TelOne

The Future Is Better Together

Building a Better FUTURE TOGETHER

Annual Report 2021

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01 INTRODUCTION

Introduction

About this Annual Report

Being a Sustainable business means being purposeful about our impact and contribution to human development priorities. Our core purpose of connecting for a better future therefore seeks to align with the United Nations (UN) Sustainable Development Goals (SDGs). These SDGs articulate what a better future means and help us to set a clear long-term plan to protect the planet and ensure safety and prosperity for everyone by 2030. We aim to sustainably contribute to the attainment of the SDGs that align with our core business, operations and stakeholder priorities.

Through our core-business and leveraging on our geographical presence, we aim to contribute through increased access to digital connectivity and the provision of reliable and affordable communication services. We also seek to contribute to the building of the national economy especially in view of the national development policies, priorities and the challenges brought about by the COVID-19 pandemic while, simultaneously, protecting the environment.

It is for this reason that TelOne (Private) Limited is in the process of aligning all its work and reporting to be guided by the Global Reporting Initiative (GRI) Reporting Standards to help direct, track and measure our work in the pursuit of the attainment of the SDGs.

We identified and prioritised specific SDGs, which we are confident will be able to contribute towards the most. Details on our approach to delivering on these SDGs and fully moving to Sustainability Management and reporting is outlined throughout this Annual Report.

Navigating our annual report

Relevant information is available elsewhere in this report or our sustainability report.

TelOne
The Future Is Better Together
More information on services and other products available on our website at www.TelOne.co.zw

More information is available on our website at www.TelOne.co.zw

Our annual reporting suite is available in PDF format online:

PDF

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 2021. At TelOne, we are committed to adapt 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 were 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 58 to 61 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 which include Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ), Zimbabwe Revenue Authority (ZIMRA), Insurance and Pensions Commission (IPEC), Communications and Allied Industries and Pensions Fund (CAIPF), Procurement Regulatory Authority of Zimbabwe (PRAZ) 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

In the course of 2021 into 2022, a cross functional team of senior management deliberated on the key sustainability reporting areas for TelOne. The topics covered in previous reports included responsibility to the key stakeholders such as the shareholder, customers and communities and these were found to be still relevant and will provide the framework for the non-financial performance reporting.

In pursuit of becoming fully compliant with GRI Sustainability Reporting Standards, which will inform future reporting, comprehensive training on Sustainability reporting and tracking of material topics resulted in a strategy session which narrowed down to adoption of Global Reporting Initiatives (GRI) Topics under 3 key categories namely Economic, Environmental and Social as follows:

Economic Global Reporting Initiatives

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

Environmental Global Reporting Initiatives

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

Social Global Reporting Initiatives

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

To ensure that the tone for Sustainability Reporting gains traction, this Annual Report has adopted key elements outlined above as the baseline for the next reports.


Social Welfare Pillar
See page 52 for fulll story

Our year at a glance - Key highlights

Delivering economic value

ZWL11.7 billion
Revenue

ZWL1.9 billion
EBIT (Inflation adjusted)

US$4 million
Foreign currency into the National Economy

ZWL2.2 billion and **US$975k**
in settlement of tax obligations

243,421 customers
with landline connections

1038 jobs
created through network deployments

135,487 Internet
Users with fixed Home Broadband solutions

5200km fibre
deployed countrywide by 2021

Rural network connections
400
Schools, Clinics

4000 Laptops
assembled locally

US$2 million
network roll out investments

17 Rural Schools
equipped with whiteboards, projectors, laptop and desktops

Delivering social Value

ZWL12.5 million
invested in skills development

ZWL30 million
in response to COVID-19

ZWL17,7 million
in CorporateSocial Responsibility

3.2
Staff Engagement Index

Zero
workplace related fatalities

100%
employee medical contribution scheme

3% improvement
in female employment

56% improvement
in specialised skills

99.7%
of staff members vaccinated

Delivering a sustainable environment

50% factory
paper and plastic waste recycled

120,000 seedling nursery
established

200 litter bins deployed

Zero
environmental violation tickets

40%
energy saved

Zero
R22 systems procured

Key sustainability disclosures

GRI 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 services in Zimbabwe. The nature of our products require that technical staff visit the customer premises to install fibre, satellite network and other physical Customer Premises Equipment (CPE) such as modems, satellite and telephone handsets. TelOne has over 150 physical shops across the country that enable this connectivity. In this era of digitalisation it is also critical to allow customers options for virtual on-boarding and self-service for recharge, balance inquiry and fault reporting as well as quick fix solutions for minor faults, which have been implemented through Chommie our virtual assistant, TelOne Mobile App and the TelOne Self Service platform. TelOne remains committed to digitalising the on-boarding process, this will be implemented in 2022.

While several digital solutions have been implemented, TelOne remains committed to enhancing digitalising the on-boarding process in 2022 so that customers do not need to visit the shop for the application process. Chommie the Digital Assistant was introduced in March 2021 to enable customers to be assisted virtually to recharge and fix minor faults.

Disclosure 103-2: The Management Approach and Its Components

TelOne has a wide market presence with representation across all major cities and towns through an actual physical shop or an Exchange. This means that we are able to reach out to all clients and install the required service as well as give after sales support. 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 services easily, depending on their preferred channel.

The overall goal is to have a strong market presence such that TelOne products and services are accessible to all Zimbabweans. As a State Owned Enterprise with a service mandate, TelOne has a huge network presence and continues to invest in rural areas specifically in schools and clinics, as part of digital inclusion and offering subsidised pricing solutions for these marginalised areas.

GRI 417: Marketing and Labelling

Disclosure 103-2: Explanation of the Material Topic and Its Boundaries

Packaging and labeling is essential in that it helps differentiate our products 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 derived from the word “Tel” or “Tele”.

Disclosure 103-2: The Management Approach and Its Components

We endeavor to have 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 labeled accurately and transparently 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.

The Manufacturing Plant which assembles various devices ranging from laptops, desktops, tablets and prepaid meters, is assessed on health and safety impacts. Customer safety information, and labeling, 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.

GRI 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, the Postal and Telecommunications Authority of Zimbabwe (POTRAZ) and is 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 the Customer Protection Act.

Disclosure 103-3: Evaluation of the Management Approach

The Company perceives the Management Approach to be effective.

TelOne staff taking clients through the e-learning service offering.

Who We Are

Our Vision

Digitally Enabled Society by 2023

Our Mission

To provide connectivity and digital solutions

Our Values

ACCOUNTABILITY

We are accountable for our actions which will remain compliant, professional and reliable.

COMMITMENT

We are dedicated to deliver value to all stakeholders.

INNOVATION

We promote a culture of creativity and innovation to improve and develop cutting edge products and services.

CLIENT-CENTRIC

Our clients are at the centre of our existence and we will continuously engage them to deliver superior service at all times.

EXCELLENCE

We strive to continuously improve ourselves in line with changing developments in the sector.

TEAMWORK

We complement each other's effort in delivering superior client service.

How we are organised to deliver the Sustainability Mandate

Over the year under review, the different units of the business had specific mandates to deliver.

Fig 1: How we are organised

INFRASTRUCTURE, WHOLESALE AND INNOVATION

Driving sustainability through:

- Building a future proof network.
- Growing data centre and cloud business.
- Innovation driving digital solutions - to sustain Government and Enterprises.
- Growing wholesale and capacity business.

RETAIL DIVISION

Driving sustainability through providing:

- **Internet for all** – Inclusion in the face of COVID-19.
- **Affordable pricing –** enabling connectivity for all.
- **Digital society –** Digital solutions driving efficiency for Government, Enterprise and Residential clients .
- **Device penetration –** TelOne manufacturing plant driving digital inclusion.

FINANCE AND PROCUREMENT

Driving sustainability through:

- Timeous settlement of all tax obligations.
- Prioritising procurement from local suppliers.
- Fair and transparent procurement practices.

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CORPORATE SERVICES

Driving sustainability through:

- Gender sensitive recruitment and labour practices.
- Supporting skills development and training for employees.
- Implementing safety and wellness programmes for employees.
- Implementing SDG aligned Corporate Social Investment programmes.

TELONE CENTRE FOR LEARNING

Driving sustainability through providing:

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

02
CORPORATE GOVERNANCE

Chairman's Statement

"TelOne is committed to expanding its network across the country and will continue to invest in products and services that will enable the digitalisation of the economy across all sectors."

DEAR STAKEHOLDER

I am pleased to present TelOne (Private) Limited's Annual Report for the financial year ended 31 December 2021. The report which summarizes the progress and accomplishments for the year under review.

OPERATING ENVIRONMENT

Economic Environment

The global economy grew by 5.5% in 2021 after experiencing a negative growth rate of 3.6% in 2020 owing to the COVID pandemic. This recovery was due to improved economic activities across the globe as economies eased out of lockdowns following some successes in vaccination programs. The local economy rebounded to a 7.4% growth in 2021, which was way ahead of the average growth rate of 3.4% experienced by Sub-Sahara African economies. In spite of this commendable growth, foreign currency shortages on the foreign currency auction market persisted throughout the year and this had negative pass through effects on inflation, which closed at a year on year rate of 60.7%.

The Country had restrictions in the first quarter of the year as part of control measures to reduce the spread of the COVID-19 virus. For its part, the Company implemented a staff vaccination campaign to complement the national vaccination efforts and as a result, the Company attained a vaccination rate of 99.7%. Although the low economic activity in the first half of the year negatively affected the overall uptake and usage of TelOne services, the price, quality and competitiveness of the services ensured revenue growth for the period.

Although the foreign currency auction system helped to provide some relief in terms of foreign exchange needs, the US$8.9 million received fell far short of the US$20 million required for operational needs and business expansion targets. This limited capital expenditure to 54% of our target for the period. The Company, however, successfully negotiated for local currency settlements for some of its foreign currency denominated supplies and this enabled some meaningful green field investments particularly in the deployment of fibre access network in new areas.

FINANCIAL PERFORMANCE

With regards to financial performance, the Company realized significant growth in 2021 registering an inflation adjusted profit before tax and depreciation (EBITDA) of ZWL3.2 billion up from ZWL1 billion achieved in the previous year. In historical cost terms, ZWL2.1 billion EBITDA was achieved during the period up from ZWL627 million achieved in 2020. These achievements were made against a balance sheet that is weighed down by legacy loans of US$419.5 million which continue to curtail the sourcing of new funding to deploy low cost Long Term Evolution (LTE) technology and fibre network to replace the high cost maintenance and vandalism prone copper-based network that exerts negative pressure on the bottom line. The loans also attract excessive interest and exchange losses which were ZWL10.5billion in inflation adjusted terms for the year 2021.

LEGACY LOANS

The Company ended the year under review with a net negative equity position of ZWL18.6billion (historical) and ZWL593 million (inflation adjusted). As a result of the legacy loans inherited from Post and Telecommunications Corporation (PTC), TelOne's Statement of Financial Position is in an insolvency position. The continued accumulation of interest on these legacy loans coupled with exchange losses for the same loans, accounts for the net loss for the period of ZWL8.7 billion although net monetary gains from inflation adjustment resulted in inflation adjusted profits of ZWL15.5 billion.

In April 2019, following representations from the Company, the Government of Zimbabwe announced plans to warehouse TelOne's legacy loans, amounting to ZWL45.6 billion (US$419.5 million) but the formalities to de-recognize the loans had not yet been finalized as at the date of this report. These loans continue to be an albatross on the Company with far reaching implications.

As part of the process, the Minister of Information Communication Technology, Postal and Courier Services, issued a formal notice, in 2021, transferring PTC Assets and Liabilities to TelOne, which was one of the key requirements that needed to be addressed from engagements with the lenders. Engagements with the Ministry of Finance and Economic Development are ongoing and it is our hope that legacy loans will be warehoused soon to enable the company to move forward.

CAPITAL EXPENDITURE FUNDING

As highlighted above, the legacy loans had a negative bearing on the Company's balance sheet and this adversely affected the Company's ability to attract Capital Expenditure funding.

While competition has been investing heavily on network expansion and modernization, the Company last had significant funding injections in 2016 from the China Exim Bank to the tune of US$98.5 million for the National Broadband Expansion Project Phase 1. The lack of debt financing and shareholder capital injection has negatively affected the Company's ability to effectively compete in the market given the rate of Technological advancements in the sector.

In the face of this lack of significant funding from these sources, the Company has had to rely on internal sources which are mostly in local currency against foreign currency denominated infrastructure funding requirements. Unfortunately, the limited availability of forex on the auction market has not made the situation any better. The Company has thus looked at other options like joint ventures and partnerships but the processes are long and frustrating to would be partners. In the end, the Company managed to spend a paltry US$5.1 million (ZWL771 million) on capital projects using its own sources.

Dr D. Zimbango
Board Chairman

BALANCE SHEET RESTRUCTURING

To improve its position, Company has embarked on a balance sheet restructuring drive through the following initiatives:

- Unlocking value from its huge property portfolio;
- Disposal of redundant network equipment;
- Engagement of private players through Public Private Partnerships to fund network equipment deployment.

DELIVERING VALUE THROUGH COLLABORATIONS

The Company continued delivering value through building strategic collaborative alliances with partners in the telecommunications sector. TelOne is actively involved in infrastructure sharing for both active and passive equipment. The Company is collaborating with other state entities on infrastructure sharing by acquiring tower space from other operators as it deploys its fixed wireless solution across the country. In addition, the Company also collaborated with POTRAZ, NETONE, ECONET and TELECEL on various other value adding initiatives.

CORPORATE SOCIAL RESPONSIBILITY

Guided by the Global Sustainable Development Goals and the Sustainable Business thrust, the Company continued with its sustainable Corporate Social Investments (CSI). Emphasis continued to be on the establishment of partnerships to deliver sustainable, low cost, high impact programmes. Some of the key partners in the past year include MATTER, an American non-governmental organization that supports education and health programmes around Zimbabwe. Another key partnership with The United Nations Population Fund (UNFP) was maintained for the delivery of a robust training programme for its girl child empowerment programme.

The Zimbabwe Prison Services was established as a key partner for the environment management programme leveraging on their strength in terms of land and labour to enable production of a tree seedling nursery to lessen the cost of our nationwide tree planting programme.

Going forward, the expectation is to secure more long term commitments from similar organisations to ensure that we reinforce our impact in the community while also strengthening our brand positioning and public appeal.

STRATEGIC THRUST

TelOne has developed its 5-year Strategic Plan running up to 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' Strategic Plan. TelOne strategy aims to achieve the following:

- 25% Market share;
- 30% reduction in overhead expenses;
- Expansion of the optic fibre network;
- Development of New data centric products; and
- Championing of infrastructure sharing.

COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board recognizes and subscribes to the principles of good corporate governance and strict adherence thereto. The Board is also committed to the principles of openness, integrity and accountability as required by good corporate governance. The Company has thus reviewed its practices to ensure compliance with the Public Entities Corporate Governance Act (Chapter 10:31), (which incorporates the National Code on Corporate Governance), 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 done to ensure that 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 (Government of Zimbabwe). This development ensures that the Company has a performance culture that is led by the Board.

2022 OUTLOOK

The Company expects 2022 to be a challenging year due to headwinds in the global economy and the emerging drought in the country. The business however, will continue to adopt measures to ensure sustainability.

The Company projects to earn revenues of ZWL17.9 billion in 2022, achieving an EBITDA margin of 25%, mainly driven by growth in broadband products.

APPRECIATION

I would like to extend my appreciation to the Shareholder and all our Stakeholders for their continued support. To our valuable clients, we thank you for standing by us. We will continue to prioritize and work on improving the delivery of innovative, reliable and affordable services.

On behalf of the Board, I would like to express our gratitude to Mrs. Viola Chasi, who left the Board on expiry of her term of office on 31st March 2021. Her valuable contribution to TelOne is greatly appreciated.

Finally, I would like to thank all the amazing TelOne teams across the business for their commitment and hard work during the year 2021.

Dr D. Zimbango
Board Chairman

17 June 2022

Managing Director's Statement

"The Company achieved a 220% increase in EBITDA from ZWL1 billion in 2020 to ZWL3.2 billion in 2021. Operating expenses increased by 112% from ZWL3.3 billion in 2020 to ZWL7 billion in 2021 in inflation adjusted terms."

INTRODUCTION

During 2021, the company relaunched its drive to become a full Sustainable Business Operation focused on delivering economic value, social value and environmental sustainability. In the context of ensuring delivering on these aspects and impacting to all our stakeholder interests, the Company directed its efforts to focus on the following key result areas:

- Financial sustainability;
- Client Experience Enhancement;
- Digital Transformation;
- Improving Human Capital and Culture; and
- Improving Corporate Governance and Risk Management.

FINANCIAL SUSTAINABILITY

	Inflation Adjusted			Historical		
	2021 ZWL	2020 ZWL	% change	2021 ZWL	2020 ZWL	% change
REVENUE (billion)	11.7	5.0	134%▲	8.9	3.1	187%▲
BROADBAND (billion)	8.6	3.2	169%▲	6.7	1.9	235%▲
VOICE (billion)	2.7	1.8	50%▲	2.1	1.1	91%▲
OTHER (billion)	0.4	0.3	33%▲	0.3	0.2	50%▲
AVERAGE REVENUE PER USER (ARPU)						
VOICE	11,131	7,051	58%▲	8,475	4,387	93%▲
BROADBAND	63,569	24,869	156%▲	49,215	15,471	218%▲
OPERATING EXPENSES (billion)	7	3.3	112%▲	5.6	2	180%▲
COST TO INCOME RATIO	89%	70%	19%▼	93%	82%	11%▼
EBITDA (billion)	3.2	1.0	220%▲	2.1	0.627	235%▲
EBITDA MARGIN	26%	19%	7%▲	23%	19%	4%▲
CAPEX (billion)	0.93	0.38	145%▲	0.77	0.24	220%▲
CAPEX (US$)	US$5.1m	US$2.9m	76%▲	US$5.1m	US$2.9m	76%▲
HOME BROADBAND SUBSCRIBERS	135,487	128,545	5%▲	135,487	128,545	5%▲
ENTERPRISE BROADBAND CONNECTIONS	5,852	2,504	134%▲	5,852	2,504	134%▲
VOICE SUBSCRIBERS	243,421	252,051	3%▼	243,421	252,051	3%▼
CUSTOMER SATISFACTION INDEX	82%	79%	3%▲	82%	79%	3%▲
EMPLOYEE ENGAGEMENT INDEX	64.4%	66.4%	2%▼	64.4%	66.4%	2%▼

REVENUE GROWTH

Revenue for the period grew by 134% in inflation adjusted-terms and 187% in historical terms driven by a 5% volume growth in broadband subscribers and tariff adjustments of 56% for Voice and 38.5% for Home broadband which were effected in September 2021.

TARIFF ADJUSTMENTS

The Company achieved operating profits of ZW3.2billion in inflation adjusted terms (ZWL2.1billion in historical terms). This is despite the Company having received only one tariff approval in September 2021, against significant decline in exchange rates which our operating costs track. When measured against the movements in exchange rates, for voice products the effective price was US$0.07cents per

Mrs. C. Mtasa
Managing Director

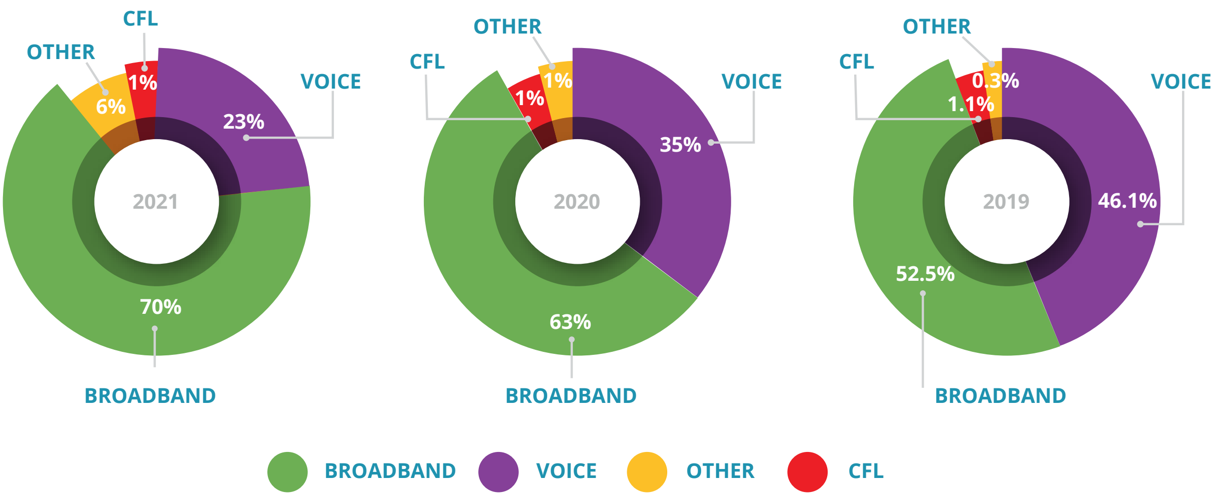
minute after the tariff increase in September 2021 and it deteriorated by 19.3% to US$0.058 cents per minute by 31 December 2021. For broadband service, the effective price was US$0.0017cents per megabyte after the tariff increase in September and it had deteriorated by 19.3% to US$0.0013 cents per megabyte by 31 December 2021.

In this post balance sheet period, the Company is still seized with the same challenge of tariff adjustments lagging behind movements in exchange rates and pass-through effects to inflation and operating costs. To date of publishing of this report, no tariff adjustments were approved for 2022 and the effective price for voice and broadband has fallen to an unsustainable US$0.025cents per minute and US0.00050cents per megabyte respectively, as of 31 May 2022. The Company remains hopeful that a US dollar based tariff will be agreed on for the telecoms industry that will track movements in the exchange rates and inflation in alignment with movements in the Company's operating costs.

PRODUCTS CONTRIBUTION TO REVENUE

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

Fig 2: Products contribution to revenue



Although there was growth in other revenues from 1% in 2020 to 6% in 2021, limited foreign currency allocations from the auction market, hampered the ability of our Msasa factory (a major contributor to other revenues) to procure kits for the assembly of various electronic gadgets. Continued capacitation of the Msasa factory remains our key focus area as we move forward to ensure revenue diversification from our traditional products as well as effective contribution to the Government digitalization programme and the general technological growth in the market.

The Company achieved a 220% increase in EBITDA from ZWL1billion in 2020 to ZWL3.2 billion in 2021. Operating expenses increased by 112% from ZWL3.3 billion in 2020 to ZWL7 billion in 2021 in inflation adjusted terms. This was mainly driven by the depreciation of the local currency which had a pass through effect on inflation as most of our suppliers link their prices to negative movements in the foreign exchange rate on the alternative exchange market. In response, 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 replacement of a costly vehicle fleet was among other key cost containment initiatives undertaken during the year.

The Company ended the year under review with a net liability position of ZWL18.6 billion (historic) and ZWL593 million (inflation adjusted).

Managing Director's Statement

TELONE PERFORMANCE OVER THE PAST 10 YEARS

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

Historical	2021 ZWL	2020 ZWL	2019 ZWL	2018 US$	2017 US$	2016 US$	2015 US$	2014 US$	2013 US$	2012 US$
Revenue	8.9b	3.1b	414m	125m	119m	114m	138m	157m	148m	130m
Broadband Revenue	6.7b	2b	217m	61m	45m	33m	28m	29.5m	24.9m	16.9m
Voice Revenue	2.1b	1.1b	191m	61m	72m	73m	97m	127.3m	123.1m	113m
Other Revenue	341m	171m	6m	3m	3m	5m	11m	5m	4m	4m
Broadband ARPU	49,215	15,471	1,935	611	509	409	379	690	808	780
Voice ARPU	8,475	4,387	727	214	272	301	388	427	405	350
Operating Expenses	8.6b	2.7b	385.7m	133.6m	131.9m	131.4m	140.4m	155.8m	151.7m	159.1m
OPEX/Rev %	93%	82%	79%	104%	107%	110%	95%	96%	99%	118%
EBITDA	2.1b	627m	147m	23m	20m	13.9m	20m	24m	17m	4m
EBITDA Margin	23%	20%	30%	19%	17%	12%	15%	14%	14%	4%
CAPEX (US$)	5.1m	2.9m	5.4m	18m	69m	25m	17.6m	22.8m	12m	21m
Staff Cost to Income	30%	28%	26%	35%	36%	35%	32%	32%	36%	39%
CAPEX/Rev %	9%	8%	4%	14%	58%	22%	13%	14.5%	8%	16%
Voice subscribers	243,421	252,051	262,716	285,146	264,150	242,227	249,962	298,461	304,144	322,948
Broadband Subscribers	135,487	128,545	112,337	100,005	87,851	80,745	73,883	50,570	30,800	21,668
Bandwidth Capacity	97.5 Gb	64.5 Gb	42.2 Gb	24.8 Gb	17.4 Gb	12.2Gb	9.9Gb	2.4Gb	930Mbps	155Mbps
Fibre Network (km)	5,223	4,796	4,046	3,981	3,689	2,700	2,595	2,595	2,417	2,331

TelOne has been on a growth trajectory over the past ten years mainly spurred by growth in Broadband revenues. Broadband subscribers grew by 54% from 87,851 subscribers in 2017 to 135,487 subscribers in 2021. This has been enabled by the increase in our bandwidth capacity which rose from 17.4Gb in 2017 to 97.5Gb in 2021.

Legacy Loans

TelOne has legacy loans amounting to amounting to ZWL45.6 billion (US$419.5 million). Besides the negative impact on the attractiveness of the balance sheet to external financiers, these legacy loans weigh heavily on the financial performance of the Company with the total expenses related to these loans for 2021 in terms of interest and exchange losses totaling ZWL10.6 billion. The Company hopes that the resolution of these legacy issues between Government and the multi-lateral financiers will breathe a fresh impetus into the Company.

Funding of Capital projects

Business expansion has been limited by the Company's ability to fund capital projects. The total amount required by the Company to fund capital projects for the next 5 years approximates US$250 million, with a significant amount going towards backbone transmission and access network deployment, core network and information systems upgrade and expansion of Data Centre infrastructure among a host of other projects.

The Company last had significant capital injection in 2016 through the China Exim bank facility as noted by the Chairman in his statement. Most of these funds were utilized in 2017 and there has not been much funding from external sources. The impact of the Legacy loans on financial position of the Company has made the company unattractive to financiers.

Unfortunately, there has not been any injection of either new equity or budgetary support from the Shareholder which has left the Company relying only from own sources of funds. To this end the Company embarked on a balance sheet restructuring drive in 2021 through which it intends to raise funding through disposals of redundant equipment as well as unlocking value from its property portfolio. In addition, the growth in revenues has enabled TelOne to reinvest more of these internally generated funds in capital expenditure as shown by the increase in capital expenditure to revenue ratio from 8% in 2020 to 9% in 2021. However, despite the availability of funding from operating cash inflows, the limited access to foreign currency has hampered the funding of foreign currency-denominated capital projects and also delayed the settlement of foreign suppliers' balances for critical services like software licences and imported bandwidth and satellite services.

CLIENT EXPERIENCE ENHANCEMENT

The Company's approach remains focused on enhancing customer experience through new services, improved customer support and efficient customer complaints resolution. Resultantly, the customer satisfaction index achieved in 2021 improved to 82% compared to 79% in 2020.

We continue to be mindful of copper network vandalism, which affected many of our clients nationwide and not only negatively impacts our reputation but has become costly to the business. The Company therefore embarked on a national project to replace the copper network with LTE and Fibre network which is less susceptible to vandalism and will further enhance product offering and the quality of experience of our customers.

For enhanced convenience, the company launched a Chatbot (Chommie) during the first half of the year. Chommie has enabled our clients to transfer bundles, check account balances and convert the balances to data bundles in a seamless manner thus enabling timely resolution of most recharge related queries from our customers. This initiative was also completed by the enhancement of self-service through our website, establishment of the USSD Code for recharging and launch of the model modernized client experience centre which we look to replicate at most major centres into 2022.

DIGITAL TRANSFORMATION

Despite limited funding facilities on the local market, the company was able to mobilise own funding and invested in increasing the fibre network capacity to a total of 5,223 kilometers by the end of 2021.

Besides increasing network capacity, several digital solutions which include the Chommie chatbot and Human Resources Recruitment and Performance Management Systems were developed in-house to enhance our own systems and ensure efficiency in customer service.

The Company also undertook innovative initiatives around smart agriculture, e-health and smart cities which were at various stages of development by the end of the year. The Teltrack service launched in the prior year was further enhanced to include Telematics, an insurance service that has strengthened the value proposition of the TelOne vehicle tracking service. Telematics was launched through partnerships with some of the major insurance providers and focus going forward will be on monitising the product over time with the strategic thrust of eventually having the product as strategic business unit.

IMPROVING HUMAN CAPITAL AND CULTURE

We continue to put our people at the centre of all we do and have thus maintained our emphasis on prioritizing the improvement of our human capital and culture as key to delivering on all our other strategic objectives.

Despite the many macro-economic challenges during the past year which eroded incomes and exacerbated by the impact of the COVID-19 pandemic, we are pleased to have achieved a staff engagement and culture index of 64% which is above the generally acceptable standard of 60%.

Skills development, personal development and talent management were some of the key initiatives to ensure the necessary competencies to deliver for our clients and stakeholders.

Furthermore, the health and safety of our staff and customers remained priority throughout the height of the COVID-19 pandemic during 2021. The business supported various initiatives including providing shuttle services for employees to work for the first half of the year, continuous provision of full Personal Protective Equipment and facilitating testing and offering support to the affected individuals. Our fight against the COVID-19 pandemic was enhanced by a robust staff vaccination programme through which we were able to achieve a vaccination rate of 99,7%.

TELONE IN THE COMMUNITY

TelOne continue to widen its Corporate Social Investment Programmes scope to address Global Sustainable Development Goal priorities. During the year, the company continued to impact the community through investing in social welfare initiatives, community health, education and environmental sustainability with a total spent of ZWL17 million and a reach of at least 10 Districts across the country.

OTHER DEVELOPMENTS

New pay-off line – The Future is Better Together

During the year the Company changed its pay-off line from “Bringing us Together” to “The Future is Better Together” as the Company reinvigorates itself towards client centricity and positions for the dynamism in the digital present and future.

Unified Telecommunications Licence

TelOne applied and was granted a Unified Telecommunications Licence in November 2021. The new licence, which is valid for the next 20 years, will enable TelOne to offer mobile network services. In addition, TelOne applied and was granted an increase in spectrum which will guarantee improved customer experience.

Sustainability Management Thrust

TelOne continued to focus on delivering on our sustainability priorities, which provide a guide for us to be able to implement and account for the non-financial progress the business is making. To this end, TelOne has adopted Sustainability Reporting through adoption of Global Reporting Initiatives (GRIs) focusing on the Economic impact of our operations, impact of our operations to the Environment and to the Society.

2022 OUTLOOK

The business remains focused on providing unparalleled customer experience through adapting to technological changes and developing new innovative products to meet the ever evolving needs of our market. We remain confident of our ability to deliver on our vision through dynamic strategies and competent teams. Going forward, the following will be our key strategic focus areas:

- Replacement of the copper network with LTE and Fibre;
- Strengthening our market positioning for growth and enhanced profitability;
- Growing our digital innovation capabilities;
- Improving foreign currency generation capacity and
- Continuously improving customer experience.

APPRECIATION

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

Mrs. C. Mtasa
Managing Director

17 June 2022

Corporate Governance Report

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 other 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 24:3) and will focus on the areas mentioned below for best practices in corporate governance:

- 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.
- ensuring that the Company's Strategic Plan and its implementation are aligned to the country's National Development Strategy 1 and Vision 2030;
- building the capacity of its Board members through training to ensure that Board members contribute meaningfully and add value to the organisation;
- ensuring that the Board members play an active role in recruitment of key personnel as mandated in the Public Entities Corporate Governance Act;
- complying with the remuneration and benefits guidelines issued by the relevant Minister;
- ensuring that the Board of Directors conducts regular performance reviews for the Managing Director and Senior Management.
- ensuring that the Board members' evaluations are conducted annually; and
- having in place succession plans for the Managing Director and Senior Management.

BOARD OF DIRECTORS

Dr. Douglas Zimbango
Board Chairman

- Doctor of Philosophy in Organisational Leadership (PhD) (Zimbabwe Open University)
- Masters in Business Administration (MBA) National University of Science and Technology
- Bachelor of Business Studies Honors (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 Chairperson
Technical and Strategy Committee Chairman

- Masters in Business Leadership (MBL), (University of South Africa)
- BSc.in Electrical and 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 (Honors) Degree in Accounting (NUST)
- Chartered Accountant (Zimbabwe)
- Zimbabwe Certificate of Theory in Accounting (ZCTA)

Dr. Stella Phiri
Risk Committee Chairman

- Doctorate in Business Administration, Binary University, Malaysia
- 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 Laws (LLB Hons), (UZ)

See page 24 for full Board Committees details

Ms. Ephethehile Mazibeli
Board Member

- Masters in Business Administration (UoG)
- BSc Honors 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 Counseling (ZOU)
- Diploma in Education (Gweru Teachers' College)

Ms. Ginnel K. Mabiza
Board Member
Finance Committee Chairman

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

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)
- Oracle Administration and Networking – Oracle (UNISA)
- Certificate in Information Technology Education (HIT)

Mrs. Chipo Mtasa
Managing Director

- Chartered Accountant (Zimbabwe)
- Executive Management Development Certificate (University of Pennsylvania)
- Bachelor of Accountancy (Honors) Degree (UZ)
- Honorary Doctorate (Business Management) (Women University in Africa)

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; and
v) Risk Committee.

BOARD OF DIRECTORS (EFFECTIVE 11TH DECEMBER 2020)

Board Member	Designation	Committees
Dr. Douglas Zimbango	Board Chairman Non-Executive Director	▪ Human Resources and Governance
Eng. Nomusa Jowah	Deputy Chairman Non-Executive Director	▪ Technical and Strategy ▪ Finance
Mrs. Viola M. Chasi	Non-Executive Director (Retired on 31 March 2021)	▪ Human Resources and Governance ▪ Finance
Ms. Ginnel K. Mabiza	Non-Executive Director	▪ Audit ▪ Finance
Ms. Ephethehile Mazibeli	Non-Executive Director	▪ Technical and Strategy ▪ Risk
Ms. Belinda Muswaka	Non-Executive Director	▪ Audit ▪ Risk
Mr. Newman Nyamhuri	Non-Executive Director	▪ Technical and Strategy ▪ Risk
Dr. Shepherd Shumba	Non-Executive Director	▪ Human Resources and Governance ▪ Audit
Mr. Gondai Sithole	Non-Executive Director	▪ Human Resources and Governance ▪ Audit
Dr. Stella V.N. Phiri	Non-Executive Director	▪ Risk ▪ Finance
Mrs. Chipo Mtasa	Managing Director	▪ ▪ ▪ ▪ ▪ All except Audit

BOARD COMMITTEES' FUNCTIONS

Technical and Strategy Committee

The role of the Technical and Strategy Committee is to support and advise the Board in exercising its authority in relation to business development, market performance and technical projects.

The Committee is responsible for approval and on-going oversight matters pertaining to:

- The Company strategy and board business objectives;
- Business development issues;
- Marketing strategy;
- Technology strategy;
- Capital projects planning and implementation; and
- Other matters that the board may refer to the committee from time to time in connection with the Company's strategy and business performance.

Human Resources and Governance (HRG) Committee

The Human Resources and Governance Committee oversees the Human Resources and Governance function within the Company including oversight over the human resource strategy, human resource policies, human capital development, compensation and talent development. The Committee provides oversight, evaluates and considers for approval matters pertaining to:

- Human resource strategy plan;
- Nominations;
- Human resource policies;
- Performance management;
- Executive compensation;
- Staff training and development;
- Health, safety and environmental issues; and
- Other matters that the board may refer to the committee from time to time in connection to the Company's Human Resources and Governance.

Finance Committee

The Finance Committee provides oversight to management's financial reporting, reviews the Company's annual budget and financial statements. Matters reported to the Board by the Finance committee cover a wide range, including:

- Financial Strategic plans;
- Operating Budgets;
- Corporate Strategy and Broad Business Objectives;
- Capital Structure and Funding;
- Financial Reporting;
- Capital Management Planning and Initiatives; and
- Operating Budget and Implementation Framework.

Audit Committee

The Audit Committee provides oversight to management to improve transparency and adherence to best practices. The External Auditors are invited to attend all Audit Committee meetings. Matters reported to the Board by the Audit Committee cover a wide range of issues including:

- Audit plans and budget;
- Company issues;
- Capital expenditure programme funding;
- Internal audit matters and internal control environment;
- External audit matters; and
- Company financial policies and procedures.

Risk Committee

The Risk Committee provides oversight to management's internal control systems, risk management and Legal and Compliance issues, and transparency and adherence to best practices. Matters reported to the Board by the Risk Committee covers a wide range of issues including:

- Enterprise risk management;
- Legal and Compliance with relevant laws and regulations; and
- Oversees Company risk policies implementation and processes relating to Financial Statements, financial systems and reporting processes.

Board Induction Program

Following appointment of the Board in December 2020, all Board Members were taken through a designed induction program covering the local and international telecommunications industry, Company performance, strategy and an overview of operations. The Board induction exercise was carried out on 11th February 2021.

Annual Board Evaluation

An annual Board Self Evaluation System is in place for the evaluation of the performance of individual Board Members and the Board's Effectiveness on an annual basis. A Board Self Evaluation Exercise was done in 2021.

Director Tenure and Meeting Attendance for 2021

Board Members' attendance to both the main Board and Committee meetings for 2021 was as indicated in the schedule below:

NAME	YEAR OF FIRST APPOINT-MENT TO BOARD	ANNUAL GENERAL (1 MEETING)	MAIN BOARD (5 MEETINGS)	HUMAN RE-SOURCES and GOVERNANCE (4 MEETINGS)	FINANCE (4 MEETINGS)	AUDIT (5 MEETINGS)	TECHNICAL and STRATEGY (5 MEETINGS)	RISK (4 MEETINGS)
D. Zimbango	2021	1	5	4	N/A	N/A	N/A	N/A
N. Jowah	2021	1	5	N/A	4	N/A	5	N/A
V. M. Chasi*	2012	-	1	1	1	N/A	N/A	N/A
G. K. Mabiza	2021	1	5	N/A	4	5	N/A	N/A
E. Mazibeli	2021	1	4	N/A	N/A	N/A	5	4
B. Muswaka	2018	1	5	N/A	N/A	5	N/A	4
N. Nyamhuri	2021	1	4	N/A	N/A	N/A	5	N/A
S. Shumba	2021	1	5	4	N/A	5	N/A	N/A
G. Sithole	2021	1	5	4	N/A	5	N/A	N/A
S. V. N. Phiri	2021	1	5	N/A	4	N/A	N/A	4
C. Mtasa	2013	1	4	4	4	5	5	4

*Retired on 31 March 2021.

CERTIFICATION OF CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDING 2021

I certify that:

a) I have reviewed and assessed all the corporate governance structures, processes and systems within the 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 that it meets the requirements of the Public Entities Corporate Governance Act (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 evaluations and that 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 our 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 represents 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 SECRETRAY AND LEGAL ADVISOR

EXECUTIVE MANAGEMENT

1

Mrs. Chipo Mtasa
Managing Director

- Chartered Accountant (Zimbabwe)
- Executive Management Development Certificate (University of Pennsylvania)
- Bachelor of Accountancy (Honors) Degree (UZ)
- Honorary Doctorate (Business Management) (Women University in Africa)

2

Eng. Lawrence Nkala
Divisional Director Infrastructure and Wholesale

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

3

Mr. Joseph Machiva
Divisional Director Retail

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

4

Mr. Bernard T. Makanza
Finance Director

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

5

Mr. Hopewell Zinyau
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)

6

Mr. Christopher Maunganidze
Acting Audit and Risk Executive

- MBA University of Gloucestershire UK
- Bachelor of Accounting Science UNISA
- Associate of the Institute of Chartered Secretaries and Administrators (ACIS)

7

Mrs. Lindy Dziripi
Acting Company Secretary and Legal Advisor

- Masters in International Economic Law (LLM) University of South Africa (UNISA) (Candidate)
- Bachelor of Laws Honors (LLBS) - (University of Zimbabwe)
- Registered Legal Practitioner, Notary Public and Conveyancer
- Certified Compliance Professional- (International Academy of Business and Financial Management Hong Kong)
- Public Prosecutors' Certificate - (Ministry of Justice Legal and Parliamentary Affairs
- Executive Development Programme) Certificate- (Africa University in collaboration with Distinctive Consultants)

8

Mr. Cladios Chenga
Procurement Head

- MSc Strategic Management (CUT)
- MSc Purchasing and Supply Chain Management (BUSE)
- Msc Counseling Psychology (GZU)
- Bsc Special Hons Psychology(ZOU)
- Bsc Psychology (General)(ZOU)
- CIPS Professional Diploma (UK), Member of CIPS (UK)
- CIS Certificate
- Diploma in Project Management and Humanitarian Aid (CBCA)

9

Dr. Mimmy Moyo
Acting General Manager (TelOne Center For Learning)

- Doctor of Business Administration, DBA (Binary University of Management and Entrepreneurship, Malaysia, 2021)
- Master of Business Administration, MBA (University of Leicester, UK, 2015)
- Bachelor of Commerce (Informatics), (University of South Africa, 2012)
- Institute of Chartered Secretaries Diploma (ICSAZ, 2006)
- Further Education Teacher's Diploma (Ministry of Higher Education, 2002)
- Full Technological Certificate in Telecommunications (City and Guilds of London, 1997)

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.

ii. **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 Managing Director and it's 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 formally 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

03
SUSTAINABILITY

Economic Sustainability

Building a better future together

We worked tirelessly in 2021 to introduce digital solutions that help increase efficiencies in both Government and Enterprises businesses as we believe that being sustainable means supporting efficiencies in business and service delivery.

As a business, we have continued to drive innovation as well as our own operational efficiencies in order to deliver the best service that is affordable and relevant to the needs of our clients, grow our revenue and ensure financial sustainability of the business.

In the face of the COVID-19 pandemic and the resultant economic impact on individuals, businesses and the broader national economy, we had to purposely align our products and services to ensure that they serve the various stakeholders while supporting the rebound of the national economy and building for the future.

We are happy to report on our Economic Sustainability as follows:

- TelOne Business Sustainability which shows the summary of the financial performance of the business to ensure that our stakeholders have a clear view of our survival into the future and our progress in creating value for the shareholder.
- The operational progress and initiatives by our various business units which assured our Company's business sustainability and outlines contribution of the same towards the broader national economic sustainability.
- Our direct contribution to the growth of the national economy which accounts for our tax contribution, local industry and suppliers' procurement, foreign currency generation and employment creation.

New look Highlands Client Experience Centre

Retail Division
Delivering Value to the Client

We believe that financial sustainability for the business can only be assured through purposeful focus on anticipating and listening to the needs of the clients and being responsive and delivering memorable experiences. It is for this reason that for the year 2021, our revenue growth was anchored by client centric innovations and product offerings.

Client experience enhancement, the game changer

Client Experience is at the core of the business sustainability strategy of TelOne. To bring this strategy to life, we have embarked on several projects that include digital solutions for client convenience enhancement, upgrading client service outlets and aligning staff culture to this trajectory. The launch of the chatbot Chommie, the USSD216 and the refreshing of our client services centres starting with Highlands in 2021 are some of the key highlights as we continue to seek way to respond to the needs of our clients.

The concept of these premium experience centres is to offer our clients improved service through having only the best staff to man the shops with exceptional etiquette derived through continuous training and going the extra mile to delight the customer. This coupled with improved shop ambiance, top notch laptops and computers manufactured locally from ZITCO as well as introduction of a high value section sets TelOne apart from all other operators.

The High value customer section allows staff to serve their top clients in a serene excluded environment thus enhancing loyalty as well as encouraging consistent usage. The aim is to launch 6 shops by end of 2022, one for each of our five regions with our top performing shops getting first priority.

We Are Here to #AMAZE YOU

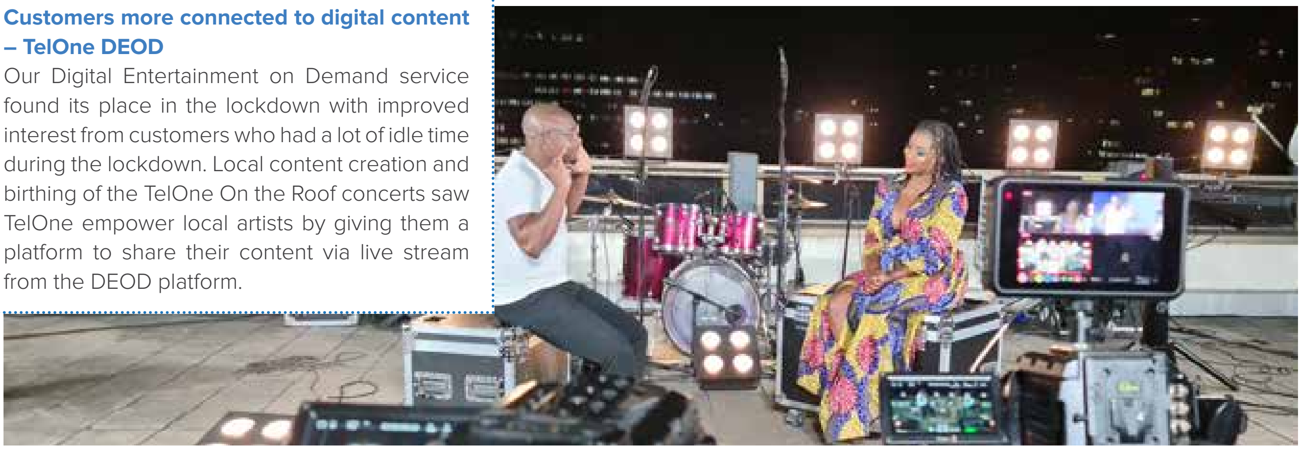
Internet for all in the face of COVID-19

The TelOne COVID-19 response strategy covered:

- Marginalized farmers were also connected and are remotely managing farm operations through TelOne Satellite connectivity.
- TelOne enhanced its network through investing in network upgrades to boost network resilience and quality despite increased network traffic during the COVID-19 lockdown.
- TelOne improved connectivity through launch of Eutelsat Satellite services which bridged the **"Digital Divide"** by enabling the most remote customers in the nation to access the internet. Over 300 schools were connected in the Free Equipment promotion in partnership with POTRAZ the regulator, this enabled e-Learning to continue for under privileged children in rural schools.
- Connecting healthcare providers to ensure they are digitally equipped to support COVID-19 virtual consultations, data collection and testing.
- Connecting the Zimbabwean Government and society by providing a toll free service which became the primary dial in service to get accurate statistical information on COVID-19 cases, as well as to get access to hospitals admitting COVID-19 patients.
- Connecting businesses and SMEs through remote-working solutions and bundles that enabled business continuity under challenging conditions.

Customers more connected to digital content – TelOne DEOD

Our Digital Entertainment on Demand service found its place in the lockdown with improved interest from customers who had a lot of idle time during the lockdown. Local content creation and birthing of the TelOne On the Roof concerts saw TelOne empower local artists by giving them a platform to share their content via live stream from the DEOD platform.



Felly Nandi with on the Roof Host after recording of her DEOD performance

Diversification into value adds – TelOne's fleet management solution Teltrack

The technology world is evolving at an exponential rate and TelOne has embraced these changes with the adoption of a digital transformation strategy. In 2021, TelOne started offering IOT solutions with the launch of TelTrack vehicle tracking with over 1,500 vehicles now connected on the platform. TelTrack clients cut across all industries and they include government, manufacturing, telecommunications, energy, transport and logistics. Recovery of stolen vehicles remains at 100% since inception of the product. Telematics Insurance was introduced in 2021 and over ZWL7,4 million has been remitted on the TelOne platform.

This service has brought convenience for TelOne clients as they are now able to purchase their voice and broadband packages together with their ZINARA licence and vehicle insurance.

Affordable pricing to enable connectivity for all

TelOne has continuously adopted an affordable pricing strategy to allow everyone access to internet which we believe is a basic human right. Home broadband solutions covering Fibre and LTE technology as well as ADSL are available to residential customers at convenient packages starting from 10 gig to unlimited data so as to drive digital inclusion.

DIGITAL SOLUTIONS DRIVING EFFICIENCY...

With Residential clients

As a client centric organisation and in line with our digitalization strategy, we launched the Chatbot (Chommie) and USSD Code (216) in March 2021 with a thrust of improving the client experience. This digital thrust led to a very significant reduction in recharging related traffic at all our client touch points with calls to our contact centre dropping by 50%.

We also partnered with our technically competent distribution partners to develop and deploy digital self-service booths, this reduced in store traffic in TelOne shops and brought focus on cross-selling and up-selling. Partners include Click N Pay and Paynow. The exercise of white listing our Distribution partner's web based platforms and applications in line with RBZ drive for financial inclusion was done and completed in 2021.

The deployment of digital solutions around client experience resulted in an improved customer satisfaction index (CSI) from 79 to 82%. The Net Promoter Score (NPS) also improved from 19% to 39%. The COVID- 19 pandemic fast tracked the adoption of self-service digital solutions. Our customers adopted the Chommie virtual chatbot as well as USSD based recharge and balance enquiry options. Families were able to enjoy TelOne service in the comfort of their homes whilst on lockdown.

In Government and Enterprise

Digital enablement is at the core of our Government Business strategy. TelOne is a leading communications technology Company and is uniquely placed to help all sectors of the economy to reap the full benefits of digitization. We work closely with the government Ministries and Departments to bridge the digital divide. We tap on our strengths in ICT skills to support the nation with digital access to improve our society livelihood.

During the year, we expanded the e-learning programme to deliver online learning solutions to schools in the urban and remote areas countrywide.

The Company is embracing innovative development philosophies focusing on Smart Agriculture, Smart Cities, e- Health and the e-Judicial Systems. The Company will continually increase communication with stakeholders, deeply implement the Government Digital Transformation strategy, and build modern infrastructure with great efforts. We strive to provide integrated digital solutions for various Government Ministries and other stakeholders to enhance customer experience and make new contributions to the promotion of digitalized economy and social development.

Progress Highlights in Government Services Digitalisation

- **E-learning –** Offering virtual learning and school management solutions in Primary, Secondary and Tertiary institution.
- **E-health –** Working with the Postal and Telecommunications Authority of Zimbabwe and the Ministry of Health to provide connectivity to 1500 rural clinics and hospitals.
- **Virtual Courts –** Embarked on provision of connectivity to 64 Sites for National Prosecuting Authority and Judiciary Services Commission covering 20 sites nationwide.
- **Smart Agriculture –** Partnered with the Ministry of Agriculture for the provision of smart agriculture solutions.
- **Smart Cities –** In order to enhance efficiency in service delivery to communities, TelOne has partnered the Ministry of Local Government to provide connectivity to 92 local authorities sites.

The **Enterprise strategy around digitalization** has seen TelOne taking lead and partnering Enterprises to provide expert advice on Cyber Security.

- Partnering with our risk division to educate our clients on cyber security threats, protection options and training on management interventions.
- Continuous drive to enhance human firewall capabilities so as to ensure that best practices are adopted to prevent data breaches and/or suspicious activities.

Minister of ICT, Postal and Courier Services Dr. J. Muswere presenting 2000 desktop computers produced at ZITCO to His Excellency President E.D Mnangagwa while Chief Secretary Dr. M. Sibanda, TelOne Board Chair Dr. D. Zimbango and TelOne Managing Director Mrs. C. Mtasa look on. The computers were destined for different Government departments and schools as TelOne continues to innovate to support Government digitization and bridging of the digital divide.

Device penetration to drive digital inclusion – TelOne manufacturing plant

The Zimbabwe Information Technology Company (ZITCO) Assembly Plant housed at TelOne's Msasa Manufacturing plant was commissioned in March 2021 by His Excellency, President Cde. E.D. Mnangagwa. Msasa is geared to become Zimbabwe's premier Information Communication Technology (ICT) Company hub through availing affordable ICT devices for all. The plant operates as an Original Equipment Manufacturer (OEM) under the Microsoft Ecosystem and is partnering Original Design Manufacturers (ODMs) from China and Europe.

The plant has the capability to assemble Tablets, Laptops, Desktops, and further to this 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.

From the launch of the assembly plant in March 2021 to end of the close to 4 000 devices were produced. The devices were supplied to Government Ministries, Tertiary Institutions and Individuals clients. TelOne Manufacturing was also able to equip 17 local schools with Interactive Whiteboards, Projectors, Laptops, Tablets and Desktops.

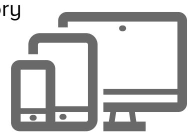
To enlarge the Infinity ICT device footprint on the Zimbabwean market, TelOne Manufacturing is aiming to assembly 200 000 devices in 2022 at the Msasa Factory. Of these, 150 000 devices will be supplied to Primary Schools, Secondary Schools, Universities, and Government Ministries. A further 50 000 devices are earmarked Corporates, SMEs and Individuals. This strategy is aligned with vision 2030 and bringing the Digital Zimbabwe dream to fruition.

TelOne Manufacturing has also ventured into provision of Prepaid Electricity Meters through a partnership with an Original Design Manufacturer. This partnership will avail 10 000 Prepaid Electricity Meters for end users in 2022.

The local assembly of all these devices has directly contributed to employment creation, reduction of import bill, lowering end user costs as well as guaranteeing after sales support.

Work in progress at the ZITCO assembly plant.

200 000
devices
in 2022
Msasa Factory



Innovating and Building a Future Proof Network
Infrastructure, Wholesale and Innovation Division

TelOne is a leading wholesale service provider in Zimbabwe. The continued expansion of our network coverage has enabled us to strengthen our position as a carrier of carriers in Zimbabwe and a provider of cross border connectivity to neighboring countries in the region. Our business continues to grow through provision of services to clients who include local Mobile Network Operators (MNOs), Internet Access Providers (IAPs), Internet Service Providers (ISPs), regional and international operators.

Through various interconnection relationships with other carriers both local and international, TelOne provides high quality voice connectivity to any destination in the world. This has been achieved through linking partner telecommunication networks to enable seamless cross network communication for customers.

Our desire is to build a future-proof network to enhance connectivity, digital inclusion and drive economic growth. We are investing in a better future through 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. Despite the challenges of theft and vandalism of network infrastructure, we have accelerated deployment of fibre and other access network solutions. We are also seized with the replacement of the traditional copper network which has come under threat of theft and vandalism, to improve quality of experience.

During the year, we managed to roll out fibre to a number of new and existing residential areas. This is in line with our drive to deliver digital solutions through a highly scalable future proof network. In order to improve service reliability, we also invested in strengthening and rehabilitating some sections of the backbone fibre network. With a lot of road construction happening, our network has occasionally been affected by the road works and we have thus been busy diverting our underground fibre network to ensure that service is not incessantly disrupted. We managed to increase transmission capacity on the Beitbridge–Kariba link to cater for growing domestic and regional bandwidth capacity requirements. These and other network development projects will drive digital inclusion, ease of doing business and communication cost reduction in the country as more sectors and functions move to the online space.

Building a Robust Network for Efficient Service Delivery

Project Name	Cost (US$)	Scope/Deliverables	Economic Benefits
Backbone Upgrade 200G Phase 2 (Tejas)	197,100	Upgrade for Harare-Bulawayo-Beitbridge backbone link by an additional 200G.	• Provide redundancy resulting in improved reliability and network availability. • Increased throughput capacity to interconnect across the border. • Provide capability for providing broadband to individual customers.
Mabvazuva FTTH	292,000	1800 homes passed capacity. 5km feeder micro-duct fibre cable construction. 22km overhead distribution fibre cable construction.	• Wide broadband coverage. • High speed internet.
Data Centre Modular facility Expansion (Mazowe DC)	720,000	Installations completed. Project implementation completed. PATs for Air-conditioning / Power / CCTV concluded.	• Reduced strain on foreign currency demand by enterprises. • Improved easy of doing business. • Shortened time to market new products.
Process Digitalisation		Development and implementation of the following new digital processes: - Chatbox - USSD platform - Performance Management	• Improved customer convenience and experience.
Total	**1,209,100**		

Solutions business

During the year, we expanded the floor space at Mazowe Data Centre and acquired a new Performance Optimised Data Centre Modular facility to offer our full suite of rack products from quarter racks up to 47RU racks. Mazowe Data Centre offers customers 100 per cent power, cooling, and security service-level agreements. 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.

The TelOne Data Centres in Harare, Bulawayo and Mazowe have provided a platform for development of new and exciting products to enhance the digital landscape. A number of digital solutions are under development and expected to be on the market soon. Our Data Centre offerings continue to enhance the customers' experience on their digital journey and help make the future better.

Building the local data hosting capacity has also enhanced Zimbabwe's efforts towards data sovereignty.

Digital Innovation for a Smarter and Digitally Enabled Society

The Innovation team continues to drive TelOne's corporate vision of transforming lives through establishing a digitally enabled society by 2023. The key mandate is to achieve the following:

- Drive technology, product and process innovation at all levels;
- Innovation Leadership, Planning and Execution;
- Digital transformation Leadership and Planning; and
- 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 various entities including Communities, Government, Corporates, Individuals, SMEs, Informal markets, SOEs and NGOs. Key products that were rolled out in 2021 include Teltrack vehicle tracking solution and Telematics insurance product, with more IOT products earmarked for launch in 2022.

Harare Metropolitan Province Minister of State for Provincial Affairs, Honourable O. Chidau and Permanent Secretary Mr. T. Muguti (centre) during a tour of TelOne National Operations Centre to assess opportunities for partnering in the digitalisation of the province.

TelOne Board on a familiarisation tour of the Harare Data Centre.

TelOne Centre for Learning
Responding to the Digital Skills Needs

TelOne Centre for Learning (TCFL)'s mandate is to contribute to national skills through the delivery of ICT skills. In contributing towards the fulfillment of Vision 2030, TCFL provides training services for long and short-duration programmes designed to impart relevant and current skills that enable the construction, maintenance and support of ICT infrastructures and data. Programmes include telecommunications engineering, software engineering, data science, cybersecurity, computer networking and digital marketing.

TCFL Sustainability Goals

TCFL has continued to evolve to address TelOne's internal training needs while on a larger scale addressing the emerging ICT skills needs in view of the national digitalisation strategy. Across industries, the need for ICT skills has grown significantly and to respond to the market and national needs, the institution has thus shaped its sustainability objectives to include:

- The development of training programmes that are current and that meet industry needs;
- The provision of quality training services that impart the identified skills to participants;
- Research into new technology areas in order for TCFL to be up to date with technology trends;
- The development of new products through research;
- The provision of adequate resources that promote learning; and
- Compliance to partner and regulatory requirements.

TelOne Centre for Learning graduation cerermony presided over by the Minister of ICT, Postal and Courier Services, Honourable Dr. J. Muswere.

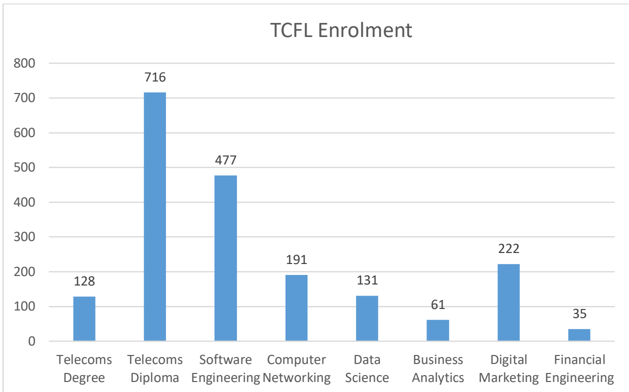
Driving to Deliver Skills for the Digital Economy

TelOne Centre for Learning, an affiliate of the National University of Science and Technology, runs ICT programmes, the prime of which is the Bachelor of Engineering, Honours Degree in Telecommunications Engineering. With only one intake per year, thirty-four students graduated in November 2021. TelOne Centre for Learning also offers latest skills for the digital economy through the following Diplomas:

- Telecommunications;
- Software Engineering;
- Data Science;
- Computer Networking;
- Cybersecurity;
- Digital Marketing;
- Financial Engineering; and
- Business Analytics.

As at December 2021, enrolment stood at 1961 students, distributed across the programmes as shown in table below. The two most popular programmes at TCFL (Telecoms Diploma and Software Engineering), make up 60% of TCFL Enrollment.

The Diploma in Cybersecurity is the latest product offering at TCFL, with the maiden enrolment commencing in January 2022. The product was developed in line with TCFL's mandate to offer ICT training in market-driven but relevant skills.



Smart agriculture innovation at TelOne Centre for Learning.

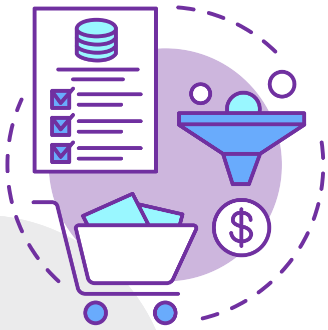
Contributing to the National Economy

As a State Owned Entity, TelOne is clear about its mandate to connect Zimbabwe. The Company is also mindful of its obligations to contribute to the national economy. This is more so as 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. The Company contributes towards the following tax heads: VAT, Special Excise Duty, Withholding Tax, PAYE and Non-Resident Tax.

During the financial year ended 31 December 2021, TelOne paid ZWL2.2billion and US$975k, in settlement of its tax obligations.



TelOne paid
ZWL **2.2 billion**
and
US$ **975k**
in settlement of its tax obligations.

GRI 204: Sustainable Procurement

Sustainable Procurement entails us to consider the 3Ps that is Planet, People and Profit. As a public entity we are governed by the Public Procurement and Disposal of Public Assets Act as read with the Regulations. Sustainable Procurement comes out as one of the Objectives of the Act in terms of Section 4. In line with this objective TelOne has taken the following actions to identify and adjust procurement practices:

- Supplier negotiations and pre-bid meetings;
- Review of payment processes and procedures;
- Review of procurement processes;
- Market research;
- Tender queries and clarifications provided for in processes;
- Notification and publication of tender results to participants as well as debriefs; and
- Suppliers are free to query and/or appeal tender results.

Actions taken to adjust payment policies and procedures:

- Making advance payments to lock prices and avoid movements;
- Requirement for advance payment guarantees for security of advanced funds;
- Payments on COD basis to mitigate risk to both supplier and buyer;
- Making stage payment to progress projects at minimum risk to buyer; and
- Payment on negotiated and agreed terms.

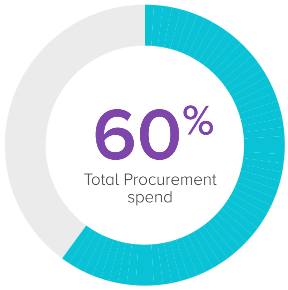
Contracting Local Suppliers

TelOne remained a key player within the economy, spending considerable annual amounts in procuring locally available materials in implementing its budgeted activities. The Company observes best practices, conducting a transparent procurement system as guided by the regulatory authority. The Company prioritizes local procurement for most of the requirements to support local industry growth and downstream employment creation. Small and Medium Enterprises are among the biggest beneficiaries of our procurement execution.

For the year 2021, local purchases amounted to ZWL2,355,160,506 making up 60% of total Procurement spend.

Local Purchases amounted

ZWL2,355,160,506



Communication Infrastructure Development

The Company continued making significant investments towards network upgrades ensuring a resilient and robust network system to meet increasingly changing technologies and improve client experience. Network improvements are largely credited with business process optimization and cost efficiencies, hence creating value for various stakeholders across the economy.

The following digital transformation infrastructure projects were implemented in the year ended 31 December 2021, at a cost of US$1.2million.

US$1.2 million

Foreign Currency Generation

TelOne is an import driven business, importing a significant portion of its critical services such as internet bandwidth, software systems and satellite services. The business also requires foreign currency funding for various infrastructure projects including but not limited to Backbone Expansion, IP Core Network upgrade, Access Network, Power Projects and Data Centres.

In 2021, the business managed to generate US$8.7 million through the Infrastructure and Wholesale Division through the exchange of international voice and capacity services with various partners. The amount raised was however not sufficient to cater for our business needs resulting in an additional US$8.9 million being raised through the Reserve Bank of Zimbabwe Auction. We continue to make effort to generate foreign currency through the following strategies:

- Offering promotional US$ denominated products to our customers.
- Engaging financial institutions for various funding structures.
- Continuous participation on the foreign currency auction market.

Social Sustainability

Social sustainability is about identifying and managing business impacts on people. Over the years, TelOne has strengthened its positioning as a Company about people. With this strategic thrust, we believe that the quality of our relationships and engagement with its stakeholders is critical. We acknowledge our direct and indirect impact on what happens to employees, workers in the value chain, customers and local communities and therefore have been making every effort to manage such impact proactively.

Our continued investment in our people and our communities during the year was informed by the conviction that our teams are at the heart of all that we do.

When we create a conducive work environment, support personal development for our team members to reach their fullest potential and are conscious and work to address gender disparities and other disadvantages that mayb e present within the teams, our business achieves social sustainability.

Our communities give us the social licence to operate and flourish, hence TelOne takes Corporate Social Investment as a key strategic focus area. Guided by the selected Sustainable Development Goals, we have defined our community investment pillars to deliver meaningful impact to all the communities that we reach.

The Social Sustainability drive of TelOne is therefore defined as the pursuit to deliver value for the people within and outside the business.

TelOne Girls empowerment and mentorship session at Domboramwari High School.

Delivering for our Team

Our human capital management strategy guides our focus areas, and our employment policies ensure our approach adheres to global best practices and upholds critical principles such as those described in the UN Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work.

To deliver a sustainable business that is capable of delivering for all our stakeholders, we have placed primacy on our Human Resources management from our recruitment policies, talent management, skills development to welfare and wellness.

Key Highlights for 2021

Outcome	Objectives	2020 Baseline	2021 Target	2021 Actual	Variance
1 Improved Profitability	Staff cost to income ratio achieved	30%	28%	30%	-2%
Digital Transformation	• Document Management System • Performance Management System • HR policies • E-Recruitment System	4	4	4	-
Improved Human Capital and Culture	Staff Productivity Achieved	ZWL3,556	ZWL4,831,952	ZWL5,384,899	11%
	Staff turnover	5%	3.5%	0,036%	3.46%
	Recruitment turnaround times	3 months Junior posts 6 months Senior posts	1 month Junior posts 3 months Senior posts	1 month Junior posts 4 months Senior posts	40%
	Increased gender balance	27%	31%	27%	4%
	Covid1-9 employee welfare framework implemented	100%	100%	100%	100%
	Improve Skills for Digital, Technical, Soft Skills and Leadership, Commercial skills	92%	100%	91.5%	8.5%
	Culture and Employee Engagement Index	3.3	3.5	3.2	8.6%

Recruitment Update

Having the right talent, in the right place, at the right time is critical to our success, and delivering on our vision. TelOne employed, supported and developed 1,038 people in 2021 in a bid to ensure we had the right capabilities, commitment and enthusiasm to achieve our strategic objectives. We contributed to the growth of the economy by increasing the number of people who have relevant ICT skills.

Table 1: Rate of new employee hires during the reporting period, by Skill

Employment Creation	2020	2021	% Improvement
Specialist skills	44	69	56.8
Brand Ambassadors	64	114	78.1
Casuals	519	855	64.7
Total	**627**	**1038**	**65.6**

FY2021 Employment creation increased by 65.6% when compared with prior year.

Table 2: Recruitment by gender during the reporting period, by Gender and Age

No.	Age Range (YRS)	Female	Male	Total
1	Below 30	220	340	560
2	31-40	196	282	478
3	41-50	-	-	-
4	51 and above	-	-	-
Total		**416**	**622**	**1038**

- 54% of employees employed were 30 years and below as the Company continues to empower the youths thereby creating a diversified workforce.

Staff Turnover rate

Table 3: Turnover rate

Employment Creation	2021 Target	2021 Actual	Variance
Rate of Skills turnover	3.5%	0.036%	3.46%

Staff turnover rate dropped to 0.036% when compared to prior year. Specialist skills turnover remains a threat in the Company as employees in this category now prefers working as freelance (teleworking) for organisations outside Zimbabwe. The organisation is however, implementing a job cover ratio of 1:1 for all mission critical positions as an immediate strategy to ensure Company operations continue uninterrupted.

2021 Employee Relations

- The Industrial Relations in the business have been cordial during the year due to continued engagements between Management and Workers Representatives. All staff issues were internally resolved.

Table 4:

Timeline	Target Engagement Meetings	Actual	Variance
Quarter 1	2	3	1 ▲
Quarter 2	2	4	2 ▲
Quarter 3	2	3	1 ▲
Quarter 4	2	3	1 ▲
TOTAL	**8**	**13**	**5 ▲**

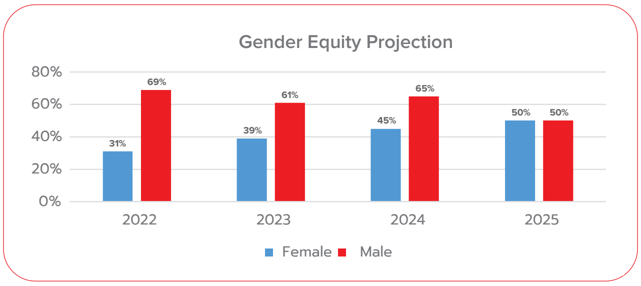
- There are three registered Trade Unions in the business making it a highly democratic work place.

Gender Equality

Gender equality and female representation remains a challenge for TelOne and for the broader ICT sector, which can be seen from our impacted ability to recruit females externally with 42% of our external hires being female.

Women currently represent 27% of our employees. However, we persist with the effort to increase female representation in TelOne.

Table 5: Gender Equity Targets



Safety Highlights From 2021 And Interventions For 2022

- 100% employer Medical Aid contribution to all employees.
- Quarterly grocery scheme for all employees.
- Regulatory inspections by NSSA, Fire Brigade, Environmental Management Agency and Fire Prevention inspection bureau did not result in penalties.
- Waste management and resource utilisation strategies to be implemented in 2022 such as recycling, reducing, reusing and recovering to save money in the business.
- Water sampling was done for 22 boreholes. Monitoring of boreholes will continue in 2022 to guarantee safe drinking water for employees.
- Inspections of workplaces and assessment of job safety measures to continue in 2022 through SHE and Risk committee meetings.

Response to COVID-19 Pandemic

The outbreak of COVID-19 at the start of the year 2021 required a swift repositioning of key human capital priorities. TelOne's journey to remote working was propelled forward requiring immediate interventions to support and enable employees to work from home. The Employee's wellbeing became a central focus area due to increased stress and anxiety. People interventions ensuring a holistic focus (physical, financial, mental and psychosocial) were deployed across the Company to safeguard employees' health and safety while ensuring business and employee productivity.

Joint Management and worker representatives' engagements were held weekly to address emerging COVID-19 matters in an adherence to WHO protocols.

- 160 members of staff tested positive during the fourth wave and almost 100% of them had mild symptoms from the Omicron variant and were supported with:
  - Self-isolation at home for 14 days.
  - Counseling was given on the benefits of being fully vaccinated and on also getting the booster shot and is ongoing.
  - COVID-19 drug packs and fruit hampers were given to all infected Employees were encouraged to continue abiding by WHO protocol and guidelines namely wearing of masks, social distancing, temperature screening at points of entry and sanitisation.

The Company wide vaccination as at close of December 2021 was at 99.7%. TelOne will continue encouraging staff members to voluntarily get the jab in pursuit of herd immunity.

Table 6: COVID-19 Response Expenditure

Covid-19 Provision	Expenditure 2021 (ZWL)	Expenditure 2020 (ZWL)
Awareness Training By Doctors	15,800	83,969
Temperature Guns and Batteries	2,649,680	486,000
Knapsacks, Tapped Buckets and Disinfectant	912,950	1,900,592
PPE (Masks, Gloves, Face Shields)	11,123,956	6,126,234
PSMI (Rapid and PCR Testing)	11,620,800	5,964,721
Drugs and Fruit hampers	5,635,612	5,135,033
Sanitizers	3,942,739	2,890,252
Total	**35,901,537**	**22,586,801**

Staff Wellness

To encourage health and wellness for individuals, the Company continued with wellness fairs in 2021. Opportunities to learn around prevention, testing and management of different conditions is availed through the fair. Different tests are also availed for willing staff members.

Table 7: Wellness Fairs

Service	Runhare	Msasa	Epton	TCFL	Total
Screening	64	34	64	55	217
Tooth Extraction	1	0	2	0	3
Tooth filling	0	4	6	5	15
Tooth scaling and Polishing	0	5	9	10	24
Optometry	69	58	80	70	277

Outside the wellness fairs, opportunities for both men and women have continued to be availed through on-going programmes;

526
Men participated in 2 Male Reproductive Health 'Men Cave' sessions

600
Women participated in the Becoming Women's Talk Cervical Cancer Awareness

Staff going through screening during wellness fair.

The Talent and Organisational Development Thrust

Talent and Organisational Development is critical in business strategy execution. It focuses on the practice of skills hiring, managing, developing, and retention. TelOne talent management strategy always seeks to maximize stakeholder value.

TelOne is a learning organisation and it always thrive to ensure that its employees are equipped with up to date skills and knowledge, which ensures that the business is always equipped with skills required to attain the business strategy. The organisation offers various courses to its employees annually as summarised in the table 3.1.

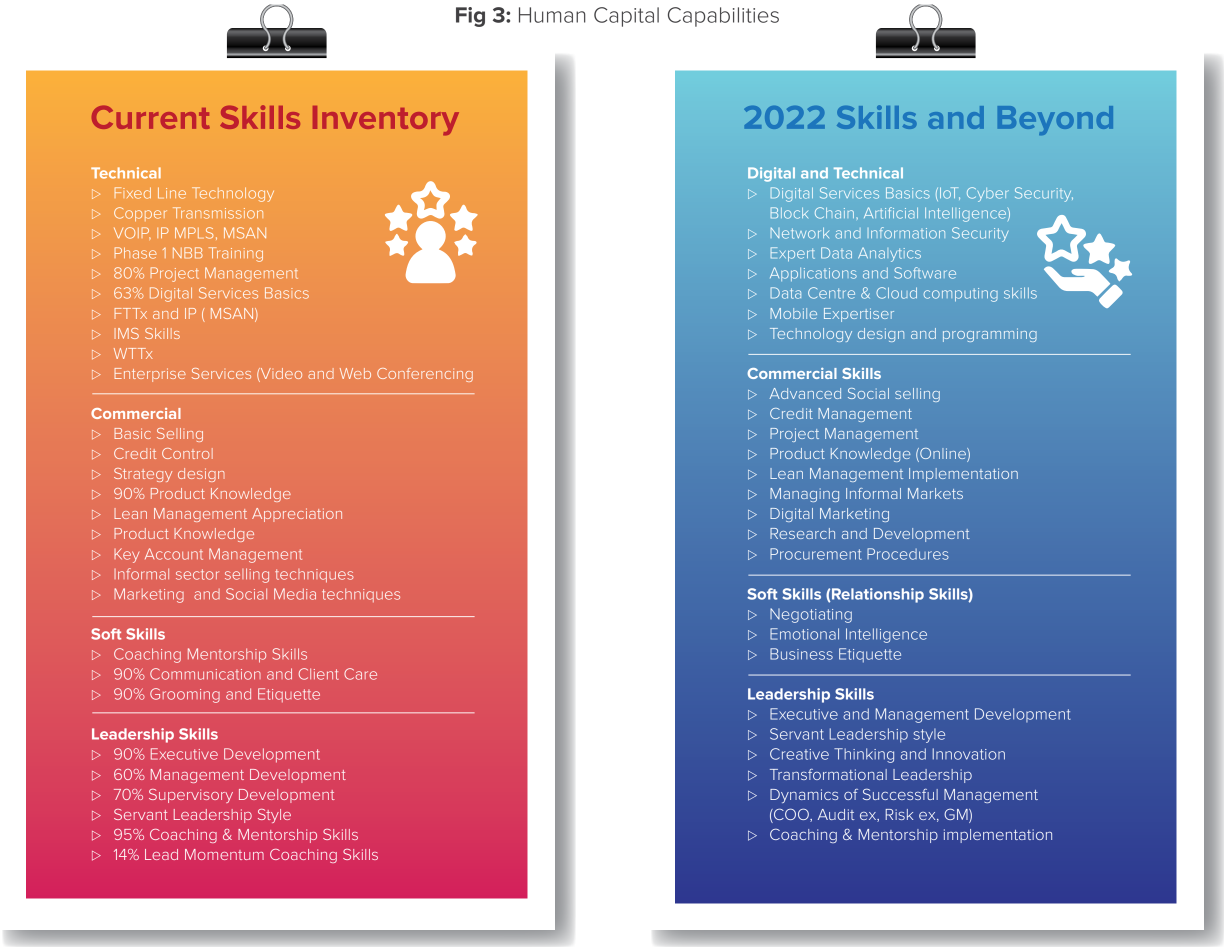
Table 8: Summary of the number of courses trained in 2021.

Skill	Number of courses Target	Number of courses Trained	Percentage courses trained
Commercial	1225	1012	83
Digital/Technical	1183	954	81
Soft	1031	1296	79
Leadership	90	83	92
Total	**3529**	**3345**	**95**

Human Capital Capabilities Blueprint Update

The skills and knowledge development is critical for business sustainability. It is through skills upgrade that TelOne deliver quality service to its clients. In availing such skills the business annually develops a Human Capital Capabilities Blueprint (HCCBP) and a Training Calendar (TC).

Fig 3: Human Capital Capabilities



Recognising Performance

We believe that while it is good to make employees feel happier, satisfied, and honored with financial rewards, a recognition in form of awards also makes them feel positive about their performance. This helps them work harder and more efficiently, resulting in increased productivity. The figure below shows the awards the business offered in 2021 to the outstanding employees.

Award Category	Number of Winners
Worker of the Month Awards	84
Manager of the Quarter	5
Worker of the Month Awards	51
Worker of the year	32
Personal Development	35
Personal Development DBA	1
Manager of the year	5
MD Special Award	4
Director of the year	1

Human Resources Management Digitalisation

The business digitized its performance management and recruitment system.

This has made it easy to manage individual performance as a continuous process and has reduced the time spent to do appraisal.

Digitized Human Resources Process	Benefits to Business
E-Recruitment	Eliminate paperwork amid COVID-19 Reduce on printing Auto-shortlisting Auto record of application trail Reduce recruitment turnaround times Easy spooling of recruitment reports
Performance Management	Eliminate paperwork Easy performance tracking Easy and fast contract formulation Easy and fast performance review Easy spooling of performance reports
Document Management	Less sensitive HR policies housed under one platform Easy access to HR policies
SAP SHE Utilisation	Easy record of accidents and incidents Easy spooling of occupational safety reports

Delivering for the Community

We are responsible to the community in which we operate and to fulfill our responsibility, we have been guided by the Sustainable Development Goals (SDGs) to define our Corporate Social Investment pillars and programmes.

Our CSI programmes have evolved over the past 5 years reaching and impacting at least 26 districts of Zimbabwe with a spent of 0.5% of the Company's revenue in line with the Corporate Governance Act guidelines.

Fig 4: Sustainable Development Goals.

Since the onset of the COVID-19 pandemic, the world has battled unprecedented challenges from overwhelmed health systems, management of learning and working environments to economic slowdown. In Zimbabwe in particular, in the background these challenges have been the heightened social threats which according to the Zimbabwe Economic Update Report by the World Bank were due to disrupted livelihoods that expanded the number of extremely poor citizens by 1.3 million, and increasing extreme poverty overall to 49% in 2021.

In view of this, TelOne's Corporate Social Investment programme for the year 2021 was largely focused on supporting livelihoods for vulnerable communities under the Social Welfare Pillar. Intervention under the Health Pillar targeted health facilities in the poorer districts while long term support was pursued for some districts through provision of clean water for home use and community gardening projects.

Projects under the Education, Environment and Girls and Women Empowerment Pillars carried forward from previous years continued to be strengthened with several initiatives being implemented during 2021 with an overall spent of ZWL17,700,000.

COVID-19 PPE and book donation at Gwangwadza Secondary School, Manicaland Province.

2021 CSI Programmes Summary

CSI Pillar	Programmes/Activities	Expend. (*ZWL@107)	Expend. (US$)	Reach/Impact
Health	i. Public Hospitals Ward Refurbishment and Clinic Construction.	4,280,000	20,000	➤ Work in Progress set for completion in 2022, 1 Hospital and 1 Female Open Prison Clinic set to Benefit.
	ii. Prisons PPE and Consumables Donations.	160,500	1,500	➤ 1 Prison impacted Chikurubi Maximum Security Prison Harare.
	iii. Rural Clinic COVID-19 Response Pack Donations.	1,070,000	10,000	➤ 20 Rural Clinics benefited. ➤ 4 Rural Districts reached.
Social Welfare	i. Supported communities with water provisioning through sinking of boreholes.	3,852,000	36,000	➤ 6 Boreholes drilled impacting 300 households.
	ii. Supported vulnerable children at an Institution through Groceries Hampers. iii. Supported communities welfare projects through issuing of food hampers to vulnerable households.	3,745,000	35,000	➤ 1 Children's Home impacted. ➤ 300 food hampers issued to vulnerable households.
	iv. Winter warmer programme for the elderly in vulnerable communities.	4,280,000	40,000	➤ 700 elderly in 3 Provinces (Manicaland. Masvingo and Midlands received blankets).
Environment	i. Prisons Nurseries and Orchards Projects. ii. National Tree Planting. iii. 200 bins.	321,000	3,000	➤ Women's University In Africa Orchard Established. ➤ 3 000 staff members, Stakeholders and Clients received tree seedlings donations. ➤ 120 000 tree seedling nursery established. ➤ 50 000 trees planted. ➤ 200 bins donated to the city of Harare.
TOTAL		17,708,500	165,500	

Food donation to the vulnerable in Epworth, Harare.

Chikurubi Maximum Prison inmates receiving a consignment of COVID-19 response package.

Health Pillar

At least 20 rural clinics received consumables, PPE and consumable for COVID-19 response and admission wards blankets.

With the strain on the health sector countrywide exacerbated by the COVID-19 induced burdens, the usually disadvantaged rural clinics were found worse off. TelOne's intervention therefore contributed to ensure that the constrained rural clinics at least have the basic PPE and medicines.

The COVID-19 response donations was also extended to the Prison inmates clinic with donations at Chikurubi Maximum Prison Clinic. The prison facility houses about 10,000 inmates and receives new inmates everyday, which exposed the inmates to the pandemic.

Marondera Female Open Prison Clinic under construction.

TelOne is supporting the construction of a clinic at Marondera Female Open Prison. The clinic is almost complete and equipment sourcing from partners is expected to aid the completion of the project and deliver turn-key.

The prison currently has 128 inmates and is expected to expand to accommodate about 400 inmates. Several of the inmates are incarcerated with their infant children who they deliver during their time in prison or they come with them due to failure to get a willing care giver. The clinic is thus an important investment as it will provide services for the women, expecting mothers as well as their children.

Dowa Clinic staff receiving an assortment of consumables courtesy of TelOne.

1 NO POVERTY

Social Welfare Pillar

Through our social welfare pillar, we seek to support livelihoods and ending poverty through long term interventions. For this reason, TelOne supported the drilling of 6 boreholes in 2 districts to provide clean drinking water and establishment of community nutrition gardens. With water and seedling provided, the community is able to mobilise itself to establish a self-sustenance project. At least 300 households were impacted.

Rusape women celebrating the commissioning of community boreholes to support their livelihoods.

Through the social welfare pillar, TelOne looks out for the vulnerable in the community. During 2021, child headed households, the elderly in difficult circumstances and those living with disability in at least 8 Districts received grocery hampers and blankets under the Winter Warmer Programme.

Winter warmer donation for the elderly in Mwenezi.

13 CLIMATE ACTION

Environment Pillar

TelOne completes its full sustainability drive with a special focus on caring for the planet to which we give similar attention as our efforts around people and economic sustainability. We believe the world can be truly a better place if our environmental investment, our people investment and our economic dividends all come together.

It is for this reason that TelOne is committed to deliver all its services and stakeholder value in an increasingly efficient and environmentally friendly manner. As part of this commitment in 2021, TelOne endeavored to provide products and services that supported sustainable infrastructure development and the efficient use of energy. TelOne worked towards reduction of the carbon footprint in the provision of its services, and strives to reduce the emissions, discharges and wastes that our operations generate. Thus TelOne's environmental sustainability initiative is starting small and growing with demonstrated successes while we build our capacity to effectively measure and manage our emissions and biodiversity impacts.

GRI 302: Energy - Managing our Carbon Footprint

Energy consumption is a major portion of a telecom's OPEX, particularly in the developing world where the cost of energy per kWh is relatively high. Most of the energy that Telco's consume is derived from fossil fuels, directly or indirectly, and is therefore expensive and unsustainable. It has been noted that Telco sites and data centres account for 50 to 80% of Telco's total energy consumption and are thus the primary foci for the deployment of green programs, and ways to cut this high energy-related expenditure.

Conscious of the need to reduce the high carbon emission TelOne has started the adoption of environmentally friendly refrigerants that do not emit Hydrofluorocarbons into the atmosphere. Furthermore, a replacement program of high capacity high carbon emission generators with smaller high efficient low carbon emission Generators. Complementing this program TelOne has also embarked on deployment of Solar green energy to its operation with a view to migrate all power to green energy. In pursuance of the strategy some solar sites where commissioned in 2021 however the target for 2022 is to do 20 more sites.

TelOne has adopted an approach where the new network elements that is being procured to expand the old network is ecologically friendly in alignment of the sustainable goals of our society and environment in which we conduct our business. This core and access equipment which is be supplied by selected suppliers will make it possible for us to reduce our energy consumption to 10-15% percent of our energy bill.

Some of these low energy consumption measures 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.

Building a sustainable environment

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 (difluoromonochloromethane) with very high Global Warming Potential (GWP) of 1810 to more environmentally safe refrigerants like R410A (GWP of 2088, which in essence means its 2088 times more than CO_2) and R32 (GWP of 650) and Replacement of the high energy consumption and inefficient legacy air conditioning plant with smaller energy-efficient units, which will lead to 40% energy saving.

TelOne have not been procuring R22 systems over the past decade and our the strategic goal is to phase out all R22 systems by 2025 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).

GRI 304: Activities on Increasing Biodiversity

TelOne is committed to ensuring Biodiversity is maintained by ensuring that all base stations, fibre projects and any other major projects have Environmental Impact Assessments conducted. All projects only 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 2020, seeks to achieve an annual target of planting 100,000 trees of diverse variety. In 2021 the programme received a boost through utilising seedlings produced from the nursery that was established in partnership with Zimbabwe Prisons and Correctional Services. A total of 120 000 seedlings were established while 50 000 trees were planted through staff and stakeholders.

TelOne team with Women's University in Africa Vice Chancellor Prof. Chingarande during a tree planting day event.

Support for the tree seedlings nursery project at Chikurubi Farm established in 2020 continued into 2021 with the revamping of the irrigation system.

Through the orchard, seedling for annual tree planting programmes were secured, managing to plant 120 000 seedlings across the country. Programmes is being strengthened to support commercialization of the products as well as inmate skills training.

Biodiversity disclosures

304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	TelOne operations do not impact on protected areas or areas with high biodiversity value.
304-2: Significant impacts of activities, products, and services on biodiversity	There are no significant impacts on areas of high biodiversity value.
304-3: Habitats protected or restored	No TelOne activities conducted required that restoration activities be undertaken.
304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations.	No Red List species were affected by any of the Company's operations.

TelOne is cognisant that even though there is insignificant direct impact of our operations on biodiversity there is a need to mitigate on the possible impact of our business activities on biodiversity.

Inspection time at Chikurubi Nursery. The TelOne sponsored nursery established 120 000 seedlings, which continue to support all year round tree planting programmes.

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.

TelOne environment programme in pictures.

In 2021 the programme only managed to replace 200 bins for the City of Harare. Donation of litter bins is set to be resuscitated for 2022 to replace those donated to over 20 local authorities in the last 3 years.

Through the national clean ups and refuse management initiative, TelOne is strengthening the drive in 2022 through focusing on supporting local authorities for illegal dumpsites removal.

200 bins
for the City of Harare

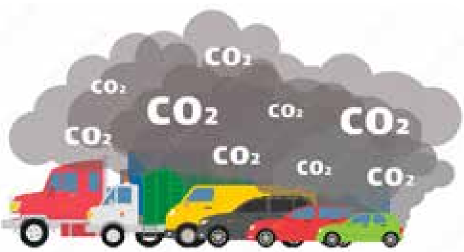
GRI 306: Managing Effluents and Waste

Used Oil Collection and Disposal

TelOne generates waste in form of used oils through operation of the vehicle fleet and generators. Handling of this waste is regulated by the Environmental Management Agency to guard against spillages which pollute the ecological environment should it finds its way into streams. Measures in place to comply with EMA regulations include collection of used oil and selling only to EMA licenced traders through competitive bids.

Our motor workshops are working on mechanizing and modernizing oil dispensing and draining in line with industry best practices such that there are zero spillages.

Vehicle Emissions and Ozone Protection



Fossil fuel run vehicles emit smoke as they run. The quality and quantum of the emissions degenerate with age of vehicles and neglect of service. To ensure that TelOne manages its vehicle emissions, we enforce strict adherence to vehicle servicing with punitive disciplinary action in place. The Company also has a motor policy which requires retiring of vehicles once they reach five years. A total of 16 old vehicles were disposed of in 2021 whilst a further 24 have been taken off-road for disposal in 2022.

Hazardous Waste Management

Oil filters and lubricants - Oils and lubricants tainted filters from motor workshops are collected in drums for disposal through local authorities' dump sites.

Waste Paper and Plastics - National Waste Collection Company (NWC) collects waste paper from two major sites for recycling. Other Polythene materials to continue on the return to stores method of collection and disposal i.e hard plastics (broken tanks, bins, knapsack and cable sheathing) for disposal through public auctions to traders who are into recycling for polythene ware.

Risk Overview

Sustainability Risk Overview

Risk Management has been a key tool of priority the business has adopted to enable the business to achieve its ecological, social and economic performance, and ultimately the Sustainable Development Goals (SDGs). As the business continued to take key strides towards a digitally enabled society supported by digital transformation and provision of a robust broadband infrastructure network, risk issues potentially affecting strategic achievement well aligned with the Government of Zimbabwe National Development Strategy 1 (NDS 1) Vision 2030 Strategy continued to be tracked.

TelOne has adopted a Risk Management Framework benchmarked with the Public Entities Corporate Governance Act governing risk management programs in public entities and aligned with best practice, ISO 31000 International Standard.

Corporate Risk Management Structure

Risk issues inherent in the business continued to be tracked monthly and ultimately quarterly with key issues cascaded to the Board for risk oversight. The ultimate priority for the business in 2021 was ingraining of risk management in day to day business operations across the business supported by the following risk lines of defense:

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

TelOne Risk Landscape 2021

The overall risks affecting strategic objectives in various sections of the business in the period under review and projected into 2022 are summarised as below:

Fig 5: TelOne Risks Outlook 2022

Corporate key risks affecting strategy and management interventions

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

Risk Type	Threat	Probability	Impact	Management Intervention
Strategic Risks **Risk Rating: High**	**Lack of capitalisation** The business requires US$40m for strategic network deployment and upgrades, curtailed by legacy loans, and absence of capital injection by the shareholder.			Engagement of the shareholder for balance sheet restructuring through legacy loans warehousing; • Strategic partnerships continued to be sought for investment and network deployment; • Fundraise through debt and equity arrangement at a corporate level by approaching multi-lateral lenders and potential equity investors;
	Foreign Currency Foreign Exchange Risk driven by the legacy loan book of US$419.5m an increase by 1% from US$415m as at 31.12.20 resulting in exchange gains or losses. The exchange rate movements further fuel inflationary pressures on the market, resulting in a high cost structure;			The business to continue with the debt warehousing initiatives: • Follow through on cabinet submissions and engagements with the relevant ministry on the warehousing of legacy loans with the notice to transfer assets to TelOne completed. Engagements continue.
	Operational costs increasing as a result of application of high exchange rates coupled by suppliers pricing using the alternative market rate, resulting in an increase in the cost structure from 87% as at 31.12.20 to a cumulative 93% as at 31.12.21 against a 85% target;			• Regular engagement and lobbying of POTRAZ and the parent ministry for timely approval of tariff changes. • Strict cost containment measures are in place to manage high cost drivers. • Management is implementing a new cost model for the business and this is at an advanced staged to measure various cost centres' performance.
	Working capital constraints driven by: • Lack of adequate foreign currency allocations to settle monthly obligations. More than 70% of business revenues still generated in ZWL.			• Lobbying RBZ for increased allocation on the foreign currency exchange market. • Development of new data centric products that can be sold in foreign currency to cover the foreign currency gap; • Negotiating with suppliers for supply of goods in local currency;
	• Regulated tariffs. This is the risk emanating from the legal requirements for the business tariffs to be approved by the regulator before reviews are effected. Risk aggravated by use of average industry costs when TelOne runs the most expensive network. This affects profitability.			• Regular engagement and lobbying of POTRAZ and the parent ministry for timely approval of tariff changes.
	• Debtors and creditors arrears. Credit risk arising from a growing debtors book increasing by 31% from ZWL1.6 billion as at 31.12.20 to ZWL2.1 billion with 53% of the amount attributed to Government and Parastatals. This continues to be driven by slow debt liquidation by government in view of other pressing issues on funding capital projects. The above affects the business liquidity status.			• Engagement with Ministries notifying them of the requirement of prepayments for monthly services characterized interventions in the period under review; • Deliberately diversify into other sectors and markets to spread the concentration risk from government; • Advance payments for all government related projects and installations, with authority given for exemptions; • The business has increased the coverage of the prepayment platform to ensure that the growth of the debtor's book is reduced;
	Foreign Exchange Losses The business balance sheet carries a legacy debt that remained at US$419.5m inherited from the former PTC weighing down the balance sheet;			Follow through on cabinet submissions on debt warehousing initiatives for finalisation;

Risk Type	Threat	Probability	Impact	Management Intervention
Technological Risks **Risk Rating: High**	**New technological changes** Technology continues to evolve in the face of constrained funding and upgrading of systems. Risk is mainly driven by: - The business lagging behind in the of adoption of modern technologies whilst competition is running on fibre and wireless networks; - Legacy copper network which is maintenance heavy contributing to a high cost structure; **Slow digitalization and automation** driven by un-automated processes resulting in inefficiencies; **Vendor concentration risk** driven by more than 75% of the network under a single vendor, Huawei.			• Management has prioritised acceleration of modern technology solutions deployment including fibre and wireless solutions; • Investment in intelligent networks, to keep pace with the evolving technologies influencing changing customer needs and preferences prioritized going into 2022; • Seeking strategic partnerships for investment, modern product roll-outs and network deployment; • Deliberate strategy to automate mission critical processes; • Interventions to activate various funding initiatives through revenue generation across the business; • Fund raise through debt and equity arrangement at a corporate level by approaching multi-lateral lenders and potential equity investors; • Diversification and engagement of other vendors for current and future deployments addressing high dependence on a single vendor supported by maintenance contracts for vendor support on systems;
Reputation Risks **Risk Rating: High**	**Negative Client Experience** The value delivery chain and brand equity continues to be affected by the following: **Network theft and vandalism** disrupting business and contributing to a high cost structure through replacements. Total revenue lost from vandalism was a total of US$779,000 as at 31.12.21 an 8% increase from US$721,000,31.12.20; Shortage of critical materials affecting service provisioning; **Skills Gap** driving client experience related risks due to lack of expertise to support new product offerings;	●	●	• Continued enhancing network fortification program; • Phased disinvestment from copper to wireless solution; • Timely provisioning of critical material to enhance network maintenance; • Third party engagements to deal with network vandalism and ensure timely claims continued; • Management has prioritized funding of client experience management systems including bandwidth manager and network performance tracking for corrective action; • Client Experience Committee at management level to proactively drive client related issues; • Management has prioritized implementation of clearly defined Standard Operating Procedures;
	Industrial Relations Risk characterized by potential work stoppage and culture related issues potentially resulting in a negative reputation and potential business disruption; TelOne has a total staff complement of 1 670 and in line with the GRI Standard 402 is guided by the Labour Relations Act 28:01 of 2005 and a board approved code of conduct; **Risk Rating: Moderate**	●	●	• Development and planning for retention of mission critical skills incorporated in strategy 2022; • Remuneration strategies continue to be revamped in line with market dynamics; • TelOne continues to promote democracy, clear grievance procedures for employees and transparency for both the employer and employees to promote strong labour management relations.
	Negative media sentiments; Risk indicated by a reputation risk index of 43% as at 31.12.21 against a strategy target 65%.			• Management has prioritized client experience management systems addressing complaints and enhancing service delivery.

Risk Type	Threat	Probability	Impact	Management Intervention
Cyber Security Risks **Risk Rating: High**	Cyber security risk means any risk of financial loss, disruption or damage to the reputation of the business from information systems failure, deliberate or unintentional or unauthorized breaches of security measures to gain access to information.			• The business proactively embarked on an aggressive Cyber Security Program across the business mainly including: • Employee continued awareness of cyber security threats and possible attacks; • End user awareness, phishing campaigns through an intensive awareness program; • Implementation of risk and vulnerability assessments recommendations; • Upgrading firewalls coupled with upgrading anti-virus system; • Patch management system implementation; • Secure configurations and upgrading email security;
Power Risks **Rating: Moderate**	Power and Energy Risks indicated by outage and load shedding events across the business in the period under review.			• Deployment of vendor financed solar power plants continued for the first 3 sites including Chinhoyi, Karoi and Makuti to ensure uninterrupted service to clients; • Vendor financing procurement process underway for 20 additional sites pending deployment; • Regular maintenance and replacement of aging DEGs and batteries across various stations;
Business Disruption Risk Issues: Moderate	**Network theft and Vandalism** Business Disruption occasioned by third party fibre cuts, damages, and network theft and vandalism.			• Network Related Disruptions improvement plan deployment addressing people issues, logistics, tools and materials to reduce fault occurrence and improved fault resolution time; • Implementation of multiple diversified routes to increase service uptime and ensuring when one link is affected, traffic is automatically carried through available links and no downtime or revenue loss is experienced;
	Business Continuity Management (BCM) and Disaster Recovery Planning (DRP). The risk is driven by a funding gap to put in place robust BCM and DRP for mission critical systems.			Funding initiatives through: • Engagement of shareholder for balance sheet restructuring through legacy loans warehousing; • Seeking strategic partnerships for investment and network deployment; • Fundraising through debt and equity arrangement at a corporate level by engaging multi-lateral lenders and potential equity investors;
	Industrial Action. Uncordial industrial relations with workers resulting in work stoppage.			• To have remuneration strategies that speaks to market dynamics • Employee welfare program in place to cushion employees in the face of a volatile economic environment;
Procurement and Supply Chain Risks **Risk Rating: Moderate**	Procurement and supply chain related risks driven by a positive external rating by PRAZ, COVID-19 driven supply chain disruptions. Other drivers include: • Funding constraints resulting in delayed purchases and deliveries; • Key materials provisioning gaps subsequently affecting service provisioning and fault restoration; • Non automation of the procurement process;			In line with GRI 204 governing Procurement Practices TelOne continues to align its activities to the Procurement Act. Other interventions include: • Deliberate awarding of tenders to different suppliers thereby spreading and mitigating none delivery risks, ensuring business performance; • Prioritisation and independent follow ups of the critical materials provisioning checklist in close liaison with operational and regional teams; • Initiatives towards the procurement of a Procurement Automated System is underway;

Risk Type	Threat	Probability	Impact	Management Intervention
COVID-19 Business Interruption Related Risks	COVID-19 human resources related risk issues driven by the impact of the pan-demic on: I. Productivity Risk Issues ii. Procurement and Supply iii. People and safety risk issues; iv. Client experience risks Risk expected to continue into 2022 thereby affecting output levels particularly for labour intensive business areas.			• As a responsibility to employee welfare, the business adopted, supported and participated in the nationwide vaccination program resulting in 99% vaccinated employees out of a staff complement of 1 600. The business continues to promote the 3rd booster shot; • The adoption of wireless solutions in some stations continued to be pursued that the labour intensive network is diluted to ensure continuity in the event of further disruptions; • Clinics established at Msasa Factory and TelOne Centre for Learning bringing the total to 4 across the business to promote and support employee healthcare; • Drills and tests on continuity and responses to minimise disruptions on service provisioning;
Climate Action Risk Issues **Risk Rating: Moderate**	There is a clear drive for companies to develop robust sustainability and Environmental, Social and Governance (ESG) strategies with transparent report. ESG reporting refers to the disclosure of data covering a Company's operation in three areas: Environmental, Social and Corporate Governance. Companies therefore have the responsibility and resources to accomplish positive climate action, building a more sustainable and resilient future,			• Adoption of ESG initiatives to build a resilient and sustainable future for the business; • Incorporation of sustainability risk aspects and deliverables in performance contracts across the business; • Monthly management SHE meetings for timely identification and treatment of safety, health and environment issues; • Awareness and training programs to conscientise and ingrain sustainability in day to day business activities in line with the Global Reporting Initiative(GRI);

Special Update: Network Vandalism Awareness 2021 Update

Special Report: Network Theft and Vandalism 2021

1. Vandalism of the TelOne telecommunications infrastructure remained a major threat in the year under review with a total of 333 vandalism incidents recorded representing a 27% increase from the previous year. The upsurge in the price of raw copper on the international market of more than 40% to a high of US$10,000 per tonne fuelled vandalism locally. More than 50% of TelOne's network infrastructure comprises of copper hence the attacks.
2. Potential revenue losses of more than US$779K and replacement cost of more than US$800K were incurred as a result of network vandalism.
3. Anti-vandalism measures adopted resulted in the arrests of 56 suspects who were brought before the courts and the measures include:-
    - Awareness campaigns in the print, electronic media and community engagements.
    - Joint operations with the police and other stakeholders equally affected namely ZESA and NRRZ.
    - Deployments of security guards in the affected areas to protect critical network routes.
    - Offering rewards invectives to members of the public for providing information that leads to the arrest and conviction of offenders.
    - Acquisition of optic fibre to replace copper and wireless solutions that are less prone to vandalism.
4. Request made by TelOne for a mandatory jail term of 30 years for those found guilty of vandalising the telecommunications infrastructure remained pending as at close of year 2021 and follow - ups are being done.

Highlights of Network Theft and Vandalism Arrests in 2021

Arrested culprits and recovered burnt cables in Chitungwiza with vehicle used in committing the crime.

TelOne Team in Network Rehabilitation and Fortification Programme.

Anti vandalism campaign and community engagement session.

TelOne Sustainability Security Practices Stakeholders Update
GDR 103: Management Approaches

Background
The use of security personnel in the protection of the Company's assets plays a critical role in the preservation of revenue streams and the smooth delivery of services to customers thereby minimising losses. More than 200 sites housing the telecommunications infrastructure require protection from potential theft and vandalism. Security personnel that include internal and external staff (contracted security companies) are deployed to offer security services. The issue of human rights becomes vital as the amount of force to be applied in apprehending suspects and their general treatment impacts the image of the Company to its stakeholders. Such training on human rights plays a critical role in ensuring that human rights standards as prescribed by the United Nations are observed at all times.

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
The proportion of internal employees offered training on human rights stands at 90% whereas for the external security personnel it is 5%. The security companies have been engaged and they shall be incorporating human rights training in future recruitments while in-service training is to be provided for those already employed.

04 FINANCIAL PERFORMANCE

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 64 to 66 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 despite the company's technical insolvency position. 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 have 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 17 June 2022 and are signed on behalf by:

Dr. D. Zimbango
Board Chairman

Mrs. C. Mtasa
Managing Director

Mr. B. T. Makanza
Finance Director

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

All communication should be addressed to
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Reference: SB 54

OFFICE OF THE AUDITOR-GENERAL
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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, 2021

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of TelOne (Private) Limited set out on pages 67 to 99, which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, 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, 2021, 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 the 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 of the financial statements which indicates that the Company had a net liability position of ZWL18 624 335 819 (2020: ZWL10 143 177 534) as at December 31, 2021. Additionally, the entity incurred losses amounting to ZWL8 688 699 227 (2020: ZWL27 657 559 819) in the 2021 financial year. The entity has significant legacy loans and borrowings amounting to ZWL56 501 100 593 (2020: ZWL44 066 757 523) principal plus interest accruals. These conditions 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 the current period. 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. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matter	How my audit addressed the Key Audit Matter
Valuation of trade and other receivables. Refer to note 12 of the financial statements. The Company disclosed the recoverable amount of trade and other receivables to be ZWL2 487 073 770 as at December 31, 2021 after an allowance for credit losses of ZWL451 626 949. With significant amounts of trade and other receivables overdue for payment and considering current economic environment characterised by liquidity challenges, allowance for credit losses is an area requiring management to make significant judgement. The application of IFRS 9 and the expected credit loss (ECL) model in determining allowance for credit losses involves management judgment. The valuation of trade and other receivables was therefore considered to be a key audit matter.	My audit procedures to address the risk of material misstatement relating to the valuation of trade receivables included: • Obtaining third party confirmations for material outstanding trade receivables. • Performing a detailed debtors' analysis to verify accuracy and validity of debtor movements and identify irregular debtor balances. • Assessing the reasonableness of the judgements and assumptions made in estimating the allowance for credit losses. • Evaluating the appropriateness of the presentation and disclosure of trade receivables in the financial statements for compliance with IFRS. Based on evidence gathered, I found the valuation, presentation and disclosure of trade receivables to be appropriate.
Valuation of investment property. Refer to note 7 to the financial statements. The Company held Investment Property valued at ZWL172 213 877 as at December 31, 2021. 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 investment property was considered a key audit matter.	The audit procedures that I performed to address the risk of material misstatement relating to the valuation of investment property included: • Analysing and testing the management assumptions used to determine the revalued amounts, • Evaluating the methodology and assumptions used by the Company when performing the valuation. • Inspecting documentary evidence of the investment property. Based on evidence gathered, I found the valuation, presentation and disclosure of investment property to be appropriate.
Revenue recognition. Refer to note 20 to the financial statements. The Company recognised revenue amounting to ZWL11 720 086 494. 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. 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. As a result, revenue recognition was considered a key audit matter.	The audit procedures to address the risk of material misstatement relating to revenue recognition included: • Testing of data input controls with the assistance of IT specialists. • With assistance of IT specialists, I tested controls over data migration from LEAP billing system to SAP accounting system to ensure accuracy, completeness and integrity of revenue. • Billing data analysis to confirm the accuracy and completeness of revenue. • Testing the validity, accuracy and completeness of revenue in line with the changes to the business conditions and terms. Based on evidence gathered, I found no material errors in the computation and recognition of revenue.

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 annual report and does not include the financial statements and my auditor's report thereon.

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 financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the Other Information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this 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 are 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 the 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 Responsibilities 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 ISA's and ISSAI's 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 entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of 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 entity'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 entity 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 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], the Public Finance Management Act [Chapter 22:19], Companies and Other Business Entities Act [Chapter 24:31] and other relevant Statutory Instruments.

mchiri

17 JUNE 2022.

M. CHIRI
AUDITOR GENERAL

Statement Of Financial Position

as at 31 December 2021

	Notes	Inflation Adjusted		Historical Cost	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
ASSETS					
Non current assets					
Property, plant and equipment	4	48,948,914,775	50,223,449,659	30,459,850,621	31,252,924,492
Capital work in progress	5	174,159,906	139,343,197	136,270,598	86,710,141
Investment property	7	172,213,877	134,716,899	172,213,877	83,831,300
Intangible assets	8	7,179,921,157	2,279,022,165	4,636,094,699	1,418,184,297
Right of use assets	10.1	129,786,562	134,861,377	79,988,533	83,921,205
Investment in ZITCO	9.2	191,405,587	89,377,754	142,141,912	55,617,768
Deferred tax asset	17.2	916,684,199	1,239,322,713	4,243,934,269	771,016,077
Financial assets	9.1	906,740,120	1,012,021,058	906,740,120	629,757,970
		58,619,826,183	**55,252,114,822**	**40,777,234,629**	**34,381,963,250**
Current assets					
Inventories	11	438,675,381	153,973,440	328,081,413	95,791,029
Assets classified as held-for-sale	6	84,935	149,410	46,202	92,975
Trade and other receivables	12	2,487,073,770	2,301,965,160	2,409,164,415	1,432,114,596
Current tax asset	17.3	285,824,871	346,767,919	285,824,871	215,733,673
Security deposits	12.1	288,787,210	349,275,957	288,787,210	217,293,991
Cash and cash equivalents	13	890,143,352	419,204,200	890,143,352	260,798,236
		4,390,589,519	**3,571,336,086**	**4,202,047,463**	**2,221,824,500**
TOTAL ASSETS		**63,010,415,702**	**58,823,450,908**	**44,979,282,092**	**36,603,787,750**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	51	51	32	32
Fair value through other comprehensive income		782,436,090	574,895,148	565,312,992	357,772,050
Revaluation reserve		37,300,074,505	37,300,074,505	23,212,843,298	23,212,843,298
Retained Income		(38,675,712,855)	(54,174,902,787)	(42,402,492,141)	(33,713,792,914)
		(593,202,209)	**(16,299,933,083)**	**(18,624,335,819)**	**(10,143,177,534)**
Non-current liabilities					
Foreign legacy loans	15	45,636,880,753	57,674,850,629	45,636,880,753	35,889,763,925
Foreign long term loans	15	10,864,219,840	13,140,428,712	10,864,219,840	8,176,993,598
Long term payable	18.4	13,032,239	16,219,158	13,032,239	10,090,376
Operating licence	18.2	2,972,327,416	-	2,972,327,416	-
Contract liabilities	18.5	728,053,512	4,871,487	728,053,512	3,030,683
Lease liability	10.2	81,116,114	130,562,919	81,116,114	81,246,370
		60,295,629,874	**70,966,932,905**	**60,295,629,874**	**44,161,124,952**
Current liabilities					
Trade and other payables	18.1	2,460,702,321	3,768,231,943	2,460,702,321	2,344,318,697
Operating licence	18.2	183,441,119	-	183,441,119	-
Loan interest payable	18.3	193,046,203	19,522,146	193,046,203	12,145,254
Local loans due within one year	16.1	39,000,000	104,491,846	39,000,000	65,007,195
Contract liabilities	18.5	53,627,129	794,069	53,627,129	494,012
Lease liability	10.2	2,181,012	247,666	2,181,012	154,117
Provisions	19	375,990,253	263,163,416	375,990,253	163,721,057
		3,307,988,037	**4,156,451,086**	**3,307,988,037**	**2,585,840,332**
TOTAL EQUITY AND LIABILITIES		**63,010,415,702**	**58,823,450,908**	**44,979,282,092**	**36,603,787,750**

B. MAKANZA
(Finance Director)
17 June 2022

C. MTASA
(Managing Director)
17 June 2022

D. ZIMBANGO
(Board Chairman)
17 June 2022

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	Inflation Adjusted Dec 31, 2021 ZWL	Inflation Adjusted Dec 31, 2020 ZWL	Historical Cost Dec 31, 2021 ZWL	Historical Cost Dec 31, 2020 ZWL
Revenue	20	11,720,086,494	5,042,284,027	8,895,854,669	3,136,940,855
Payment to other operators	21	(1,919,434,728)	(1,052,490,276)	(1,570,913,354)	(654,782,582)
Net revenue		**9,800,651,766**	**3,989,793,751**	**7,324,941,315**	**2,482,158,273**
Other income	22	441,924,207	275,016,865	340,960,557	171,095,407
Operating expenses		**(7,026,485,575)**	**(3,256,402,760)**	**(5,570,129,364)**	**(2,025,895,961)**
Other operating expenses	23	(3,585,605,166)	(1,757,639,842)	(2,786,583,854)	(1,093,475,137)
Staff costs	23.1	(3,440,880,409)	(1,498,762,918)	(2,783,545,510)	(932,420,824)
Earnings before interest, tax and depreciation and armotisation		**3,216,090,398**	**1,008,407,856**	**2,095,772,508**	**627,357,719**
Depreciation of property, plant and equipment	4	(1,839,816,956)	(53,915,114)	(1,428,316,456)	(33,550,164)
Fair value adjustment investment property	7	37,496,978	90,442,969	88,382,577	56,280,628
Depreciation of right of use assets	10	(5,074,815)	(2,492,431)	(3,932,672)	(1,550,984)
Amortisation of intangibles	8	(148,168,017)	(84,415,006)	(115,421,234)	(52,529,562)
Operating profit		**1,260,527,588**	**958,028,274**	**636,484,723**	**596,007,637**
Foreign legacy loans expenses	24.3	(10,571,956,418)	(55,830,754,690)	(10,113,798,835)	(34,733,817,923)
Finance income	24.1	383,116,618	227,211,735	307,243,292	141,354,547
Other finance costs	24.2	(416,618,415)	(219,131,700)	(322,853,754)	(136,327,740)
Monetary gain		27,866,863,156	13,907,296	-	-
Net exchange movement on payables and receivables	25	(2,739,024,389)	(606,944,339)	(2,739,024,389)	(377,596,440)
Share of profit (ZITCO)		310,150	-	240,347	-
Profit/ (Loss) before tax		**15,783,218,290**	**(55,457,683,424)**	**(12,231,708,616)**	**(34,510,379,919)**
Net tax income	17.1	(284,028,358)	11,015,147,220	3,543,009,389	6,852,820,100
Profit/ (loss) for the year		**15,499,189,932**	**(44,442,536,204)**	**(8,688,699,227)**	**(27,657,559,819)**
Other comprehensive income					
Revaluation of property,plant and equipment	4	-	49,552,389,984	-	30,835,339,131
Deferred tax on revaluation gain of property, plant and equipment		-	(12,252,315,479)	-	(7,622,495,833)
Fair value re-measurement gain on FVTOCI	9	275,692,006	744,363,697	275,692,006	463,200,807
Deferred tax on remeasurement gain		(68,151,064)	(184,051,240)	(68,151,064)	(114,503,239)
Total other comprehensive profit		**207,540,942**	**37,860,386,962**	**207,540,942**	**23,561,540,866**
Total Comprehensive profit/ (loss) for the year		**15,706,730,874**	**(6,582,149,242)**	**(8,481,158,285)**	**(4,096,018,953)**

Statement of Changes in Equity
for the year ended 31 December 2021

INFLATION ADJUSTED	Share capital ZWL	Revaluation surplus reserve ZWL	Fair value through other comprehensive income ZWL	Retained earnings ZWL	Total Equity ZWL
Balance at January 01, 2020	**51**	**-**	**14,582,692**	**(9,764,479,940)**	**(9,749,897,197)**
Change in accounting policy (investment property) Note 7 and 3.3	-	-	-	32,113,357	32,113,357
Restated balances	**51**	**-**	**14,582,692**	**(9,732,366,583)**	**(9,717,783,840)**
Total comprehensive income for the year	**-**	**37,300,074,505**	**560,312,456**	**(44,442,536,204)**	**(6,582,149,243)**
Profit for the year	-	-	-	(44,442,536,204)	(44,442,536,204)
Revaluation surplus for the year	-	37,300,074,505	-	-	37,300,074,505
Fair value on financial assets classified as FVTOCI	-	-	560,312,456	-	560,312,456
Balance at December 31, 2020	**51**	**37,300,074,505**	**574,895,148**	**(54,174,902,787)**	**(16,299,933,083)**
Balance at January 01, 2021	**51**	**37,300,074,505**	**574,895,148**	**(54,174,902,787)**	**(16,299,933,083)**
	51	**37,300,074,505**	**574,895,148**	**(54,174,902,787)**	**(16,299,933,083)**
Total comprehensive income for the year	**-**	**-**	**207,540,942**	**15,499,189,932**	**15,706,730,874**
Profit for the year	-	-	-	15,499,189,932	15,499,189,932
Fair value on financial assets classified as FVTOCI	-	-	207,540,942	-	207,540,942
Balance at December 31, 2021	**51**	**37,300,074,505**	**782,436,090**	**(38,675,712,855)**	**(593,202,209)**

Statement of Changes in Equity
for the year ended 31 December 2021

HISTORICAL	Share capital ZWL	Revaluation surplus reserve ZWL	Fair value through other comprehensive income ZWL	Retained earnings ZWL	Total Equity ZWL
Balance at January 01, 2020	**32**	**-**	**9,074,482**	**(6,076,216,515)**	**(6,067,142,001)**
Change in accounting policy (investment property) Note 7 and 3.3	-	-	-	19,983,420	19,983,420
	32	-	9,074,482	(6,056,233,095)	(6,047,158,581)
Total comprehensive income for the year	**-**	**23,212,843,298**	**348,697,568**	**(27,657,559,819)**	**(4,096,018,953)**
Profit for the year	-	-	-	(27,657,559,819)	(27,657,559,819)
Revaluation reserve	-	23,212,843,298	-	-	23,212,843,298
Fair value on financial assets classified as FVTOCI	-	-	348,697,568	-	348,697,568
Balance at December 31, 2020	**32**	**23,212,843,298**	**357,772,050**	**(33,713,792,914)**	**(10,143,177,534)**
Balance at January 01, 2021	**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
Balance at December 31, 2021	**32**	**23,212,843,298**	**565,312,992**	**(42,402,492,141)**	**(18,624,335,819)**

Statement of Cash Flows
for the year ended 31 December 2021

		Inflation Adjusted		Historical	
	Note	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Cash flows from operating activities					
Operating profit		1,260,527,588	958,028,274	636,484,723	596,007,637
Adjustments for:					
Depreciation of property, plant and equipment	4	1,839,816,956	53,915,114	1,428,316,456	33,550,164
Fair value adjustment on investment property	7	(37,496,978)	(90,442,969)	(88,382,577)	(56,280,628)
Depreciation of right of use assets	10	5,074,815	2,492,431	3,932,672	1,550,984
Amortisation of intangible assets	8	148,168,016	84,415,006	115,421,234	52,529,562
Provision for staff costs and bad debts		418,695,995	247,994,164	418,695,995	154,283,856
Discount received	22	(48,543,704)	(33,717,286)	(48,543,704)	(20,976,433)
Discount allowed	23	9,515,026	-	7,373,562	-
Gain/(Loss) on disposal of property, plant and equipment		(6,120,544)	51,710	(4,153,045)	32,170
		3,589,637,170	**1,222,736,444**	**2,469,145,316**	**760,697,312**
Changes in working Capital					
Increase in inventories		(284,701,941)	(120,141,522)	(232,290,382)	(74,743,280)
Decrease / (Increase) in receivables		(185,108,610)	(1,813,162,468)	(977,049,819)	(1,128,017,262)
(Decrease) / Increase in payables		(1,071,255,444)	1,550,863,942	352,957,860	964,834,276
Cash generated from operations		**2,048,571,175**	**840,296,396**	**1,612,762,975**	**522,771,046**
Net cash from operating activities		**2,048,571,175**	**840,296,396**	**1,612,762,975**	**522,771,046**
Cash flows from investing activities					
Dividends received from equity instruments designated at FVTOCI	22	728,539	8,553,147	728,539	5,321,143
Finance income received	24	3,530,026	14,200,879	2,659,743	8,834,750
Purchase of property, plant and equipment	4	(684,638,762)	(203,357,778)	(549,616,881)	(126,544,977)
Purchase of capital works in progress equipment	5	(154,119,350)	(137,520,795)	(135,240,209)	(85,576,100)
Investment in Joint Operation	9.2	(101,717,683)	(83,777,379)	(86,283,797)	(52,132,781)
Proceeds from disposal of assets and redundant material	22	35,591,655	5,975,394	30,262,578	3,717,454
Intangible asset development expenditure	8	(90,945,287)	(39,027,238)	(86,264,617)	(24,285,774)
Net cash utilised in investing activities		**(991,570,862)**	**(434,953,770)**	**(823,754,644)**	**(270,666,285)**
Cash flows from financing activities					
Finance costs paid		(159,908,485)	(178,899,148)	(131,759,978)	(111,297,984)
Principal lease payments		(2,068,169)	(1,036,097)	(1,602,704)	(644,584)
Repayment of local borrowings	16	(37,312,024)	(50,522,163)	(26,300,533)	(31,431,200)
Net cash inflow/(outflow) from financing activities		**(199,288,678)**	**(230,457,408)**	**(159,663,215)**	**(143,373,768)**
Inflation effects on cash and cash equivalents		(386,772,483)	(112,222)	-	-
Net increase in cash and cash equivalents		**857,711,635**	**174,885,218**	**629,345,116**	**108,730,993**
Cash and cash equivalents at beginning of the year		**419,204,200**	**244,431,204**	**260,798,236**	**152,067,243**
Cash and cash equivalents at end of year	13	**890,143,352**	**419,204,200**	**890,143,352**	**260,798,236**

Notes to the Financial Statements
for the year ended 31 December 2021

1 NATURE OF BUSINESS AND GENERAL INFORMATION

TelOne (Private) Limited was incorporated in Zimbabwe in 2000 in terms of the Companies and Other Business 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 29(1) of the Companies and Other Business Entities Act [Chapter 24:31].

2.2 Statement of Compliance

2.2.1 Compliance with IFRS
The Company'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").

The Company's financial statements for the 2020 reporting period were qualified based on the residual effects of IAS 21, on the 2019 opening balances. Management made an assessment on the impact of 2019 foreign currency denominated opening balances on its current year financial statements and believe that there are no misstatements as a result of opening balances in the current year as supported by the following facts and circumstances:

All cash and cash equivalents which formed part of 2019 opening balances was utilised in paying foreign payables and did not form part of 2021 opening balances and not included in the current year financial statements. The foreign currency denominated financial assets which formed part of 2019 opening balances are carried at fair value at each reporting period in compliance with IFRS9 and translation done at closing rate in compliance with IAS 21. The foreign currency denominated loans and loans which formed part of 2019 opening balances are translated at closing rate at the end of each reporting period in compliance with IAS 21 and therefore correctly reflect the ZWL denominated values. The company's sole source of foreign currency has been the Reserve Bank of Zimbabwe Auction market which provided foreign currency at the bid rate and disbursed at the bid rate.

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 Company is in a net liability position of ZWL 18,624,335,819 on 2021 historical financial position. The net liability position is mainly due to the presence of foreign legacy loans which are carried on the Company balance sheet amounting to ZWL45.7 billion. The Directors have satisfied themselves that the Company 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.

In the going concern assessment the Directors concluded that that the impact of the COVID-19 pandemic will not have a material adverse effect on the Company's financial condition or liquidity and therefore continues to adopt a going concern assumption as the basis for preparing its annual financial statements.

Further disclosures on appropriateness of the Going Concern basis are made in note 30 to these financial statements.

2.4 Foreign currency translation

Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Zimbabwe dollar ("ZWL"), which is the Company'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 Company.

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 recognized 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 Company'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 Company comprise the following:
- the statement of financial position as at 31 December 2021;
- 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 2021;
- 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 Company'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.

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. Consumer price index was judged to be the most appropriate index to be applied for inflation accounting.
iii. Allowance for credit losses.
iv. Discount rate to be applied for IFRS 16 and IAS 40 purposes.
v. Revaluation of property, plant and equipment

2.7.1 Revaluation process for items of property plant and equipment

Property, plant and equipment was last revalued on 31 December 2020 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

Hyperinflation 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 Company 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 recognized 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 Dec 2021	3977.5	1.00
31 Dec 2020	2474.51	1.607
31 Dec 2019	551.60	7.211
Average CPI for 12 months to:		
31 Dec 2021	3135.23	
31 Dec 2020	1579.09	
31 Dec 2019	64.01	

2.9 New and Revised Financial Reporting Standards implemented during the year

New standards, amendments and interpretations effective January 01 2021, which have been adopted.

i. IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ’Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting Company.’ The amendments to the definition of material is not expected to have a significant impact on the Company’s financial statements.

ii. Amendments to IAS 1 and IFRS Practice Statement 2

Amendments to IAS 1 require that a Company discloses its material accounting policies instead of significant accounting policies. Further amendments explain how a Company can identify a material accounting policy. The developed guidance and examples to explain and demonstrate the application of the four-step materiality process. A four step materiality process

Step 1 – Identify information that has the potential to be material

Step 2 – Assess whether the information identified in Step 1 is in fact material by considering quantitative (size) and qualitative (nature) factors.

Step 3 – Organise the information within the draft financial statements in a manner that supports clear and concise communication.

Step 4 – Assesse the information provided in the draft financial statements as a whole by considering whether it is material both individually and in combination with other information.

iii. Amendments to IFRS 16 COVID-19 Related Rent Concessions

Amendments to IFRS 16 Leases provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

2.10 New Standards, Amendments and Interpretations issued but not yet effective for financial year beginning 01 January 2021 and not yet 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, a Company 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. 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.

iii. 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 a Company 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.

iv. 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 a Company 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.

v. 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, 2020.

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. Using the cost model, the asset is carried at cost less accumulated depreciation and impairment whereas using the revaluation model, the asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation of the asset is eliminated against its gross carrying amount. The revaluation model is a fair value based model within the scope of IFRS 13. IAS 16, paragraph 34 still allows a Company to continue with the policy of determining revalued amounts at regular intervals even after adoption of IFRS 13.

The Company is only required to apply IFRS 13 if the fair value of a revalued asset differs materially from its carrying amount. The Company’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 recognized 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:

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 recognized 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 recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. 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 derecognized 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 recognized in the Statement of Profit or Loss and other Comprehensive Income.

3.2 Intangible Assets

An intangible asset is recognized 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 Company. 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 Company 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 recognized in the statement of profit or loss and other comprehensive income from the date it is available for use.

The Company's intangible assets comprise mainly of acquired computer software licences and Indivisible Rights of Use (IRU), which are capitalized on the basis of the costs incurred to acquire and bring to use the specified software, Billing systems, Synchronous Transport Module (STMs) and POTRAZ Unified Licence. Computer software development costs recognized as 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
Unified operating licence	20

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

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 Company 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 derecognized 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 recognized in profit or loss in the year of de-recognition.

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 programme 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; and
- 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 Company's control prevent this).

When a sale does not take place within a year because of circumstances beyond an Company'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 recognized 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 recognized.

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

The Company recognizes 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.

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
  2. Government
  3. Wholesale
  4. Local authorities
  5. State owned Entities
  6. Residential
  7. 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 Company 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 the Company in holding a financial asset as follows:

- is the objective of the Company'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;

- amortized 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.

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.

A Company 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 recognized 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 Company can identify each other's rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the Company will collect consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer; and
- Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognized 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 Company 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

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 is deferred when revenue has not yet been earned. The Company has deferred income arising from long term service agreements. 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.

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 the Company 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 Company 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 Company 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 a Company'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 Company can no longer withdraw the offer of those benefits and when the Company 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 categorized 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.

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) measured at fair value at 31 December 2021. All fair value measurements disclosed are recurring fair value measurements.

ASSET	LEVEL 1 ZWL	LEVEL 2 ZWL	LEVEL 3 ZWL	TOTAL ZWL
Financial assets (FVPL)	-			
ZB shares	75,674,141	-	-	75,674,141
Financial assets (FVOCI)				
WIOCC shares	-	829,764,551	-	829,764,551
Tetrad shares	-	-	11,284	11,284
Hwange debentures	-	-	1,290,144	1,290,144
Investment property	-	-	172,213,877	172,213,877
TOTAL	**75,674,141**	**829,764,551**	**173,515,305**	**1,078,953,997**

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 the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants including non-monetary grants at fair value shall not be recognized until there is reasonable assurance that the Company 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 realized or intended to be sold or consumed in the normal operating cycle or
- held primarily for the purpose of trade;
- expected to be realized within twelve months after the reporting period; and
- 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; and
- 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. A Company 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.

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, 2021 ZWL	Total Dec 31, 2020 ZWL
Opening carrying amount	**9,385,406,154**	**38,260,754,533**	**57,144,902**	**450,128,463**	**1,144,826,710**	**925,188,897**	**50,223,449,659**	**513,140,502**
Gross carrying amount	9,412,844,581	38,416,018,635	58,187,046	453,679,647	1,153,301,831	939,055,467	50,433,087,207	668,955,632
Accumulated depreciation	(27,438,427)	(155,264,102)	(1,042,144)	(3,551,184)	(8,475,121)	(13,866,570)	(209,637,548)	(155,815,130)
Additions	71,995,122	359,544,809	-	19,541,966	90,455,249	143,101,616	684,638,762	203,357,778
Revaluation surplus	-	-	-	-	-	-	-	49,552,389,984
Reclassification from Capital Works in Progress (Note 5)	-	(119,302,641)	-	-	-	-	(119,302,641)	8,502,137
Carrying amount of disposed items	**-**	**-**	**-**	**-**	**(10,566)**	**(43,483)**	**(54,049)**	**(25,629)**
Deemed cost	-	-	-	-	(19,687)	(408,039)	(427,726)	(118,324)
Accumulated depreciation	-	-	-	-	9,121	364,556	373,677	92,695
Depreciation charge for the year	(199,901,253)	(1,151,141,970)	(1,699,695)	(52,239,006)	(185,916,211)	(248,918,821)	(1,839,816,956)	(53,915,114)
Closing carrying amount	**9,257,500,023**	**37,349,854,731**	**55,445,207**	**417,431,423**	**1,049,355,182**	**819,328,209**	**48,948,914,775**	**50,223,449,659**
Gross carrying amount	9,484,839,703	38,656,260,803	58,187,046	473,221,613	1,243,737,393	1,081,749,044	50,997,995,602	50,433,087,207
Accumulated depreciation	(227,339,680)	(1,306,406,072)	(2,741,839)	(55,790,190)	(194,382,211)	(262,420,835)	(2,049,080,827)	(209,637,548)

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

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, 2021 ZWL	Total Dec 31, 2020 ZWL
Opening carrying amount	**5,840,327,414**	**23,808,808,048**	**35,559,989**	**280,104,831**	**712,399,944**	**575,724,267**	**31,252,924,493**	**319,315,807**
Gross carrying amount	5,857,401,731	23,905,425,410	36,208,492	282,314,653	717,673,821	584,353,122	31,383,377,229	416,276,062
Accumulated depreciation	(17,074,317)	(96,617,362)	(648,503)	(2,209,822)	(5,273,877)	(8,628,855)	(130,452,736)	(96,960,255)
Additions	56,503,432	274,921,179	-	15,814,691	79,817,762	122,559,817	549,616,881	126,544,977
Revaluation surplus	-	-	-	-	-	-	-	30,835,339,131
Reclassification from Capital Works in Progress (Note 5)	-	85,679,752	-	-	-	-	85,679,752	5,290,689
Carrying amount of disposed items	**-**	**-**	**-**	**-**	**(10,566)**	**(43,483)**	**(54,049)**	**(15,948)**
Deemed cost	-	-	-	-	(19,687)	(408,039)	(427,726)	(73,630)
Accumulated depreciation	-	-	-	-	9,121	364,556	373,677	57,682
Depreciation charge for the year	(154,911,227)	(892,064,519)	(1,773,905)	(42,596,289)	(144,073,676)	(192,896,840)	(1,428,316,456)	(33,550,164)
Closing carrying amount	**5,741,919,619**	**23,277,344,460**	**33,786,084**	**253,323,233**	**648,133,464**	**505,343,761**	**30,459,850,621**	**31,252,924,492**
Gross carrying amount	5,913,905,163	24,266,026,341	36,208,492	298,129,344	797,471,897	706,504,900	32,018,246,138	31,383,377,229
Accumulated depreciation	(171,985,544)	(988,681,881)	(2,422,408)	(44,806,111)	(149,338,433)	(201,161,139)	(1,558,395,517)	(130,452,737)

Notes to the Financial Statements (Cont.)

for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
5	CAPITAL WORKS IN PROGRESS				
	Opening carrying amount	**139,343,197**	**10,324,539**	**86,710,141**	**6,424,730**
	Additions	154,119,350	137,520,795	135,240,209	85,576,100
	Reclassification- Property, plant and equipment	(119,302,641)	(8,502,137)	(85,679,752)	(5,290,689)
	Closing carrying amount	**174,159,906**	**139,343,197**	**136,270,598**	**86,710,141**

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

		Inflation Adjusted		Historical	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
6	ASSETS CLASSIFIED AS HELD FOR SALE				
	Opening carrying amount	**149,410**	**207,497**	**92,975**	**129,121**
	Disposals	(64,475)	(58,087)	(46,773)	(36,146)
	Closing carrying amount	**84,935**	**149,410**	**46,202**	**92,975**

Assets transfered to Non Current Assets Held for Sale constitute of residential properties in Chiredzi which are occupied by former TelOne employees. The standard requires that the sale of the assets should be completed within a year. However, circumstances beyond the entity's control have made the sale to go beyond a year. The entity remains committed to its plan to sell the assets. Agreements of sale have since been signed with most of the tenants. The company's legal department has been engaging the tenants and their legal representatives to conclude the agreements. The houses will remain classified as non-current held for sale as there are reasonable prospects the houses will be sold during the year 2022. The houses were recognised at the lower of carrying amount which in line with IFRS 5 which requires measurement at the lower of carrying amount and fair value less costs to sell.

		Inflation Adjusted		Historical	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
7	INVESTMENT PROPERTY				
	Opening balance	**134,716,899**	**44,273,930**	**83,831,300**	**27,550,672**
	Fair value adjustment	37,496,978	90,442,969	88,382,577	56,280,628
	Closing balance	**172,213,877**	**134,716,899**	**172,213,877**	**83,831,300**

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. The investment property was valued in US$ terms and the value converted at RBZ market rates as at 31 December 2021. The valuation was subject to TelOne management assessment to ensure accuracy and reliability of the values.

ASSUMPTIONS APPLIED IN 2021:

TelOne management adopted the US$ value of the property and converted it to ZWL using the interbank rate at 31 December 2021. There were no changes in property values in US$ terms due to the following:

- There were no changes made to the property since valuation exercise except normal maintenance.
- No significant changes to the market values of properties in US$ terms since the date of valuation.

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	**Dec 31, 2020 ZWL**	**Dec 31, 2021 ZWL**	**Dec 31, 2020 ZWL**
Operating leases				
Included in the statement of profit or loss and other comprehensive income is the following rental income and expenses:				
Rental income	68,549,548	20,160,733	53,127,972	12,545,571
Operating expenses that generated rental income	(3,106,403)	(1,289,496)	(2,407,272)	(802,424)
Net rental income	**65,443,145**	**18,871,237**	**50,720,700**	**11,743,147**
Future rental income				
Up to 1 year	85,397,315	20,160,733	53,127,972	12,545,571
Over 1 year; less than 5 years	341,589,258	80,642,931	212,511,888	50,182,284
Over 5 years	426,986,573	100,803,664	265,639,860	62,727,856
Total expected receipts	**853,973,146**	**201,607,328**	**531,279,720**	**125,455,711**

8 INTANGIBLE ASSETS	Indefeasible right of use ZWL	Unified Operating licence ZWL	Software Licences ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Inflation Adjusted					
Opening carrying amount	**2,187,255,239**	**-**	**91,766,926**	**2,279,022,165**	**413,845,989**
Gross carrying amount	2,280,137,202	-	136,852,743	2,416,989,945	467,398,764
Accumulated Amortisation	(92,881,963)	-	(45,085,817)	(137,967,780)	(53,552,775)
					-
Additions: Unified Licence	-	4,533,411,783	-	4,533,411,783	39,027,238
Additions other	-	-	7,095,773	7,095,773	-
Exchange movement	508,559,452	-	-	508,559,452	1,910,563,944
Amortisation for the year	(51,988,534)	(40,731,037)	(55,448,445)	(148,168,016)	(84,415,006)
				-	-
Closing carrying amount	**2,643,826,157**	**4,492,680,746**	**43,414,254**	**7,179,921,157**	**2,279,022,165**
Gross carrying amount	2,788,696,654	4,533,411,783	143,948,516	7,466,056,953	2,416,989,945
Accumulated Amortisation	(144,870,497)	(40,731,037)	(100,534,262)	(286,135,796)	(137,967,780)
Historical					
Opening carrying amount	**1,361,079,800**	**-**	**57,104,497**	**1,418,184,297**	**257,527,062**
Gross carrying amount	1,418,878,159	-	85,160,388	1,504,038,547	290,851,751
Accumulated Amortisation	(57,798,359)	-	(28,055,891)	(85,854,250)	(33,324,689)
Additions: Unified Licence	-	2,820,357,710	-	2,820,357,710	24,285,774
Additions other	-	-	4,414,474	4,414,474	-
Exchange movement on intangibles	508,559,452	-	-	508,559,452	1,188,901,023
Amortisation for the year	(40,498,489)	(31,729,024)	(43,193,721)	(115,421,234)	(52,529,562)
Closing carrying amount	**1,829,140,763**	**2,788,628,686**	**18,325,250**	**4,636,094,699**	**1,418,184,297**
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)

9 FINANCIAL ASSETS

9.1 Financial assets at fair value through other comprehensive income

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Opening balance	629,757,970	267,745,107	629,757,970	166,611,765
ZB Shares	23,586,864	1,137,123	23,586,864	707,606
WIOCC Shares	606,159,822	266,502,084	606,159,822	165,838,260
Cairns Debentures	-	87,766	-	54,615
Tetrad Shares	11,284	18,134	11,284	11,284
Additions: Hwange Debentures	1,290,144		1,290,144	
Redeemed	-	(87,746)	-	(54,602)
Fair value adjustment	275,692,006	744,363,697	275,692,006	463,200,807
Closing balance	**906,740,120**	**1,012,021,058**	**906,740,120**	**629,757,970**

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 Cairns 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 Investment in Joint Venture

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
ZITCO INVESTMENT				
Opening balance	89,377,754	5,600,375	55,617,768	3,484,987
Additions	101,717,683	83,777,379	86,283,797	52,132,781
Share of loss from ZITCO	310,150	-	240,347	-
Closing balance	**191,405,587**	**89,377,754**	**142,141,912**	**55,617,768**

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 2021, 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 2021, 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 terms of IAS 28 equity accounting whilst the Cabinet finalises ownership structure and operating modalities of the company. TelOne contributed ZWL142,141,912 equivalent to US$1.4 million by 31 December 2021 towards preliminary operational activities and capital expenditure which according to the arrangement was capitalised as its investment contribution. Up to 31 December 2021, there were no significant trading transactions done by ZITCO hence immaterial share of earnings after its incorporation.

10 LEASES

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

	Runhare House	Msasa Factory
Remaining lease term (years)	40	10
Commencement year	1985	1978
Rate per annum	13%	13%
Payment per month	657,775	420,000
Rate per month	1.0833%	1.0833%
Number of payments	480	120

Notes to the Financial Statements (Cont.)

for the year ended 31 December 2021

	Inflation Adjusted			Historical		
	Runhare House ZWL	Msasa Factory ZWL	Total ZWL	Runhare House ZWL	Msasa Factory ZWL	Total ZWL
10.1 Right of use assets						
Opening carrying amount 01 January 2020	**746,566**	**798,817**	**1,545,383**	**464,571**	**497,086**	**961,657**
Remeasurement adjustment	95,642,730	40,165,695	135,808,425	59,516,322	24,994,210	84,510,532
Carrying amount after remeasurement 30 September 2020	**96,389,296**	**40,964,512**	**137,353,808**	**59,980,893**	**25,491,296**	**85,472,189**
Depreciation charge 2020	(838,168)	(1,654,263)	(2,492,431)	(521,573)	(1,029,411)	(1,550,984)
Carrying amount 31 December 2020	**95,551,128**	**39,310,249**	**134,861,377**	**59,459,320**	**24,461,885**	**83,921,205**
			-			
Opening carrying amount 01 January 2021	**95,551,128**	**39,310,249**	**134,861,377**	**59,459,320**	**24,461,885**	**83,921,205**
Depreciation charge	(1,918,194)	(3,156,621)	(5,074,815)	(1,486,483)	(2,446,189)	(3,932,672)
Carrying amount 31 December 2021	**93,632,934**	**36,153,628**	**129,786,562**	**57,972,837**	**22,015,696**	**79,988,533**
10.2 Lease Liability						
Lease liability 2020						
Short term portion	7,767	239,899	247,666	4,833	149,284	154,117
Long term portion	91,612,303	38,950,616	130,562,919	57,008,277	24,238,093	81,246,370
	91,620,070	**39,190,515**	**130,810,585**	**57,013,110**	**24,387,377**	**81,400,487**
Finance charges	10,106,248	4,049,235	14,155,483	7,831,723	3,137,909	10,969,632
Payments 2021	(5,980,892)	(5,727,121)	(11,708,013)	(4,634,825)	(4,438,168)	(9,072,993)
Effects of inflation	(35,535,418)	(14,425,511)	(49,960,929)	-	-	-
Lease Liability balance 2021	**60,210,008**	**23,087,118**	**83,297,126**	**60,210,008**	**23,087,118**	**83,297,126**
Long term portion	59,147,487	21,968,627	81,116,114	59,147,487	21,968,627	81,116,114
Short-term portion	1,062,521	1,118,491	2,181,012	1,062,521	1,118,491	2,181,012
	60,210,008	**23,087,118**	**83,297,126**	**60,210,008**	**23,087,118**	**83,297,126**

	Inflation adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Amounts recognised in the profit and loss				
Interest on lease liabilities	14,155,483	9,069,217	10,969,632	5,643,570
Depreciation on right of use asset	5,074,815	2,492,431	3,932,672	1,550,984
Amounts recognised in the cash flow statement				
Cash outflow for leases-principal	2,068,169	1,036,097	1,602,704	644,584
Cash outflow for leases-finance costs	9,639,846	7,167,915	7,470,290	4,460,433
Total cash outflows	**11,708,015**	**8,204,012**	**9,072,994**	**5,105,017**

Maturity Analysis-contractual undiscounted cash flows	**Runhare House**	**Msasa Factory**	**Total**
Less than 1 year	7,893,300	5,040,000	12,933,300
One to five years	31,573,200	20,160,000	51,733,200
More than five years	276,265,500	25,200,000	301,465,500

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		Dec 31,2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
11	**INVENTORIES**				
	Manufacturing	2,406,200	11,249,427	548,468	6,998,572
	Telecomms	280,454,523	92,623,640	220,226,507	57,623,664
	Transport	120,739,614	36,211,538	80,171,393	22,528,174
	General	35,075,044	13,888,835	27,135,045	8,640,619
		438,675,381	**153,973,440**	**328,081,413**	**95,791,029**

Inventories are carried at the lower of cost and net realisable values. All inventories are expected to be consumed within 12 months.

		Inflation Adjusted		Historical	
		Dec 31,2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
12	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	2,035,542,151	1,813,976,965	2,035,542,151	1,128,523,982
	Allowance for credit losses	(451,626,949)	(545,181,091)	(451,626,949)	(339,171,857)
	Net trade receivables	**1,583,915,202**	**1,268,795,874**	**1,583,915,202**	**789,352,125**
	Prepayments and other	757,345,108	1,021,725,872	679,435,753	635,643,215
	Amounts remited to banks for pending bids	129,761,745	-	129,761,745	-
	Real estate receivables	13,834,977	7,880,254	13,834,977	4,902,518
	IDBZ receivables	2,216,738	3,563,160	2,216,738	2,216,738
		2,487,073,770	**2,301,965,160**	**2,409,164,415**	**1,432,114,596**
12.1	**Security deposits**				
	Stanbic Escrow	79,252,983	95,821,013	79,252,983	59,612,836
	China Exim Escrow	209,534,227	253,454,944	209,534,227	157,681,155
		288,787,210	**349,275,957**	**288,787,210**	**217,293,991**

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, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
12.2	**Provision for impairment trade receivables**				
	At January 1	545,181,091	217,245,561	339,171,857	135,154,321
	Charge for the year	112,455,092	327,935,530	112,455,092	204,017,536
	Effects of inflation	(206,009,234)	-	-	-
	As at December 31	**451,626,949**	**545,181,091**	**451,626,949**	**339,171,857**
13	**CASH AND CASH EQUIVALENTS**				
	Bank and cash balances	890,143,352	419,204,200	890,143,352	260,798,236
		890,143,352	**419,204,200**	**890,143,352**	**260,798,236**
14	**AUTHORISED SHARE CAPITAL**				
	Authorized share capital				
	32 000 ordinary shares of $0.001	51	51	32	32
		51	**51**	**32**	**32**
	Issued and fully paid				
	32 000 ordinary shares of $0.001 each	51	51	32	32
		51	**51**	**32**	**32**

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

15. FOREIGN LEGACY LOANS AS AT 31 DECEMBER 2021

NAME OF LOAN	PROJECT	INTEREST RATE %	CURRENCY	TOTAL DRAWDOWN FOREIGN CURRENCY	PRINCIPAL OUTSTANDING 31.12.2020 ZWL	INTEREST AS AT 31.12.2020 ZWL	OVERDUE CHARGES 31.12.2020 ZWL
AFRICAN DEVELOPMENT BANK (ADB 11)	2TELECOMMUNICATIONS 11	7.45%	US	UA26,378,360	2,812,439,208	3,450,658,728	6,781,932
BANQUE NATIONALE DE PARIS (BNP)	WIRELESS LOCAL SYSTEM	7.68%	EURO	FRF 61,464,391	609,445,076	96,948,660	2,243,991,018
EKSPORTFINANS	EXTENSION OF MUTARE	8.30%	NOK	NOK 41,211400	140,210,594	18,718,493	1,076,705,717
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 1 PORTION 1	HARARE UNIT 5 EXCHANGE	0.75%	EURO	DM 10,500,000	460,465,644	59,033,497	121,849,543
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 11 PORTION 1	HARARE WESTERN SATELITE EXCHANGE	2.00%	EURO	DM 15,000,000	573,037,834	195,922,904	273,627,879
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 111	TELEPRINTERS SOUTHERTON EXCHANGE	4.50%	EURO	DM 12,000,000	504,356,793	172,438,599	226,714,751
KREDITANSTALT FUR WIEDERAUFBAU (KFW) V PORTION 1	RURAL TELECOM	0.75%	EURO	DM 13,000,000	678,460,090	86,976,253	137,540,386
PORTION 11	MATEBELELAND	2.00%	EURO	DM 6,738,304	404,201,686	137,021,237	137,113,668
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) III	MATEBELELAND DIGITALISATION	3.00%	YEN	YEN9,189,121,756	7,395,968,974	2,153,629,433	4,372,613,288
OVERSEAS ECONOMIC CO-OPERATION	DIGITAL TRANS SYSTEMS	2.60%	YEN	YEN 269,382,754	216,815,768	63,869,357	104,522,082
FUND (OECF) IV							
OVERSEAS ECONOMIC CO-OPERATION	MASH and MANICALAND	2.30%	YEN	YEN 1,744,969,851	1,404,458,796	380,052,843	564,685,327
FUND (OECF) V	DIGITALISATION						
EXIMBANK OF JAPAN (SUMITOMO 11)	2ND MAZOE EARTH STATION	6.00%	YEN	YEN 934,718,650	327,733,695	32,833,647	491,844,810
				TOTAL LEGACY LOANS	**15,527,594,158**	**6,848,103,651**	**9,757,990,401**
TOTAL LEGACY LOANS BEFORE CHINA EXIM							
CHINA EXIM BANK	NATIONAL BROADBAND PROJECT	5.00%	US	US$ 92,986,559	1,713,782,203	-	-
TOTAL FOREIGN LOANS					**17,241,376,361**	**6,848,103,651**	**9,757,990,401**

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

MOVEMENT AS AT 31.12.2020	CLOSING BALANCE 31.12.2020 ZWL	INFLATION ADJUSTED CLOSING BALANCE 31.12.2020 ZWL	MOVEMENTS AS AT 31.12.2021 ZWL	PRINCIPAL OUTSTANDING 31.12.2021 ZWL	INTEREST AS AT 31.12.2021 ZWL	OVERDUE CHARGES 31.12.2021 ZWL	CLOSING BALANCE 31.12.2021 ZWL	INFLATION ADJUSTED CLOSING BALANCE 31.12.2021 ZWL
908,666,368	7,178,546,236	11,535,923,802	924,316,483	8,102,862,720	1,367,621,592	2,814,690	9,473,299,001	9,473,299,001
504,218,615	3,454,603,369	5,551,547,613	136,219,971	3,590,823,340	26,930,497	955,031,848	4,572,785,685	4,572,785,685
228,151,570	1,463,786,373	2,352,304,702	40,158,373	1,503,944,747	6,666,290	599,859,796	2,110,470,833	2,110,470,833
40,334,946	681,683,630	1,095,465,594	102,920,869	784,604,499	20,436,376	47,372,135	852,413,010	852,413,010
105,549,234	1,148,137,851	1,845,057,526	128,082,415	1,276,220,266	67,824,136	103,605,728	1,447,650,130	1,447,650,130
89,731,524	993,241,667	1,596,139,359	112,731,189	1,105,972,855	59,694,539	86,010,061	1,251,677,455	1,251,677,455
49,755,487	952,732,215	1,531,040,670	151,645,846	1,104,378,061	30,110,017	55,663,230	1,190,151,308	1,190,151,308
61,621,998	739,958,589	1,189,113,452	90,345,044	830,303,633	47,514,143	52,631,253	930,449,029	930,449,029
1,413,195,430	15,335,407,125	24,643,999,250	1,409,620,715	16,745,027,840	541,494,657	1,665,066,045	18,951,588,542	18,951,588,542
36,427,694	421,634,901	677,567,286	41,323,591	462,958,492	16,387,253	40,793,111	520,138,856	520,138,856
203,530,882	2,552,727,847	4,102,233,651	267,680,167	2,820,408,015	99,932,888	225,342,912	3,145,683,815	3,145,683,815
114,891,970	967,304,122	1,554,457,726	62,463,784	1,029,767,906	7,742,887	153,062,296	1,190,573,089	1,190,573,089
3,756,075,718	**35,889,763,924**	57,674,850,629	**3,467,508,447**	**39,357,272,374**	**2,292,355,275**	**3,987,253,104**	**45,636,880,753**	45,636,880,753
6,463,211,395	8,176,993,598	13,140,428,712		8,176,993,598	-	2,687,226,242	10,864,219,840	10,864,219,840
10,219,287,113	**44,066,757,523**	**70,815,279,341**	**3,467,508,447**	**47,534,265,972**	**2,292,355,275**	**6,674,479,346**	**56,501,100,593**	**56,501,100,593**

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

15.1 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$
Armotizable 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, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
15.1 Borrowing costs				
Expensed	234,825,741	179,935,245	181,975,566	111,942,568
Capitalised	-	-	-	-
Total for the year	**234,825,741**	**179,935,245**	**181,975,566**	**111,942,568**

16 LOCAL LOANS

				Inflation Adjusted		Historical	
	Government	CAIPF	IDBZ	Dec 31, 2021 TOTAL	Dec 31, 2020 TOTAL	Dec 31, 2021 TOTAL	Dec 31, 2020 TOTAL
Opening balance	**56,258,613**	**12,237,430**	**35,995,803**	**104,491,846**	**153,133,117**	**65,007,195**	**95,268,241**
Additions				-	-	-	-
Repayments	-	(12,237,430)	(25,074,594)	(37,312,024)	(50,522,163)	(26,300,533)	(31,431,200)
Charges capitalized	-	-	378,531	378,531	1,880,892	293,338	1,170,154
Effects of inflation	(21,258,613)	-	(7,299,740)	(28,558,353)	-	-	-
Closing balance	**35,000,000**	**-**	**4,000,000**	**39,000,000**	**104,491,846**	**39,000,000**	**65,007,195**
16.1 Short-term portion	35,000,000	-	4,000,000	39,000,000	104,491,846	39,000,000	65,007,195
	35,000,000	**-**	**4,000,000**	**39,000,000**	**104,491,846**	**39,000,000**	**65,007,195**

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

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.)
for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		Dec 31,2021 ZWL	Dec 31,2020 ZWL	Dec 31,2021 ZWL	Dec 31,2020 ZWL
17	**INCOME TAX EXPENSE**				
17.1	**Net income tax expense/ (income)**	**284,028,358**	**(11,015,147,220)**	**(3,543,009,389)**	**(6,852,820,100)**
	Current tax expense	(38,610,158)	(375,163,202)	(70,091,198)	(233,399,144)
	Deferred tax expense/ (income)	322,638,516	(10,639,984,018)	(3,472,918,191)	(6,619,420,956)
	TAX RATE RECONCILIATION				
	Accounting profit	15,783,218,290	(55,457,683,424)	(12,231,708,616)	(34,510,379,919)
	Notional tax charge based on profit for the year at 24.72%	3,901,611,561	(13,709,139,342)	(3,023,678,370)	(8,530,965,916)
	Net effect of temporary/permanent differences	(3,617,583,203)	2,693,992,122	(519,331,019)	1,678,145,816
		284,028,358	**(11,015,147,220)**	**(3,543,009,389)**	**(6,852,820,100)**
17.2	**Deferred Taxation**				
	Analysis of deferred tax liability				
	Property, plant and equipment accelerated	11,330,174,413	13,071,227,703	8,002,924,345	8,131,963,209
	Accruals	(18,700)	(65,106,622)	(18,700)	(40,504,585)
	Fair value remeasurement gain	(51,304,121)	9,090,994	(51,304,121)	5,655,753
	Provisions	(286,176,245)	(189,675,392)	(286,176,245)	(118,002,176)
	Unrealized exchange losses	(11,797,717,364)	(13,951,399,201)	(11,797,717,366)	(8,679,541,631)
	Allowance for credit losses	(111,642,182)	(135,823,108)	(111,642,182)	(84,499,218)
	Investment property	-	22,362,913	-	13,912,571
	Net deferred tax liability	**(916,684,199)**	**(1,239,322,713)**	**(4,243,934,269)**	**(771,016,077)**
17.3	**Current Tax Payable**	**(285,824,871)**	**(346,767,918)**	**(285,824,871)**	**(215,733,673)**
	Opening balance	(346,767,918)	28,395,284	(215,733,673)	17,665,471
	Charge for the year	(38,610,158)	(375,163,202)	(70,091,198)	(233,399,144)
	Effects of inflation	99,553,205	-	-	-
18	**TRADE AND OTHER PAYABLES**				
18.1	**Trade payables**				
	Local	209,865,480	412,193,751	209,865,480	256,436,847
	Foreign	1,250,036,233	2,021,185,196	1,250,036,233	1,257,433,810
		1,459,901,713	**2,433,378,947**	**1,459,901,713**	**1,513,870,657**
	Other payables	189,197,355	629,054,417	189,197,355	391,351,715
	Statutory payables	811,603,253	705,798,579	811,603,253	439,096,325
		2,460,702,321	**3,768,231,943**	**2,460,702,321**	**2,344,318,697**
18.2	**Operating licence**				
	Current portion	183,441,119	-	183,441,119	-
	Long term portion	2,972,327,416	-	2,972,327,416	-
		3,155,768,535	**-**	**3,155,768,535**	**-**
18.3	**Loan interest payable**				
	Loan interest payable relates to accumulated	**193,046,203**	**19,522,146**	**193,046,203**	**12,145,254**
18.4	**Long-term payable**	**13,032,239**	**16,219,158**	**13,032,239**	**10,090,376**

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. The loans are broken down as follows as at the date of the announcement by Government of Zimbabwe.

		Inflation Adjusted		Historical	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
18.5	**Deferred income**				
	Current portion	53,627,129	-	53,627,129	-
	Non current portion	728,053,512	5,665,556	728,053,512	3,524,695
		781,680,641	**5,665,556**	**781,680,641**	**3,524,695**

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.)
for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
19	**PROVISIONS**				
	Leave pay	230,844,867	149,911,347	230,844,867	93,263,891
	Gratuity	134,993,037	105,678,419	134,993,037	65,745,394
	Bonus	10,152,349	7,573,650	10,152,349	4,711,772
		375,990,253	**263,163,416**	**375,990,253**	**163,721,057**
19.1	**Leave pay**				
	Opening balance	149,911,347	7,378,776	93,263,891	4,590,536
	Additions	160,362,826	264,293,954	160,362,826	164,424,395
	Payments	(22,781,850)	(121,761,383)	(22,781,850)	(75,751,040)
	Effects of inflation	(56,647,456)	-	-	-
	Closing balance	**230,844,867**	**149,911,347**	**230,844,867**	**93,263,891**
19.2	**Bonus**				
	Opening balance	7,573,650	459,137	4,711,772	285,642
	Additions	243,225,425	231,879,879	243,225,425	144,258,725
	Payments	(237,784,848)	(224,765,366)	(237,784,848)	(139,832,595)
	Effects of inflation	(2,861,878)	-	-	-
	Closing balance	**10,152,349**	**7,573,650**	**10,152,349**	**4,711,772**
19.3	**Gratuity**				
	Opening balance	105,678,419	7,331,338	65,745,394	4,561,023
	Additions	109,070,816	98,347,081	109,070,816	61,184,371
	Payments	(79,756,198)	-	(39,823,173)	-
	Effects of inflation	-	-	-	-
	Closing balance	**134,993,037**	**105,678,419**	**134,993,037**	**65,745,394**
19.4	**Retrenchment**				
	Opening balance	-	-	-	-
	Additions	106,435,192	-	106,435,192	-
	Payments	(106,435,192)	-	(106,435,192)	-
	Closing balance	**-**	**-**	**-**	**-**
20	**REVENUE**				
	Revenue comprises:				
	Voice revenue	2,111,961,460	1,428,895,348	1,723,241,274	888,954,325
	Data revenue	1,426,867,529	429,308,600	1,180,919,815	267,084,456
	Internet revenue	6,543,721,732	2,705,559,765	5,381,086,763	1,683,201,683
	V-Sat revenue	642,170,125	61,872,291	106,001,233	38,492,421
	Interconnection revenue	597,499,535	348,423,714	339,796,649	216,763,788
	Centre for Learning revenue	239,690,163	23,465,318	117,616,589	14,598,407
	Accessories sales	158,175,950	44,758,991	47,192,346	27,845,775
		11,720,086,494	**5,042,284,027**	**8,895,854,669**	**3,136,940,855**
21	**PAYMENTS TO OTHER OPERATORS**				
	VSAT handling costs	91,760,879	68,790,126	73,378,027	42,796,193
	Telephone foreign handling costs	92,427,728	82,375,288	73,019,482	51,247,888
	Data handling costs	3,826,840	57,854	2,975,347	35,993
	Internet handling costs	392,210,911	203,417,355	323,056,022	126,551,421
	CPE purchase	339,161,091	106,376,601	298,903,694	66,179,752
	Regulatory fees	235,290,662	112,199,904	190,083,082	69,802,586
	Local interconnection costs	764,756,617	479,273,148	609,497,700	298,168,749
		1,919,434,728	**1,052,490,276**	**1,570,913,354**	**654,782,582**

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
22	**OTHER INCOME**				
	Insurance recoveries/excess paid	587,163	55,865	436,973	34,755
	Settlement discounts	48,543,704	33,717,286	48,543,704	20,976,433
	Rental income	68,549,548	20,165,612	53,127,972	12,545,571
	Dividends	728,539	8,553,147	728,539	5,321,143
	Innovation income	9,176,139	16,189,835	9,199,597	10,072,133
	Manufacturing sales	-	137,609,588	-	85,610,635
	Net income from sale of processed copper cables	27,274,875	-	27,274,003	-
	Infrastructure income	75,031,564	-	58,757,945	-
	Proceeds from disposal of assets and redundant material	35,591,655	5,975,394	30,262,578	3,717,454
	Sundry income	176,441,020	52,750,138	112,629,246	32,817,283
		441,924,207	**275,016,865**	**340,960,557**	**171,095,407**
23	**OTHER OPERATING EXPENSES**				
	Stores handling costs	124,380,784	76,279,594	49,443,660	47,455,592
	Electricity,rent and rates	474,514,991	164,870,756	375,832,590	102,570,543
	Transport costs	752,102,853	284,155,599	612,369,854	176,780,860
	Write off expenses	89,953	337,491	75,581	209,962
	Discounts allowed	9,515,026	-	7,373,562	-
	Office and admin expenses	998,025,871	224,061,384	794,076,231	139,394,628
	Software licences	194,625,709	113,554,688	137,647,819	70,645,433
	Marketing expenses	216,302,446	87,130,471	181,919,438	54,206,215
	Allowances for credit losses	112,455,092	327,935,530	112,455,092	204,017,536
	Operational costs	703,592,441	479,314,329	515,390,027	298,194,368
		3,585,605,166	**1,757,639,842**	**2,786,583,854**	**1,093,475,137**
23.1	**Staff Costs**	**3,440,880,409**	**1,498,762,918**	**2,783,545,510**	**932,420,824**
24	**FINANCE INCOME AND COSTS**				
24.1	**Finance Income**	**383,116,618**	**227,211,735**	**307,243,292**	**141,354,547**
	Interest income received	3,530,026	14,200,879	2,659,743	8,834,750
	Interest income receivable	379,586,592	213,010,856	304,583,549	132,519,797
	Interest was charged on overdue receivables at 30% interest per annum				
24.2	**Other finance Costs**	**(416,618,415)**	**(219,131,700)**	**(322,853,754)**	**(136,327,740)**
	Interest expense on current loans	(234,825,741)	(179,935,245)	(181,975,566)	(111,942,568)
	Interest expense on trade payables	(181,792,674)	(39,196,455)	(140,878,188)	(24,385,172)
24.3	**Foreign legacy expenses**	**(10,571,956,418)**	**(55,830,754,690)**	**(10,113,798,835)**	**(34,733,817,923)**
	Interest expense on foreign legacy loans	(2,035,701,759)	(25,922,700,924)	(1,577,544,176)	(16,127,211,229)
	Exchange gain/(loss) foreign on foreign legacy loans	(8,536,254,659)	(29,908,053,766)	(8,536,254,659)	(18,606,606,694)
25	**NET EXCHANGE LOSSES FROM PAYABLES AND RECEIVABLES**	**(2,739,024,389)**	**(606,944,339)**	**(2,739,024,389)**	**(377,596,440)**

Notes to the Financial Statements (Cont.)
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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, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Employee benefits				
Short term benefits	3,265,960,780	1,731,934,169	2,650,613,019	1,077,482,946
Post employment benefits	142,212,149	34,253,899	115,569,547	21,310,274
Other long term benefits	21,645,133	11,377,612	17,566,080	7,078,319
	3,429,818,062	**1,777,565,680**	**2,783,748,646**	**1,105,871,539**

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 2021 amounted to ZWL115,569,547 (2020 ZWL21,310,274). Liability as at 31 December 2021 ZWL44,632,948 (2020:ZWL8,660,145). 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 ZWL755 million with a funding level of 420%. The 2021 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 2021 in terms of Section 37(4) of the Pension and Funds Regulations 1991.

26.2 National Social Security Authority Scheme (NSSA)

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 pensionable monthly emoluments. As of year 2021 insurable earnings are reviewed on a monthly basis by NSSA. The contributions for the year ended December 31, 2021 amounted to ZWL14,946,725 (2020: ZWL2,907,080).

Notes to the Financial Statements (Cont.)
for the year ended 31 December 2021

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
27 RELATED PARTY TRANSACTIONS				
27.1 Transactions				
Communications and Allied Industries Pension Fund				
Pension fund contributions	34,855,217	34,253,899	27,010,659	21,310,274
NetOne (Pvt) Ltd - lease of microwave sites				
Cell phone charges, leased circuits and interconnect income	606,758,042	232,806,389	470,200,319	144,835,132
Zimpost - rental of property and postage and use of telecom products	48,399	1,308,474	37,507	814,037
	641,661,658	**268,368,762**	**497,248,485**	**166,959,443**
27.2 Amounts owing from related parties (debtors)				
NetOne (Pvt) Ltd	145,421,939	-	145,421,939	-
Government of Zimbabwe departments and parastatals	1,339,643,981	1,093,683,279	1,339,643,981	680,409,858
Zimpost (Pvt) Ltd	19,007,116	99,926	19,007,116	62,167
	1,358,651,096	**1,093,783,205**	**1,358,651,096**	**680,472,025**
27.3 Amounts owing to related parties (creditors)				
Zimpost (Pvt) Ltd	-	1,090,055	-	678,152
Communication and Allied Industries Pension Fund	49,448,030	13,920,222	49,448,030	8,660,145
	49,448,030	**15,010,277**	**49,448,030**	**9,338,297**
27.4 Compensation to the Board of Directors and Key Management personnel				
The remuneration of Directors and members of Key Management during the year was as follows:				
Board of Directors				
Non executive directors' fees	5,578,470	3,864,522	4,322,972	2,404,223
Members of Key Management				
Short term employee benefits	85,182,438	33,788,555	66,011,172	21,020,771
Long term benefits	10,389,143	3,211,954	8,050,949	1,998,243
Post employment benefits	32,982,184	-	25,559,173	-
Total emoluments	**134,132,235**	**40,865,031**	**103,944,266**	**25,423,237**

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..

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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	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Carrying amount				
Trade receivables	1,583,915,202	1,268,795,874	1,583,915,202	789,352,125
Other receivables	757,345,108	59,336,166	679,435,753	36,914,629
Financial Instruments	906,740,120	267,809,934	906,740,120	166,611,781
Cash and cash equivalents	890,143,352	244,431,206	890,143,352	152,067,244
	4,138,143,782	**1,840,373,180**	**4,060,234,427**	**1,144,945,779**

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, 2021 Net ZWL	Dec 31, 2020 Net ZWL
Not past due	1,046,640,576	(152,951,975)	893,688,601	479,809,194
Past due 0-30 days	400,893,000	(86,798,866)	314,094,134	340,652,227
Past due 31-120 days	237,540,725	(105,703,700)	131,837,025	356,969,749
More than 120 days	350,467,851	(106,172,408)	244,295,442	91,364,704
	2,035,542,152	**(451,626,949)**	**1,583,915,202**	**1,268,795,874**

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
Dec 31, 2021				
Non-derivative financial liabilities				
Trade payables	1,459,901,713	1,459,901,713	1,459,901,713	-
Other payables	4,156,569,143	4,156,569,143	4,156,569,143	-
Loans	56,501,100,593	56,501,100,593	232,046,203	56,269,054,390
	62,117,571,449	**62,117,571,449**	**5,848,517,059**	**56,269,054,390**
Dec 31, 2020				
Non-derivative financial liabilities				
Trade payables	2,433,378,947	2,433,378,947	2,433,378,947	-
Other payables	1,334,852,996	1,334,852,996	1,334,852,996	-
Loans	70,815,279,341	70,815,279,341	124,013,993	70,691,265,348
	74,583,511,284	**74,583,511,284**	**3,892,245,936**	**70,691,265,348**

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, 2021.

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 2021, based on notional amounts:

	Receivables	Payables	Net exposure
2021			
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$		375,737,028,517	375,737,028,517
2020			
EURO	-	3,254,469,722	3,254,469,722
YEN	-	12,429,790,274	12,429,790,274
NOK	-	172,274,223	172,274,223
US$		485,452,635,530	485,452,635,530

The following significant exchange rates applied during the year:		Dec 31, 2021	Dec 31, 2020
EURO	-	121.88	67.51
YEN	-	0.93	0.80
NOK	-	11.94	9.72
US$	-	107.25	83

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
10% appreciation	(265 293)	(265 293)
10% depreciation	265 293	265 293
31-Dec-19		
Dec 31, 2021		
EURO		
10% appreciation	(325,446,972)	(325,446,972)
10% depreciation	325,446,972	325,446,972
YEN		
10% appreciation	(1,242,979,027)	(1,242,979,027)
10% depreciation	1,242,979,027	1,242,979,027
NOK		
10% appreciation	(17,227,422)	(17,227,422)
10% depreciation	17,227,422	17,227,422
US$		
10% appreciation	(48,545,263,553)	(48,545,263,553)
10% depreciation	342,674,394	342,674,394
Dec 31, 2020		
EURO		
10% appreciation	(180,275,229)	(180,275,229)
10% depreciation	180,275,229	180,275,229
YEN		
10% appreciation	(1,442,567,350)	(1,442,567,350)
10% depreciation	1,442,567,350	1,442,567,350
NOK		
10% appreciation	(14,021,059)	(14,021,059)
10% depreciation	14,021,059	14,021,059
US$		
10% appreciation	(19,085,627,478)	(19,085,627,478)
10% depreciation	194,296,289	194,296,289

29 INTEREST RATE RISK

	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
As at 31 December 2021, the interest rate profile of the Company's interest bearing- financial instruments was:		
Fixed rate risk		
Financial assets	-	-
Financial liabilities	56,540,100,593	44,066,757,523
	56,540,100,593	**44,066,757,523**

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

Loan repayments

The directors have assessed the ability of the entity to continue as a going concern and believe that the preparation of the financial results on a going concern basis is still appropriate. Going concern assessment was performed taking into account the current economic conditions , forecasts and resources that are available for the entity to manage the financial and operational risks and adapting its strategy to economic changes. The entity is in a net liability position of ZWL18,624,335,819 and has defaulted in interest and principal repayments on foreign legacy loans.

Technical insolvency

As at December 31, 2021, the company's total liabilities exceeded its total assets by ZWL18,624,335,819 mainly due to long-term loans now classified as current liabilities.

	Inflation Adjusted		Historical	
	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL	Dec 31, 2021 ZWL	Dec 31, 2020 ZWL
Total assets	63,010,415,702	58,823,450,908	44,979,282,092	36,603,787,750
Total liabilities	63,603,617,911	75,123,383,991	63,603,617,911	46,746,965,284
Net position	**(593,202,209)**	**(16,299,933,083)**	**(18,624,335,819)**	**(10,143,177,534)**

The following factors mitigate the going concern risk as a result of net liability position:

- The net liability position is due to foreign legacy loans amounting to ZWL45,636,880,753. The legacy loans were inherited from the Postal and Telecommunications Corporation (PTC) on its unbundling in the year 2000. The loans were all guaranteed by the Government of ZImbabwe. In March 2019, the Government passed a resolution to take over these loans in order to capitalise the company balance sheet. The Ministry of Finance and Economic Development has commenced formal engagements with legacy lenders in order to implement the Government resolution. The take over of these loans will see the company return to profitability and strengthen the company balance sheet.
- The Government of Zimbabwe also announced plans to partially privatise TelOne in 2019 so as to allow the company to access fresh capital to support network expansion and upgrade plans.
- During the year, the company had an operating loss of ZWL8,688,699,227.

COVID-19 impact on going concern

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases by year end. Measures taken by various governments to contain the virus have materially affected economic activity, the operating environment and the entity's business prospects. The global operating environment suffered negative impacts on business operations arising from the restrictions in social and economic activities, heightened safety and health requirements and changes in demand patterns of products. Telecomms sector was catergorised as an essential service hence the entity did not experience any major disruptions to its operations as a result of COVID-19. The entity experienced increased demand for internet and broadband data as most entities resorted to working from home. As such, data revenues increase by 342% from ZWL267 million in 2020 to ZWL1,2 billion in 2021, whilst Internet revenues increase by 220% from ZWL1.7 billion in 2020 to ZWL5,4 billion in 2021. Overally, the entity revenue increased by 184% from ZWL3.1 billion in 2020 to ZWL8.9 billion in 2021.

Management has considered the potential impact of the COVID-19 pandemic in the Company's significant accounting judgements and estimates and there are no changes to the significant judgements and estimates disclosed in the financial statements. The company continued to take a number of measures to monitor, minimise and mitigate the adverse impacts of COVID-19, such as:

- Implementation of cost containment measures and allocating funds to expenses based on priority through deferring, reducing and elimination of non-critical expenditure.
- Strict implementation of safety and health measures for employees such as social distancing, working from home, testing of employees, availing personal protective equipment (PPE) to staff and regular sanitisation of offices and work stations.
- Staff rotation to decongest work places and decrease new infections.
- Vaccination of employees (99% of employees vaccinated).
- Advance ordering of critical network material, supply chain substitution where possible and securing funding early to ensure adequacy of critical supplies for the duration of the lockdown.
- Engagement of suppliers for flexible payment terms that were COVID-19 sensitive.
- Aggressive credit control measures and negotiation of early settlements with debtors.
- Succession and critical skills plans to minimise negative impacts in the event of critical employees incapacitated by the virus.
- Infrastructure requirements including IT hardware and software required to ensure continuity of operations for critical employees working from home.

Business continues to function well and uninterrupted. Given the evolving nature of COVID-19, uncertainties will remain. However, the company is unable to reasonably estimate the future impact of COVID-19.

Management is of the view that the company will continue to operate as a going concern in a foreseable future.

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ANNEXURES

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ANNEXURES (CONT.)

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
ARPL	Average Revenue Per Line
ARPU	Average Revenue Per User
ASTT	Average Service Turnaround Time
BoP	Beginning Opening Balance
CAPEX	Capital Expenditure
CPE	Customer Premise Equipment
CRM	Customer Relationship Management
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBIT	Earnings Before Tax
FMC	Fixed Mobile Convergence
FMCG	Fast Money Consumer Goods
GIS	Geographical Information System
GISP	Government Internet Service Provider
GoZ	Government of Zimbabwe
GRI	Global Reporting Initiative
GSM	Global System for Mobile
HSPA	High Speed Packet Access
ICT	Information Communication Technology
IP	Internet Protocol
IMS	IP-Multimedia Subsystem
KPI	Key Performance Indicators
KRA	Key Result Area
LTE	Long Term Evolution

MVNO	Mobile Virtual Network Operator
MPLS	Multiprotocol Label Switching
MSAN	Multi-Service Access Node
NOC	Network Operations Center
OPEX	Operating Expenditure
OPGW	Optical Ground Wire
PABX	Private Automated Branch Exchange
RBM	Result Based Management
RFP	Request For Proposal
ROI	Return On Investment
SME	Small to Medium Enterprise
SOHO	Small Office Home Office
TMT	Telecoms, Media and Technology
TandS	Travel and Subsistence
USF	Universal Service Fund
VAS	Valued Added Services
VAT	Value Added Tax
VOBB	Voice Over Broadband
VoIP	Voice Over Internet Protocol
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal
Wi-Fi	Wireless Fidelity
WiMAX	Worldwide Interoperability for Microwave Access
WIOCC	West Indian Ocean Cable Company
ZIM CODE	National Code on Corporate Governance (Zimbabwe)

NOTES

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DESIGN AND LAYOUT BY VPCG