne owed Telcom Capital Finance (TCF) of Mauritius the sum of US\$3,400,293 and the lender had issued a Pre-enforcement notice to attach shares in WIOCC of Mauritius. TelOne applied to Ministry of Finance for a loan amounting to ZWL35,000,000 for the purpose of purchasing foreign currency to pay off the debt to TCF. The terms of the loan are as follows:

Loan amount	ZWL35,000,000
Interest rate	0%

TelOne has not yet made any payment towards the Government loan.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>17 INCOME TAX EXPENSE</b>				
<b>17.1 Net income tax expense/ (income)</b>	<b>(71,018,211,588)</b>	<b>976,143,519</b>	<b>(67,416,278,283)</b>	<b>(3,543,009,389)</b>
Current tax expense	2,403,880,286	(132,694,692)	2,467,649,512	(70,091,198)
Deferred tax expense/ (income)	(73,422,091,874)	1,108,838,211	(69,883,927,795)	(3,472,918,191)
<b>TAX RATE RECONCILIATION</b>				
<b>Accounting profit</b>	<b>(183,042,588,183)</b>	<b>54,281,323,006</b>	<b>(273,170,321,732)</b>	<b>(12,231,708,616)</b>
Notional tax charge based on profit for the year at 24.72%	(45,248,127,799)	13,408,987,986	(67,527,703,532)	(3,023,678,370)
Net effect of temporary/permanent differences	(25,770,083,789)	(12,432,844,467)	111,425,249	(519,331,019)
	<b>(71,018,211,588)</b>	<b>976,143,519</b>	<b>(67,416,278,283)</b>	<b>(3,543,009,389)</b>
<b>17.2 Deferred taxation</b>				
<b>Analysis of deferred tax asset</b>				
Property, plant and equipment accelerated	109,497,166,257	38,939,338,328	109,497,166,257	8,002,924,345
Accruals	(3,974,756)	(64,267)	(2,189,102)	(18,700)
Fair value remeasurement gain	(2,007,696,580)	(176,321,073)	(2,007,696,580)	(51,304,121)
Provisions	(1,378,715,181)	(983,525,339)	(1,378,715,181)	(286,176,245)
Unrealised exchange losses	(87,725,336,379)	(40,546,181,476)	(87,725,336,379)	(11,797,717,366)
Allowance for credit losses	(198,172,689)	(383,689,829)	(198,172,689)	(111,642,182)
<b>Net deferred tax asset</b>	<b>18,183,270,672</b>	<b>(3,150,443,656)</b>	<b>18,185,056,326</b>	<b>(4,243,934,269)</b>
<b>17.3 Current tax asset</b>	<b>2,181,824,641</b>	<b>(982,317,743)</b>	<b>2,181,824,641</b>	<b>(285,824,871)</b>
Opening balance	(982,317,743)	(1,191,765,703)	(285,824,871)	(215,733,673)
Charge for the year	2,403,880,285	(132,694,693)	2,467,649,512	(70,091,198)
Effects of inflation	760,262,099	342,142,653	-	-
<b>18 TRADE AND OTHER PAYABLES</b>				
<b>18.1 Trade payables</b>				
Local	3,383,477,830	721,261,884	3,383,477,830	209,865,480
Foreign	9,141,743,052	4,296,101,899	9,141,743,052	1,250,036,233
	<b>12,525,220,882</b>	<b>5,017,363,783</b>	<b>12,525,220,882</b>	<b>1,459,901,713</b>
Other payables	1,419,381,989	650,230,045	1,419,381,989	189,197,355
Statutory payables	1,118,557,348	2,789,303,367	1,118,557,348	811,603,253
	<b>15,063,160,219</b>	<b>8,456,897,195</b>	<b>15,063,160,219</b>	<b>2,460,702,321</b>
<b>18.2 Operating licence payable</b>				
Current portion	4,344,515,455	630,447,117	4,344,515,455	183,441,119
Long term portion	24,288,494,894	10,215,241,059	24,288,494,894	2,972,327,416
	<b>28,633,010,349</b>	<b>10,845,688,176</b>	<b>28,633,010,349</b>	<b>3,155,768,535</b>
<b>18.3 Loan interest payable</b>				
Loan interest payable relates to accumulated interest on foreign loans	1,828,998,158	663,457,694	1,828,998,158	193,046,203
<b>18.4 Long-term payable</b>	<b>82,810,519</b>	<b>44,788,965</b>	<b>82,810,519</b>	<b>13,032,239</b>

The company has completed the National Broadband Project (NBB) and Huawei was the supplier of the equipment for project. The NBB was being funded by a loan from the China Exim Bank. The loan was secured through an on-lending facility with the Government of Zimbabwe. The long term payable represents equipment received as part of the NBB Project which had not yet been paid for at year end.

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>18.5 Contract Liabilities</b>				
Current portion	673,340,135	184,304,745	673,340,135	53,627,129
Non current portion	3,620,338,601	2,502,161,132	3,620,338,601	728,053,512
	<b>4,293,678,736</b>	<b>2,686,465,877</b>	<b>4,293,678,736</b>	<b>781,680,641</b>

This is income received in advance from West Indian Ocean Cable Company for backhaul lease of the Harare Kariba link.



## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>19 PROVISIONS</b>				
Leave pay	456,307,358	793,363,463	456,307,358	230,844,867
Gratuity	209,039,370	463,941,630	209,039,370	134,993,037
Bonus	129,904,838	34,891,411	129,904,838	10,152,349
Other provisions	488,396,482	-	488,396,482	-
	<b>1,283,648,048</b>	<b>1,292,196,514</b>	<b>1,283,648,048</b>	<b>375,990,253</b>
<b>19.1 Leave pay</b>				
Opening balance	793,363,463	515,212,604	230,844,867	93,263,891
Additions	389,784,739	551,132,059	389,784,739	160,362,826
Payments	(164,322,248)	(78,296,249)	(164,322,248)	(22,781,850)
Effects of inflation	(562,518,596)	(194,684,951)	-	-
<b>Closing balance</b>	<b>456,307,358</b>	<b>793,363,463</b>	<b>456,307,358</b>	<b>230,844,867</b>
<b>19.2 Bonus</b>				
Opening balance	34,891,411	26,028,984	10,152,349	4,711,772
Additions	1,814,735,991	835,912,739	1,814,735,991	243,225,425
Payments	(1,694,983,502)	(817,214,661)	(1,694,983,502)	(237,784,848)
Effects of inflation	(24,739,062)	(9,835,651)	-	-
<b>Closing balance</b>	<b>129,904,838</b>	<b>34,891,411</b>	<b>129,904,838</b>	<b>10,152,349</b>
<b>19.3 Gratuity</b>				
Opening balance	463,941,627	363,193,678	134,993,037	65,745,394
Additions	137,312,332	374,852,609	137,312,332	109,070,816
Payments	(63,265,999)	-	(63,265,999)	-
Effects of inflation	(328,948,590)	(274,104,657)	-	(39,823,173)
<b>Closing balance</b>	<b>209,039,370</b>	<b>463,941,630</b>	<b>209,039,370</b>	<b>134,993,037</b>
<b>19.4 Other provisions</b>				
Opening balance	-	-	-	-
Additions	581,509,322	-	581,509,322	-
Payments	(93,112,840)	-	(93,112,840)	-
<b>Closing balance</b>	<b>488,396,482</b>	<b>-</b>	<b>488,396,482</b>	<b>-</b>
<b>20 REVENUE</b>				
Revenue comprises:				
Voice revenue	6,816,876,145	7,258,350,915	4,648,110,450	1,723,241,274
Data revenue	8,314,000,401	4,903,832,496	6,105,656,110	1,180,919,815
Internet revenue	35,152,782,393	22,489,344,394	25,906,748,200	5,381,086,763
V-Sat revenue	1,260,831,639	2,206,998,659	964,902,289	106,001,233
Interconnection revenue	1,748,885,618	2,053,475,585	1,174,647,802	339,796,649
Centre for Learning revenue	1,224,163,007	823,762,814	798,946,485	117,616,589
Accessories sales	385,389,849	543,616,243	417,319,733	47,192,346
	<b>54,902,929,052</b>	<b>40,279,381,106</b>	<b>40,016,331,069</b>	<b>8,895,854,669</b>

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

	Inflation Adjusted	Historical		
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>21 PAYMENTS TO OTHER OPERATORS</b>				
VSAT handling costs	783,350,927	315,362,129	610,457,781	73,378,027
Telephone foreign handling costs	576,024,909	317,653,943	374,462,618	73,019,482
Data handling costs	12,548,910	13,152,015	9,029,391	2,975,347
Internet handling costs	1,446,892,290	1,347,943,361	1,011,306,213	323,056,022
CPE purchase	1,569,222,382	1,165,622,696	1,044,436,467	298,903,694
Regulatory fees	1,073,565,005	808,642,690	776,555,519	190,083,082
Local interconnection costs	2,207,515,884	2,628,301,699	1,416,688,791	609,497,700
	<b>7,669,120,307</b>	<b>6,596,678,533</b>	<b>5,242,936,780</b>	<b>1,570,913,354</b>
<b>22 OTHER INCOME</b>				
Insurance recoveries/excess paid	697,823	2,017,950	331,166	436,973
Settlement discounts	253,867,693	166,834,123	253,867,693	48,543,704
Rental income	341,450,469	235,589,846	253,736,298	53,127,972
Dividends	-	2,503,831	-	728,539
Innovation income	119,502,296	31,536,387	82,414,872	9,199,597
Manufacturing sales	91,844,659	-	71,601,629	-
Net income from sale of processed copper cables	118,275,297	93,737,796	80,603,335	27,274,003
Infrastructure income	126,383,450	257,867,121	71,597,697	58,757,945
Proceeds from disposal of assets and redundant material	100,804,282	122,320,756	70,220,017	30,262,578
Sundry income	745,084,601	606,389,304	730,078,183	112,629,246
	<b>1,897,910,570</b>	<b>1,518,797,114</b>	<b>1,614,450,890</b>	<b>340,960,557</b>
<b>23 OTHER OPERATING EXPENSES</b>				
Stores handling costs	1,569,222,382	427,469,627	475,348,928	49,443,660
Electricity,rent and rates	4,627,005,506	1,630,804,532	1,794,027,133	375,832,590
Transport costs	3,501,807,546	2,584,813,472	2,662,299,437	612,369,854
Write off expenses	-	309,149	-	75,581
Discounts allowed	25,324,005	32,701,069	14,004,563	7,373,562
Office and admin expenses	3,954,130,072	3,429,997,246	2,835,242,047	794,076,231
Software licences	728,697,045	668,886,112	603,769,128	137,647,819
Marketing expenses	1,436,801,170	743,384,330	1,320,141,361	181,919,438
Allowances for credit losses	350,042,505	386,483,625	350,042,505	112,455,092
Operational costs	2,623,538,921	2,418,093,765	2,204,443,065	515,390,027
Maintenance costs	885,169,960	-	487,509,322	-
	<b>19,701,739,112</b>	<b>12,322,942,927</b>	<b>12,746,827,489</b>	<b>2,786,583,854</b>
<b>23.1 Staff Costs</b>				
Wages & salaries	10,554,924,736	7,629,416,204	7,484,467,154	1,774,898,880
Retirement obligations	433,492,061	459,654,386	283,639,399	108,449,935
Social Security costs	1,971,700,745	1,013,908,089	1,407,309,542	236,824,971
Bonus & Incentives	5,060,938,742	2,683,676,814	2,952,575,065	654,461,348
Other staff costs	614,142	881,139	522,917	206,336
Board costs	45,854,647	38,018,870	28,773,462	8,704,040
	<b>18,067,525,073</b>	<b>11,825,555,502</b>	<b>12,157,287,539</b>	<b>2,783,545,510</b>
<b>24 FINANCE INCOME AND COSTS</b>				
<b>24.1 Finance income</b>	<b>3,997,856,393</b>	<b>1,316,688,260</b>	<b>2,201,522,068</b>	<b>307,243,292</b>
Interest income received	1,128,763	12,131,931	315,445	2,659,743
Interest income receivable	3,996,727,630	1,304,556,329	2,201,206,623	304,583,549
Interest was charged on overdue receivables at 30% interest per annum				
<b>24.2 Other finance Costs</b>	<b>(2,251,426,585)</b>	<b>(1,431,826,630)</b>	<b>(1,635,739,147)</b>	<b>(322,853,754)</b>
Interest expense on current loans	(1,092,876,578)	(807,044,857)	(799,043,394)	(181,975,566)
Interest expense on trade payables	(1,158,550,008)	(624,781,773)	(836,695,753)	(140,878,188)
<b>24.3 Foreign legacy expenses</b>	<b>(342,589,274,584)</b>	<b>(36,333,508,445)</b>	<b>(222,765,206,238)</b>	<b>(10,113,798,835)</b>
Interest expense on foreign legacy loans	(15,049,211,267)	(6,996,262,955)	(10,884,225,744)	(1,577,544,176)
Exchange gain/(loss) foreign on foreign legacy loans	(327,540,063,317)	(29,337,245,490)	(211,880,980,494)	(8,536,254,659)
<b>25 NET EXCHANGE LOSSES FROM PAYABLES AND RECEIVABLES</b>	<b>(93,519,656,460)</b>	<b>(9,413,429,439)</b>	<b>(60,643,194,153)</b>	<b>(2,739,024,389)</b>

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 26 EMPLOYEE BENEFITS

#### 26.1 Pension Fund

The Company makes contributions for all eligible employees to a multi employer defined benefit plan administered by the Communications and Allied Industries Pension Fund (CAIPF). The fund is run collectively for the former Postal and Telecommunications Corporations successor companies.

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>Employee benefits</b>				
Short term benefits	17,127,547,152	11,224,394,889	11,639,592,611	2,650,613,019
Post employment benefits	844,276,925	488,752,139	464,987,393	115,569,547
Other long term benefits	95,700,995	74,389,601	52,707,535	17,566,080
	<b>18,067,525,072</b>	<b>11,787,536,629</b>	<b>12,157,287,539</b>	<b>2,783,748,646</b>

The Fund's financial position and Employers' contribution rate have been assessed using the Projected Unit Method.

The Pension Fund is a defined benefit plan. It is being accounted for as a defined contribution plan because no sufficient information available to use defined benefit accounting in line with the requirements of IAS 19. The expense for the year ended 31 December 2022 amounted to ZWL464,987,393 (2021 ZWL115,569,547). The contributions have been discounted using a discount rate of 7% per annum.

The rules of the fund requires employees to contribute at a rate of 7.5% of pensionable salaries towards retirement benefits whilst the employer also contributes 22.5% contributions towards retirement benefits. The rules of the CAIPF require an actuarial valuation to be performed at least every three years but the current practice of CAIPF is to perform annual valuations. Subsequent to year end, the CAIPF recorded a surplus of ZWL755million with a funding level of 420%. The 2022 report is yet to be approved by the Authority.

Based on the post year end valuation performed in March 2020, the Fund is in a sound financial position as at 31 December 2022 in terms of Section 37(4) of the Pension and Funds Regulations 1991.

#### 26.2 National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The Company's obligations under the scheme are limited to specific contributions as legislated from time to time. Contributions by employees are 4.5% per month of the monthly insurable earnings. As of the year 2022 insurable earnings are now reviewed on a monthly basis by NSSA. The contributions for the year ended December 31, 2022 amounted to ZWL 202,926,653 (2021: ZWL 14,946,725).

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

	Inflation Adjusted		Historical	
	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
<b>27 RELATED PARTY TRANSACTIONS</b>				
<b>27.1 Transactions</b>				
Communications and Allied Industries Pension Fund Pension fund contributions and rentals	1,679,953,304	119,789,779	925,238,015	27,010,659
Net One (Pvt) Ltd - lease of microwave sites Cell phone charges, leased circuits and interconnect income	4,589,078,731	2,085,295,055	2,527,445,308	470,200,319
Zimpost -rental of property and postage and use of telecom products	40,102,839	166,337	22,086,727	37,507
	<b>6,309,134,874</b>	<b>2,205,251,171</b>	<b>3,474,770,050</b>	<b>497,248,485</b>
<b>27.2 Amounts owing from related parties (debtors)</b>				
NetOne (Pvt) Ltd	1,555,692,647	499,783,489	1,555,692,647	145,421,939
Government of Zimbabwe departments and parastatals	5,289,085,907	4,604,064,184	5,289,085,907	1,339,643,981
Zimpost (Pvt) Ltd	69,072,111	65,323,312	69,072,111	19,007,116
	<b>6,913,850,665</b>	<b>5,169,170,985</b>	<b>6,913,850,665</b>	<b>1,504,073,036</b>
<b>27.3 Amounts owing to related parties (creditors)</b>				
Communication and Allied Industries Pension Fund	216,309,804	169,942,094	216,309,804	49,448,030
	<b>216,309,804</b>	<b>169,942,094</b>	<b>216,309,804</b>	<b>49,448,030</b>
<b>27.4 Compensation to the Board of Directors and Key Management personnel</b>				
The remuneration of Directors and members of Key Management during the year was as follows:				
<b>Board of Directors</b>				
Non executive directors' fees	52,243,933	19,171,985	28,773,462	4,322,972
<b>Members of Key Management</b>				
Short term employee benefits	967,808,117	292,753,461	533,022,471	66,011,172
Long term benefits	40,342,022	35,705,219	22,218,458	8,050,949
Post employment benefits	101,438,312	113,352,573	55,867,376	25,559,173
<b>Total emoluments</b>	<b>1,161,832,384</b>	<b>460,983,238</b>	<b>639,881,767</b>	<b>103,944,266</b>

Compensation to key management is in respect of senior management and is determined by the Board of Directors with reference to individual performance, company performance and market trends.



## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 28 FINANCIAL RISK MANAGEMENT

#### 28.1 Exposure to credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The entity is exposed to credit risk from its operating activities primarily from trade receivables, financing activities including deposits with banks and from other financial instruments. Financial assets which are subject to credit risk include cash resources, trade and other receivables and other financial assets.

The maximum exposure to credit risk at the reporting date was:

	Inflation adjusted		Historical cost	
	Dec 31,2022 ZWL	Dec 31,2021 ZWL	Dec 31,2022 ZWL	Dec 31,2021 ZWL
<b>Carrying amount</b>				
Trade receivables	13,685,649,707	5,443,571,094	13,685,649,707	1,583,915,202
Other receivables	7,150,231,674	2,602,829,958	3,938,005,982	679,435,753
Financial Instruments	7,122,015,201	3,116,268,031	7,122,015,201	906,740,120
Cash and cash equivalents	1,410,941,219	3,059,228,560	1,410,941,219	890,143,352
	<b>29,368,837,801</b>	<b>14,221,897,643</b>	<b>26,156,612,109</b>	<b>4,060,234,427</b>

Exposure to credit risk was increased by the poor economic performance, however, adequate provision was made against trade receivables considered doubtful. The Company's exposure to credit risk on government debtors is reduced by the fact that Government Treasury has promised to pay all government outstanding amounts.

#### Impairment losses

The ageing of trade receivables at the reporting date was as follows:

	Gross ZWL	Impairment ZWL	Dec 31, 2022 Net ZWL	Dec 31, 2021 Net ZWL
Not past due	6,656,387,151	(358,477,102)	6,297,910,049	893,688,601
Past due 0-30 days	4,185,049,241	(225,384,175)	3,959,665,066	314,094,134
Past due 31-120 days	2,963,698,386	(181,069,407)	2,782,628,979	131,837,025
More than 120 days	682,184,384	(36,738,771)	645,445,613	244,295,442
	<b>14,487,319,162</b>	<b>(801,669,455)</b>	<b>13,685,649,707</b>	<b>1,583,915,202</b>

The allowance account in respect of trade receivables records impairment losses up to the point the company is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and written off against the financial asset directly.

#### 28.2 Liquidity risk

The entity manages liquidity risk by continuously monitoring forecast and actual cash flows. The ability of the entity to settle its foreign creditors remained a key consideration although with the support of the Reserve Bank of Zimbabwe on foreign exchange market the company's position with its foreign creditors improved during the financial period. The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount ZWL	Contractual cash flows ZWL	0-12 Months ZWL	12 Months or more ZWL
<b>Dec 31, 2022</b>				
<b>Non-derivative financial liabilities</b>				
Trade payables	12,525,220,882	12,525,220,882	12,525,220,882	-
Other payables	31,170,949,686	31,170,949,686	6,882,454,792	24,288,494,894
Loans	335,046,399,087	335,046,399,087	4,243,685,790	330,802,713,297
	<b>378,742,569,655</b>	<b>378,742,569,655</b>	<b>23,651,361,464</b>	<b>355,091,208,191</b>
<b>Dec 31, 2021</b>				
<b>Non-derivative financial liabilities</b>				
Trade payables	1,459,901,713	1,459,901,713	1,459,901,713	-
Other payables	4,156,569,143	4,156,569,143	1,184,241,727	2,972,327,416
Loans	56,501,100,593	56,501,100,593	232,046,203	56,269,054,390
	<b>62,117,571,449</b>	<b>62,117,571,449</b>	<b>2,876,189,643</b>	<b>59,241,381,806</b>

The above non derivative financial liabilities are all classified as financial liabilities measured at amortized cost. The Company had no derivative financial liabilities as at December 31, 2022.

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 28.3 Currency risk

#### Exposure to currency risk

The company's exposure to foreign currency risk is attributable to the Euro (EURO), Japanese Yen (YEN), and Norwegian Kroner (NOK) denominated monetary assets and liabilities. The exposure was as follows at 31 December 2022, based on notional amounts:

	Receivables ZWL	Payables ZWL	Net exposure ZWL
<b>2021</b>			
EURO	-	1,802,752,294	1,802,752,294
YEN	-	14,425,673,496	14,425,673,496
NOK	-	140,210,594	140,210,594
US\$	-	3,633,674,411	3,633,674,411
<b>2022</b>			
EURO	-	19,395,677,219	19,395,677,219
YEN	-	59,710,851,950	59,710,851,950
NOK	-	993,442,527	993,442,527
US\$	-	29,162,074,191	29,162,074,191

The following significant exchange rates applied during the year :

		Dec 31, 2022	Dec 31, 2021
EURO	-	726.36	121.88
YEN	-	5.14	0.93
NOK	-	68.87	11.94
US\$	-	681.52	107.25

### 28.4 Currency risk

#### Sensitivity analysis

A 10% fluctuation of the Zimbabwe dollar against the Euro, Japanese Yen United States dollar and Norwegian Kroner would have increased/decreased equity and profit or loss by the amounts reflected below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes all variables remain the same.

Effect	Equity ZWL	Profit or loss ZWL
<b>Dec 31, 2021</b>		
<b>EURO</b>		
10% appreciation	(180,275,229)	(180,275,229)
10% depreciation	180,275,229	180,275,229
<b>YEN</b>		
10% appreciation	(1,442,567,350)	(1,442,567,350)
10% depreciation	1,442,567,350	1,442,567,350
<b>NOK</b>		
10% appreciation	(14,021,059)	(14,021,059)
10% depreciation	14,021,059	14,021,059
<b>US\$</b>		
10% appreciation	(363,367,441)	(363,367,441)
10% depreciation	363,367,441	363,367,441
<b>Dec 31, 2022</b>		
<b>EURO</b>		
10% appreciation	(1,939,567,722)	(1,939,567,722)
10% depreciation	1,939,567,722	1,939,567,722
<b>YEN</b>		
10% appreciation	(5,971,085,195)	(5,971,085,195)
10% depreciation	5,971,085,195	5,971,085,195
<b>NOK</b>		
10% appreciation	(99,344,253)	(99,344,253)
10% depreciation	99,344,253	99,344,253
<b>US\$</b>		
10% appreciation	(2,916,207,419)	(2,916,207,419)
10% depreciation	2,916,207,419	2,916,207,419

## Notes to the Financial Statements (cont'd)

for the year ended 31 December 2022

### 29 INTEREST RATE RISK

	Dec 31, 2022 ZWL	Dec 31, 2021 ZWL
As at 31 December 2022, the interest rate profile of the Company's interest bearing- financial instruments was:		
<b>Fixed rate risk</b>		
Financial assets	-	-
Financial liabilities	335,046,399,088	56,501,100,593
	<b>335,046,399,088</b>	<b>56,501,100,593</b>

#### 29.1 Treasury and financial risk management

The main risks arising from the company's financial instruments are market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes. The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are reviewed by management on a regular basis for adequacy in being able to manage any changes in risks arising from changes in the operating environment.

### 30 GOING CONCERN

The business has been affected negatively by the current macro-economic environment in the country. The business has been faced with increased costs of doing business caused by the depreciation in the local currency which has led to price speculation and instability. The shortage of foreign currency has also affected business performance as the telecomms industry relies mostly on imported infrastructure and equipment to enable service delivery.

The business sustained losses after tax amounting to ZWL112 billion in 2022 in inflation adjusted terms. This was as a result of unrealised exchange losses emanating from foreign legacy loans amounting to ZWL343 billion in 2022. The legacy loans as well as other foreign currency denominated loans amounting to ZWL335 billion negatively affected the Company's ability to attract additional investments to the business.

Directors and management are doing the following to mitigate the current situation in the company:

- The Company's foreign and local investments reported through other comprehensive income have managed to offset the exchange losses on the foreign obligations.
- Continuously engage with the Ministry of Finance and Economic Development for the warehousing of the legacy loans amounting to US\$394 million.
- The Company through participation on the foreign currency auction market has been able to service the foreign loans.
- The introduction and adoption of the US\$ products and services has also enabled the company to service some of the foreign obligations.
- As a parastatal wholly owned by the government, the company also has adequate support from its shareholders and have no reason to believe that the said shareholders will not support the discharge of the company's obligations.

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 Company into the foreseeable future. The Directors have reviewed the Company's cash flow forecasts to 31 December 2023 and, in light of this review and the current financial position, are satisfied that the Company has access to adequate resources to continue in operational existence for a foreseeable future.

# 05

## ANNEXURES





# Annexures

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## General Corporate Information

Head Office  
Runhare House  
107 Kwame Nkrumah Avenue  
Harare  
Telephone: +263-24-2798111  
Website: [www.telone.co.zw](http://www.telone.co.zw)

## Auditors

The Auditor General  
5th Floor, Burroughs House  
48 George Silundika Avenue  
Harare  
Telephone: +263-24-2793611/4  
Website: [www.auditorgeneral.gov.zw](http://www.auditorgeneral.gov.zw)

## Main Bankers

Stanbic Bank  
Stanbic Centre  
59 Samora Machel Avenue  
Harare  
Telephone: +263 4 799 20051  
Website: [www.stanbicbank.co.zw](http://www.stanbicbank.co.zw)

## FBC Bank

FBC Centre  
45 Nelson Mandela Avenue  
Harare  
Telephone: +263-24-2700312  
Website: [www.fbc.co.zw](http://www.fbc.co.zw)

## Legal Advisors

Dube, Manikai and Hwacha  
6th Floor, Goldbridge Eastgate Complex  
Sam Nujoma Street/Robert Mugabe Road  
Harare  
Telephone: +2634-24-2250909-11  
Website: [www.dmh.co.zw](http://www.dmh.co.zw)

## Glossary of Terms

The following abbreviations are used through-out the report, they have been explained below for ease of reference.

ADSL	Asymmetric Digital Subscriber Line	MVNO	Mobile Virtual Network Operator
ARPL	Average Revenue Per Line	MPLS	Multiprotocol Label Switching
ARPU	Average Revenue Per User	MSAN	Multi-Service Access Node
ASTT	Average Service Turnaround Time	NOC	Network Operations Center
BoP	Beginning Opening Balance	OPEX	Operating Expenditure
CAPEX	Capital Expenditure	OPGW	Optical Ground Wire
CPE	Customer Premise Equipment	PABX	Private Automated Branch Exchange
CRM	Customer Relationship Management	RBM	Result Based Management
EBIT	Earnings Before Interest and Tax	RFP	Request For Proposal
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	ROI	Return On Investment
EBIT	Earnings Before Tax	SME	Small to Medium Enterprise
FMC	Fixed Mobile Convergence	SOHO	Small Office Home Office
FMCG	Fast Money Consumer Goods	TMT	Telecoms, Media and Technology
GIS	Geographical Information System	TandS	Travel and Subsistence
GISP	Government Internet Service Provider	USF	Universal Service Fund
GoZ	Government of Zimbabwe	VAS	Valued Added Services
GRI	Global Reporting Initiative	VAT	Value Added Tax
GSM	Global System for Mobile	VOBB	Voice Over Broadband
HSPA	High Speed Packet Access	VoIP	Voice Over Internet Protocol
ICT	Information Communication Technology	VPN	Virtual Private Network
IP	Internet Protocol	VSAT	Very Small Aperture Terminal
IMS	IP-Multimedia Subsystem	Wi-Fi	Wireless Fidelity
KPI	Key Performance Indicators	WiMAX	Worldwide Interoperability for Microwave Access
KRA	Key Result Area	WIOCC	West Indian Ocean Cable Company
LTE	Long Term Evolution	ZIM CODE	National Code on Corporate Governance (Zimbabwe)

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Voice | Broadband | Satellite

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