

Telone

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Solutions Provider

Annual Report
2023

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TelOne
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Introduction

We are pleased to present the TelOne (Private) Limited Annual Report for the year ended 31 December 2023.

At TelOne, we are committed to adapting to the ever changing business environment driven by market needs and those of the communities around us. We continue to evolve, transforming our capabilities to become a converged multimedia communication and digital services provider.

We present this Annual Report not only as a story of resilience and an enduring business, but a demonstration of our readiness to usher a digital future for Zimbabwe.

We have embraced our mandate to unlock digital possibilities for Government, Business and the generality of Zimbabweans as we take grip of our enabler role under the National Development Strategy 1.

To show commitment to creating value for all our stakeholders, we have taken a step further in our business and reporting models to account for both our financial and non-financial impact. The non-financial ESG matters are thus founded on the Global Reporting Initiative Standards. The GRI Standards help direct, track and measure our impact in the pursuit of full disclosure and accounting for the progress and areas of improvement.

About this Report

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 (PECOG) Act (Chapter 10:31).

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).



Connect with us

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

Assurance on Financial and Non-Financial Information

Financial statements have been audited by the Office of the Auditor General of Zimbabwe in accordance with International Standards on Auditing (ISA). The independent auditors' report on the financial statements is contained on Pages 58 to 61 of the Annual Report.

Information for tracking our non-financial performance is set out in our Strategic Plan, which is disclosed to our stakeholders to whom we are committed to deliver value. Adopting the GRI Reporting model requires us to disclose information about our sustainability performance in a transparent, evidence based and accessible way, allowing stakeholders to understand the impact and progress.

Our Stakeholders

Annually, we map our stakeholders and conduct various forms of engagements in order to understand their priorities and align these to our strategy, operations and programming. This guarantees that as we pursue any material topic of interest to them, their views and desires are considered.

Over the period, our key stakeholders have included:

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

Navigating Our Annual Report

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

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:



Our Sustainability Strategy

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

Building on the Sustainability Reporting foundation that has been evolving since 2020, the business has been able to strengthen the sustainability drive throughout 2023. Work towards becoming fully compliant with the GRI standards has involved structured training for all management teams, streamlining of material topics and defining relevant matrices for tracking each material topic.

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) and the national development priorities outlined under the National Development Strategy 1 (NDS1). These development frameworks articulate what a better future means and help us to set a clear long-term plan to support human development, protect the planet and ensure safety and prosperity for everyone by 2030.

TelOne Material Topics for 2023:

Economic GRIs

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

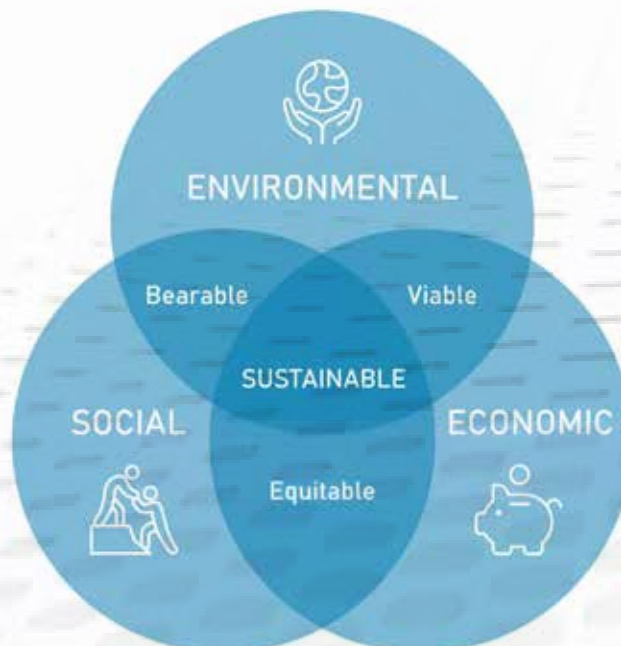
Environmental GRIs

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

Social GRIs

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

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



Who we are

Our Vision And Mission Statements

Our Vision

Digitally Enabled
Society by 2025

Our Mission

To provide connectivity and
digital solutions

Our Values



ACCOUNTABILITY

We are accountable for our actions by being compliant, professional and reliable.



INTEGRITY

We are committed to ethical conduct at all times.



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 Structured

TelOne
The Future Is Better Together

COMMERCIAL

Driving sustainability through providing:

- Tailor made, cost effective solutions for all market segments.
- Unlocking digital possibilities for Wholesale, Government, Enterprise and Residential clients through innovative products.
- Delivering low cost end user devices through the TelOne assembly plant.
- 24 hour support platforms for enhanced customer experience.

TECHNICAL

Driving sustainability through:

- Building a future proof network through infrastructure development.
- Growing Data centre and Cloud business.
- Innovation driving digital solutions - to sustain Government and Enterprises.
- Growing wholesale and capacity business.

FINANCE AND PROCUREMENT

Driving sustainability through:

- Timeous settlement of all tax obligations.
- Prioritising procurement from local suppliers.
- Fair and transparent procurement practices.
- Prudent financial reporting.
- Business funding.

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.

Our Year at a Glance - Key Highlights



Finance

↑ **154%**

Revenue

ZWL692.6 billion (2023)
154% increase against
prior year

↑ **226%**

Operating Profit

ZWL111.6 billion
226% increase
against prior year

↑ **78%**

Foreign Currency
Generated

US\$34 million
78% increase against
prior year

ZWL63.6b
US\$7.2m

Total Taxes

US\$8.5m

CAPEX



Market

↑ **32%**

Market Share

14% increase against
prior year

↑ **6%**

Home Broadband
Subscriptions

**141,021 Home Broad-
band subscribers**
6% increase against
prior year

↑ **5%**

Voice Subscriptions

256,257 Voice subscribers
5% increase against prior
year

↑ **79%**

Customer
Satisfaction Index

4% increase against
prior year



Network

64,000

Access Network FTTH

**9,600 homes passed in
2023 accounting for 18%
growth in FTTH capacity**

100G

Core Network

**100G IP core capacity
availed**

7000km

Optic Fiber Cable

Additional 700km
backbone, metro and
access fibre to bring total
to 7000km

10

Fixed Wireless
Network (LTE)

**10 LTE base stations
commissioned.**

16

New Green
energy sites

deployed with green
energy solutions.



Staff

↑ 19%

Women Empowerment

19% increase of women in management positions

60% ↓

Staff Culture Strength

Decrease from the 71% achieved in prior year

↑ 64%

Staff Engagement Index

increase from the 62% achieved in prior year

↑ 18%

Short Term Community Jobs Created

A total of 2,346 jobs against 1,982 jobs in prior year



Community

14,000

People reached through social investment programmes

10

Innovation Hubs supported

1,896

Short term Jobs Created

1 million

US\$1 million worth of community projects investments



Environment

5,000

Trees planted

45,000

Pieces of redundant network items recycled

65%

R22 gas refrigerants replaced

100%

Compliance with environmental guidelines

4%

Reduction in paper usage

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Chairman's Statement

↑ 154%

“ Inflation adjusted revenue for the period under review was ZWL692,6 billion, representing revenue growth of 154% in comparison to last year's performance. ”



Introduction

I am delighted to present to you TelOne (Private) Limited's Audited Financial Statement and key business highlights for the year ended 31 December 2023. It is pleasing to note that the Company managed to report good performance against the backdrop of a challenging operating environment.

Operating Environment

The Zimbabwean economy experienced growth despite the currency instability and high levels of inflation.

According to the International Monetary fund (IMF), the country achieved a GDP growth of 5,3% in 2023 on the back of an expansion in agriculture and mining. Foreign currency inflows and remittances continued to support growth in domestic trade and services.

Despite the growth in the economy and improved foreign currency inflows through diaspora remittances, the period under review was characterised by continued depreciation of the Zimbabwe dollar and increased use of the United States dollar in the economy. The exchange rate depreciated by 857% year on year, considerably increasing the cost of transacting in Zimbabwe dollar.

To address market volatility, the authorities introduced a number of monetary and fiscal measures, key among them being enhancement of the tight monetary policy stance, standardisation of export retentions and an extension of the multi-currency system to December 2030.

The extension of the multi-currency system provided policy clarity and consistency which enabled financial institutions to underwrite long term products.

Financial Review

The Financial Review is based on inflation adjusted financial statements which are the primary financial statements.

To comply with International Accounting Standard 29 - Financial Reporting in Hyper Inflationary Economies (IAS29), the Company estimated and applied inflation rates for the year ended 31 December 2023 based on the Total Consumption Poverty Line published by ZIMSTAT.

Inflation adjusted revenue for the period under review was ZWL692,6 billion, representing revenue growth of 154% in comparison to last year's performance.

The Company has been progressively developing its network capabilities which resulted in a 29% volume growth in data sales during the year.

The Company achieved an Earnings Before Interest Tax Depreciation margin (EBITDA) of 33% (2022:20%) due to various cost containment measures adopted by management.

The depreciation of local currency negatively affected the Company's financial performance.

Exchange losses for the year under review were ZWL3,29 trillion which resulted in the Company reporting a loss for the year of ZWL1,18 trillion. The exchange losses are mostly attributable to the legacy loans inherited from the predecessor Company, Posts and Telecommunication Corporation (PTC).



Chairman's Statement

Legacy Loans

The Company inherited loans worth ZWL2.6 trillion (US\$399.5 million) from PTC. The legacy loan book has remained an encumbrance to TelOne's balance sheet resulting in the Company operating in a net liability position of ZWL177,7 billion as at 31 December 2023. This has hindered the TelOne's efforts to attract fresh capital required for network modernisation and digitalisation projects.

Business Funding

Foreign Legacy loans significantly impacted the Company's financial statements, hindering the ability to attract new capital for infrastructure projects. The business will continue engaging the Government through Minister of Information Communication Technology, Postal and Courier Services for the warehousing of the legacy loans.

During the period ended 31 December 2023, the business funded capital expenditure amounting to US\$8.5 million out of US\$34.6 million required using internally generated resources. Foreign currency generation from the business operations was impacted by customer's preference to settle bills in local currency and shortages of foreign currency on the interbank market. This diminished the ability of the business to fund capital expenditure towards network expansion and upgrades.

The telecommunication sector is a dynamic and fast paced sector characterised by intense competition and technological advancements. To maintain relevance in this dynamic environment TelOne requires an injection of US\$250 million to enable deployment of infrastructure networks as well as digital platforms.

Mutapa Investment Fund

During the period under review, the Government of Zimbabwe transferred 100% of its shareholding in TelOne (Private) Limited to Mutapa Investment Fund (MIF), a Sovereign Wealth Fund established by the Government of Zimbabwe under the Sovereign Wealth Fund Act (Chapter 22:20) of 2015 and renamed to the Mutapa Investment Fund through Statutory Instrument 156 of 2023.

The transfer of ownership effectively means that all shareholder obligations, rights and responsibilities have moved from the Government of Zimbabwe to Mutapa Investment Fund.

The Mutapa Investment Fund has spelt out its expectations and requested TelOne Board and Management to ensure that:

- TelOne is run efficiently and on a commercially viable basis.
- TelOne should, at any one point, be a successful going concern.
- Performance of the Board and Management should be enhanced to meet the expectations of the Fund.

TelOne has aligned its Strategic Plan to the expectations of the Fund with the Company submitting its quarterly financial reports to the Fund.

Sustainability and Corporate Social Responsibility

The business recognizes that our success is intricately linked to our value creation and contribution to the national economic and development agenda, the well-being of the environment, the communities we operate in and to all Zimbabweans. This understanding forms the cornerstone of our commitment to sustainability and corporate social investments (CSI). Sustainability guides our long-term vision. It encompasses our efforts to minimize our environmental impact, utilize resources responsibly, and contribute to a thriving planet for generations to come.

With this vision, the thrust of our work, as illustrated in this report is to mainstream sustainability in everything we do to ensure that we account for our economic, social and environmental impact. Beyond the operational sustainability, we also maintained our investment to the community at 0,5% of our revenue.

Strategic Thrust

TelOne is running a 5-year Strategic Plan (2021-2025), anchored on the Government of Zimbabwe's National Development Strategy 1 (NDS 1), Vision 2030 (As now accelerated to Vision 2028), Smart Zimbabwe Master Plan among others and is guided by the IRBM framework as well as the Ministry of Information Communication and Technology, Postal and Courier Services (MoICTPCS)'s Strategic Plan. Our strategic pillars aim to achieve the following:

- 25% Market share;
- 30% reduction in overhead expenses;
- Expansion of optic fibre network from 6,962km to 10,000km;
- Development of New data centric products; and
- Championing of infrastructure sharing.

Commitment to Good Corporate Governance

The Board emphasizes its unwavering commitment to strong corporate governance practices, grounded in the principles of openness, integrity, and accountability. This aligns with the guidelines set forth in the Zimbabwe National Code of Corporate Governance and other relevant legislation, including the Public Entities Corporate Governance Act.

To ensure continual improvement, the Board conducted a self-evaluation during the year, assessing its own effectiveness and individual director performance. This practice will continue annually, reflecting the Board's dedication to human capital development across the Company.

Furthermore, the Board entered into a performance agreement with the shareholder, solidifying a performance-driven culture led by the Board itself.

2024 Outlook

GDP is projected to be around 3.5% in 2024, which is a decrease from 5.3% in 2023. This partly reflects the impact of the El Nino drought on agricultural production and lower commodity prices. The Company will continue to pay attention to the unique challenges and opportunities presented by the current operating environment to create value for all key stakeholders.

Appreciation

I would like to extend my appreciation to all our stakeholders for your continued support. To our valuable clients, your trust and loyalty are the foundation of our success. We are deeply grateful for your continued support, especially during challenging times. To our dedicated staff, your commitment, hard work, and unwavering dedication to our vision are truly inspiring.

Dr. D. Zimbango
Board Chairman

31 May 2024

Chief Executive Officer's Report

“ The Company realised growth in 2023 registering an inflation adjusted profit before tax and depreciation (EBITDA) of ZWL227.9 billion up from ZWL54.6 billion achieved in the previous year. ”



Introduction

Our business supports the growing demand for digital services in line with our strategic thrust for becoming a Digitally Enabled Society by 2025.

During the year under review the business upgraded some elements of its core network resulting in improved coverage, throughput and ultimately enhanced customer experience.

The Company managed to grow its market share from 28% achieved in 2022 to 32% in 2023.

Business Performance Review

Financial Performance

	Inflation Adjusted			Historical		
	2023 ZWL	2022 ZWL	% change	2023 ZWL	2022 ZWL	% change
Turnover (billion)	692.6	272.9	154%▲	391.8	41.6	842%▲
Broadband(billion)	575.8	214.9	168%▲	329.1	33	897%▲
Voice(billion)	76.6	41.2	86%▲	41.2	5.8	610%▲
Other	40.2	16.8	139%▲	21.5	2.8	668%▲
Average Revenue per User (ARPU)						
Voice	299,006	169,086	77%▲	160,801	23,913	572%▲
Home Broadband	4,083,240	1,608,053	153%▲	2,333,786	246,805	845%▲
Operating expenses (billion)	470.7	218.3	116%▼	272.5	30.1	805%▲
Cost to income ratio	84%	87%	4%▼	85%	78%	9%▲
EBITDA (billion)	227.9	54.6	317%▲	119.2	11.5	937%▲
EBITDA Margin	33%	20%	65%▲	30%	28%	7%▲
CAPEX (US\$)	8.5	9	6%▼	8.5	9	6%▼
Home Broadband Subscribers	141,021	133,617	6%▲	141,021	133,617	6%▲
Voice subscribers	256,257	243,495	5%▲	256,257	243,495	5%▲
Customer Satisfaction Index	79%	76%	4%▲	79%	76%	4%▲
Employee Engagement Index	64%	62%	3%▲	64%	62%	3%▲

Chief Executive Officer’s Report

Inflation adjusted revenue for the period under review grew by 154% largely driven by exchange rate induced growth as well as organic growth in the following business segments;

- Wholesale business segment grew by 19%, achieving sales of 40.4Gb by period end.
- Enterprise business segment grew by 56%, achieving sales of 20.6Gb by period end.
- Home broadband subscribers increased by 6% to 141,021 subscribers with an average revenue per user per month of US\$12 per subscriber.

The business registered a decline in voice minutes sold by 15% resulting in voice minutes sold amounting to 282,3 million minutes due to reduced demand for telephony especially in the residential areas.

The Company’s equipped capacity increased from 142.5Gb in 2022 to 165Gb in 2023 which enabled the business to provide protection on most parts of the network.

The Company realised some growth in 2023 registering an inflation adjusted profit before tax and depreciation (EBITDA)

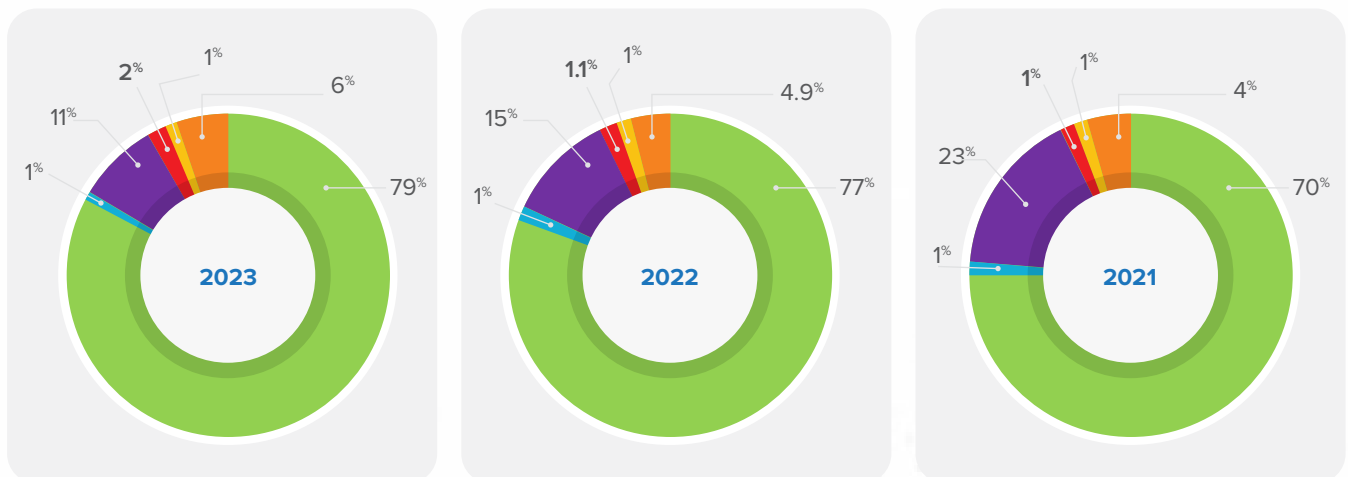
of ZWL227.9 billion up from ZWL54.6 billion achieved in the previous year. Operating expenses increased by 116% from ZWL218.3 billion in 2022 to ZWL470,7 billion in 2023 in inflation adjusted terms. This was mainly driven by the depreciation of the local currency which had a pass through effect on inflation.

Cost to income ratio reduced from 87% to 84% due to sustained efforts by Management to contain costs as a counter-measure against the negative macro-economic variables.

The Company ended the year under review with a net liability position of ZWL177.7 billion.

TelOne’s liquidity status is also worsened by a high debtors’ book dominated by the Government of Zimbabwe and loss of real value on ZWL due to inflation and unstable exchange rates. The impact of liquidity constraints has been pervasive, cutting across its operations and capital deployment initiatives.

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



Chat Key:

- Broadband
- Data Centre
- Other
- Manufacturing
- Voice
- TCFL

Broadband contribution for the year improved by 3% to 79% from 77% achieved in 2022 whilst voice dropped by 27% in 2023 to 11% from 15% in 2022. The drop in voice reflects a shift in customer’s preferences to being more data-centric.

Pricing

The Regulator approved a 200% ZWL staggered tariff adjustment effective October 2023 with the last adjustment having been granted in April 2023. The exchange rate had depreciated by 521% during the intervening period which resulted in predominantly non-cost reflective tariffs during the period under review.

Legacy Loans

TelOne has legacy loans amounting to ZWL2.6 trillion (US\$399.5m). Outside of capital injection by the shareholder, the business has been looking for debt finance to transform the network and meet the demands of the digital economy. Unfortunately, due to the legacy loans and state of the balance sheet, TelOne has failed to attract the much needed funding to transform the business and align with other operators locally, regionally and internationally. This has limited business growth.

The Company hopes that the resolution of these legacy issues between Government and other multilateral financiers will breathe fresh impetus into the Company.

Chief Executive Officer's Report

Network Investment

TelOne continues to pursue initiatives to raise funding for infrastructure development and network upgrade projects despite lack of equity funding and unavailability of loan funding. Through its own internally generated funds, the Company made notable capital investments in order to support its strategic drive.

Key projects embarked on are summarised below:

- The Company increased its investment in fibre rollouts to replace legacy copper networks with 703 kilometres having been rolled out in 2023 (9,620 homes passed)
- Long Term Evolution (LTE) deployment in Chitungwiza and Glen View (10 base stations availed)
- Harare Western ring MPLS upgrade from 10Gb to 100Gb
- Service Control Gateway and Bandwidth manager successfully implemented which resulted in improved customer experience
- Broadband Remote Access Server (BRAS) in Harare and Bulawayo was also upgraded to improve the quality and speed of broadband services in the network.

Vandalism

The business struggled with widespread cable theft during the period under review. Surging copper prices and a struggling economy have led to a surge in thefts of copper cables and other vital network equipment across the country. Rampant vandalism, targeting over 60% of the TelOne's infrastructure, is significantly impacting the business' ability to deliver quality services.

During the year 2023, 426 incidents of vandalism affecting 44,200 clients were reported. This resulted in estimated loss of US\$707,064 in restoration costs and US\$339,311 in revenue loss.

Client Experience Enhancement

TelOne is on a mission to elevate its customer experience, prioritizing convenience, efficiency, and satisfaction. The business continues to embrace a client-centric culture, ensuring employees prioritize customer needs and satisfaction. TelOne's dedication to enhancing the customer experience shows the Company's commitment to building long-term customer relationships and thriving in a competitive market.

TelOne Invests in People and Culture

The business is dedicated to fostering a thriving workforce that supports its strategic goals. The Company has implemented several initiatives to achieve this:

Wellness

The business continued with the drive towards supporting all round wellness for all staff through facilitating expert sessions on different health, social topics and full medical checks.

Employee Engagement

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

Investing in Employee Development

TelOne conducted training sessions to upskill and reskill employees, aligning their skillsets with the TelOne's growth strategy. By fostering a positive and supportive work environment, TelOne aims to empower its employees and achieve long-term success.

TelOne in the Community

Our Corporate Social Investment (CSI) programmes are carefully designed to respond to the needs and create value for the communities that we serve. During the year, TelOne invested at least US\$300,000 into community social programmes under health, education, environment, social welfare and girls' empowerment themes; reaching six districts and more than 20,000 people.

2024 Outlook

The demand for our products and services remains relatively strong despite the impact of complex macro- economic factors in the local and regional markets.

Management remain committed to complete the current network modernisation projects which will expand coverage, improve throughput and ultimately improve customer experience.

Appreciation

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



Eng. L. Nkala
Chief Executive Officer

31 May 2024

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 to meet the expectations of its shareholders and stakeholders, and to improve its medium to long-term sustainable growth and corporate value.

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

- a) having in place robust disclosure practices and policies in financial statements and annual reports, disclosing in detail executive remuneration and benefits and related party activities;
- b) ensuring that the Company's Strategic Plan and its implementation are aligned with the country's National Development Strategy 1 and Vision 2030 (revised to 2028);
- c) building the capacity of its Board members through training to ensure that Board members contribute meaningfully and add value to the organisation;
- d) ensuring that the Board plays an active role in the recruitment of key personnel as mandated in the Public Entities Corporate Governance Act;
- e) complying with the remuneration and benefits guidelines issued by the relevant Minister;
- f) ensuring that the Board conducts regular performance reviews for the Chief Executive Officer and Senior Management;
- g) ensuring that the Board members' evaluations are conducted annually; and
- h) having in place succession plans for the Chief Executive Officer and Senior Management.

Board Of Directors



Dr. Douglas Zimbango
Board Chairman

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



Mrs. Nomusa Jowah
Deputy Chairman
Technical & Strategy Committee Chairman

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



Ms. Belinda Muswaka
Audit Committee Chairman

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



See page 20 for full Board Committees details



Mr. Newman Nyamhuri
Board Member

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



Ms. Ginnel K. Mabiza
Finance Committee Chairman

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



Ms. Ephethehile Mazibeli
Board Member

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



Dr. Stella V.N. Phiri
Risk Committee Chairman

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



Mr. Gondai Sithole
Human Resources and Corporate Governance Committee Chairman

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



Dr. Sherpard Shumba
Board Member

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



Lawrence Nkala
Chief Executive Officer

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



Bernard Makanza
Chief Finance Officer

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

Governance Structure

The Company has the following Board Committees:

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

Membership of Board Committees

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



Governance Structure

Functions of the Board Committees

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

Technical & Strategy Committee

The role of the Technical and Strategy Committee is to support and advise the board in exercising its authority concerning business development, market performance, and technical projects. The Committee approves and exercises ongoing oversight in matters about:

- The Company's 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 & Governance Committee provides oversight, evaluates, and considers for approval matters about:

- 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 related matters.

Finance Committee

The Finance Committee approves and exercises oversight on a wide range of issues including:

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

Audit Committee

The Audit Committee recommends and provides oversight on matters that include:

- Audit plans and budget;
- Corporate governance;
- Internal audit matters and internal control environment;
- External audit matters;
- Company audit policies and procedures.

Risk Committee

The Risk Committee recommends and provides oversight on internal control systems, risk management, and legal and compliance issues, to improve transparency and adherence to best practices. Matters reported to the Board by the Risk Committee include:

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

Governance Structure

Board Development Programmes

The current Board is in its third year and was appointed in December 2020. During the year under review, the Board members attended a board capacitation and development programme facilitated by the Corporate Governance Unit in the Office of the President and Cabinet. The programme focused on the provisions of the Public Entities Corporate Governance Act [Chapter 10:31].

Annual Board Evaluation

The Board Evaluation for the year under review was done.

Director Tenure and Meeting Attendance for the year 2023

Board Members' attendance at both the main Board and Committee meetings for 2023 is shown in the table below:

Name	Year Of First Appointment	AGM (1 Meeting)	Main Board (5 Meetings)	Human Resources & Governance (4 Meetings)	Finance (4 Meetings)	Audit (4 Meetings)	Technical & Strategy (4 Meetings)	Risk (4 Meetings)
D. Zimbango	2020	1	5	4	N/A	N/A	N/A	N/A
N. Jowah	2020	1	5	N/A	4	N/A	4	N/A
G. K. Mabiza	2020	1	5	N/A	4	4	N/A	N/A
E. Mazibeli	2020	1	5	N/A	N/A	N/A	4	4
B. Muswaka	2018	1	5	N/A	N/A	4	N/A	3
N. Nyamhuri	2020	1	5	N/A	N/A	N/A	3	2
S. Shumba	2020	1	5	3	N/A	3	N/A	N/A
G. Sithole	2020	1	5	4	N/A	4	N/A	N/A
S. V. N. Phiri	2020	1	5	N/A	3	N/A	N/A	4
**L. Nkala	2022	1	5	4	4	4	4	4
**B. T. Makanza	2022	1	5	4	4	4	4	4

**Executive Directors



Certification Of Corporate Governance Report for the year ended 31 December 2023

I Certify That:

- a) I have reviewed and assessed all the corporate governance structures, processes, and systems within TelOne (Private) Limited, (Company).
- b) I have assessed the functions and conduct of the Board, Board Committees, and Board members within the Company and certify that it meets the requirements of the Public Entities Corporate Governance Act [Chapter 10:31], (the Act) and best practices.
- c) Board members and senior management have complied with statutory requirements for conflict of interest and have signed the conflict of interest declaration document as required under section 34 of the Act.
- d) Board members have entered into performance contracts with the line Minister as required under section 25 of the Act.
- e) Board members and senior staff members of the Company have declared their assets as required under section 37 of the Act.
- f) The Board and individual Board members have carried out their annual performance evaluation and the weaknesses and areas of development and training identified through the process have been discussed at board meetings to rectify the identified weaknesses and areas for development and training.
- g) The Company has complied with the Act, its establishing laws, and other applicable laws and regulations governing the entity.
- h) The entity's corporate governance report based on my knowledge, does not contain any untrue statements of a material fact nor has there been an omission to state any material fact necessary, 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 Secretary And Legal Advisor

Executive Management

Management Committees

The TelOne Management Committee members have a crucial obligation to direct the activities of the Company while ensuring the 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 toward the attainment of business goals.

The functions of the Management Committees 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 the 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. 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.

iii. Integrity Committee

This is a twelve-member committee that comprises management employees from all of the Company's departments and Workers' representatives. The Integrity Committee is a working committee of TelOne, which reports to the TelOne Risk Board Committee. The committee

focuses on areas of ethical risk, and integrity issues, and guides the Company on integrity concerns with the thinking that any divergence from the ethical acts is not tolerated in TelOne. It was constituted as a liaison Committee with the Zimbabwe Anti-Corruption Commission, which in turn is mandated by Section 255(h) of the Constitution of Zimbabwe (Amendment No. 20 of 2013), to make recommendations to the Government and other persons on measures that enhance integrity and accountability and prevent improper conduct in both the private and public sector.

Tip-Off Anonymous and Whistle-Blowing

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 recognises the importance of protecting its human, financial, physical, informational, social, environmental, and reputational assets.

To facilitate the investigation of any instance that goes against the Company's values and systems, the Company has an independent and anonymous fraud reporting hotline, Tip Offs Anonymous, offered through Deloitte. This facility augments the work of the Integrity Committee.

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

TelOne has a performance management system in place that complies with the Results-Based Management System. The performance management system provides a strategic and integrated approach that delivers sustained success to the Company by improving the employees' performance and by developing the capabilities of individual employees and teams.



vpcg_423



Let's WORK TOGETHER

BROADBAND | VoIP | CLOUD & DATA CENTRE

We understand that a seamless communication system is key to your business's success.

That is why we continuously evolve so we can enhance your business with innovative broadband, VoIP, Cloud and Data centre services that keep your business ahead of your competition.

Connect with TelOne and grow your bottom line with efficient business communications solutions.

**Runhare House, 107 Kwame Nkrumah Avenue,
P.O Box CY331, Causeway, Harare, Zimbabwe**

Head Office: +263 24279811-8

Bulawayo: (029) 226 6161 or 288 6688, **Gweru:** (054) 222 4191 or 223 0617,

Mutare: (020) 264 606 or 267 666, **Masvingo:** (039) 226 3302 or 226 2491,

Call Center: (024) 270 0950

Executive Management



Lawrence Nkala
Chief Executive Officer

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



Joseph Machiva
Acting Chief Operating Officer

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



Bernard Makanza
Chief Finance Officer

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



Initial Mlambo
Technical Director

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



Maureen Chirambaguhwa
Acting Commercial Director

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



Crispen Dimba
Corporate Services Director

- Masters Degree in Strategic Management & Corporate Governance
- Bachelor of Commerce in Human Resources Management
- PROSCI Certified Change Manager
- Management Development Program Certificate- NUST

Executive Management



Lindy Dziripi

Company Secretary and Legal Advisor

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



Melody Harry

Corporate Communications Head

- Bsc (Honours) Media and Society Studies (MSU)
- Msc Development Studies – (NUST)
- Executive Development Programme – (AU)
- Bachelor of Laws (LLB) - Candidate



Christopher Maunganidze

Audit Executive

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



Cludios Chenga

Procurement Executive

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



Moses Kapanga

Risk Executive

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

Sustainability Report

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OUR ECONOMIC IMPACT

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

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

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





Our Economic Impact

Economic Performance

This standard focuses on disclosing information related to an organization's economic performance. It aims to provide clear understating of the financial aspects of the organization's operations.

Key Disclosures on includes disclosures related to economic performance such as:

- Revenue
- Operating costs
- Financial indicators
- Economic Value Generated and distributed
- Payments to employees,
- Taxes,
- Corporate Social Investments
- Infrastructure investment with huge contribution to economy/GDP.

Highlights of Financial Indicators for 2023

i. Revenue, Operating Costs and Financial Performance

Performance Area/Category	2023	2022	% Movement
Revenue Generated (ZWL000,000,000)	692.6	272.9	154%
Revenue Market Share (IAP) Achieved %	32	28	14%
EBIT Achieved (ZWL000,000,000)	111.6	34.3	225%
Cost to income ratio %	84	87	4%
Business Funding (US\$000,000)	8.5	9	-6%
Staff Cost to income ratio %	28	29	3%

ii. Our Tax Contribution

Taxes paid in foreign currency (US\$)

Type of tax	2023 (m)	2022 (m)	% Movement change
Direct Taxes	3.66	1.0	210%
Value Added Tax	2.4	1.0	140%
Pay As You Earn	0.7	-	100%
Income Tax	0.56	-	100%
Indirect Taxes	2.8	1.0	180%
Special Excise Duty on Airtime	1.9	0.5	280%
Withholding Tax On Local Contracts	0.3	-	100%
Non-residents Tax	0.6	0.5	20%
Direct Non-Tax Contributions	1.0	0.4	150%
Monthly Licence Fees	1.0	0.4	150%
Operating Licence Fees	-	-	0%

Taxes paid in local currency (ZWL)

Type of tax	2023 (bn)	2022 (bn)	% Movement change
Direct Taxes	25.9	4.0	485%
Value Added Tax	13.5	1.7	694%
Pay As You Earn	9.9	2.3	330%
Income Tax	2.5	-	100%
Indirect Taxes	19.67	2.42	712%
Special Excise Duty on Airtime	19.4	2.4	708%
Withholding Tax On Local Contracts	0.147	0.02	539%
Non-residents Tax	0.127	-	100%
Direct Non-Tax Contributions	18.0	1.36	1,228%
Monthly Licence Fees	7.6	0.84	809%
Operating Licence Fees	10.4	0.52	1,904%

iii. Network and Infrastructure Investments

Project	Value US\$
IP/MPLS Harare Western Ring	900k
Bandwidth Manager/SCG	2.4m
Broadband Remote Access Server (BRAS)	247k
Fibre to The Home (FTTH)	3,448m
Wireless To the Premises (WTTp)	816k
Bulawayo Victoria Falls Backbone (50Km)	1.68m
Power & Aircon Projects	500k

iv. Corporate Social Investments

Investment Area	Value US\$
TelOne Football Club sponsorship	677k
Student internships	690k
Community investments	300k



Our Economic Impact

Market Presence and Impact; We are the Internet

TelOne is positioned as a carrier of carriers that provides internet to other operators. We remain the preferred service provider for Government, Enterprises, SMEs and Households. Our approach to business during 2023 was driven by the pursuit to consolidate this position and use our competitive advantage to knock-back competition.

Market Presence

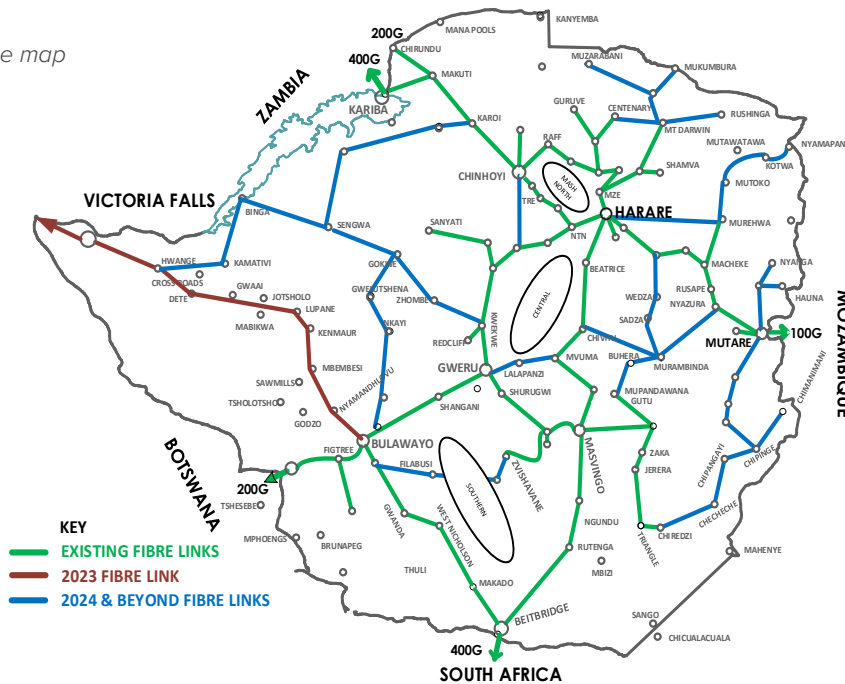
i. Market Share

TelOne market share currently stands at 32% up from 28% in prior year and is expected to grow further in 2024 as we continue to service our markets with various Digital Solutions on offer. TelOne remains positioned as the Service Provider of choice, with a “One stop shop telecommunications solution”.

ii. Subscriber Base

TelOne’s total subscribers for both voice and home broadband grew by 5% from 377,112 clients in 2022 to 397,278 in 2023.

Network coverage map



This increase was hugely influenced by significant growths in fixed VoIP subscriptions, as corporates and households continued to adopt more VoIP lines than traditional landlines due to their reliability, cost effectiveness and convenience.

iii. Network Coverage

TelOne is in the process of upgrading its transmission equipment and technologies to meet current and future demand. We want to ensure Zimbabweans get access to Broadband at affordable prices as well as ensure ease of doing business by linking businesses to local and international markets. Our expansion also supports Government communications initiatives by providing a solid base for e-services in health, education, justice, immigration, parliament, home affairs and other sectors.

During 2023, significant developments were in the following areas:

- 18% growth in FTTH homes passed
- 11% growth in fibre network deployed.

Period Highlights

To ensure that we serve this market effectively, the year 2023 focused on the improvement of our technical capabilities and improvement of client experience and support resulting in a steady growth in service uptake.

Item	Update	Details
Technical Capabilities improvement	Bandwidth Manager deployment.	Traffic shaping and bursting capabilities. New product development.
	Network Audits roll-outs.	Identification & eliminations of bottlenecks.
Support and Customer Experience Improvement	Periodic Service Review Sessions with key Corporates. Optimised key account management.	This has seen improved service restoration timelines, improved communication and elimination of bottlenecks
Business Growth	Sales strategies applied saw growth of 43% in data capacity and 29% of internet capacity update.	Product confidence through POC. (Real feel experience). Improved relationships and brand visibility through client engagements.



Our Economic Impact

Delivering Expert Solutions for Business Communication

TelOne has been working diligently to become a one stop Telecommunication and digital solutions provider for Industry, Business, Government, NGO and SME sectors. Resultantly, a dedicated business unit has been established and has grown in size and capacity in the past three years to deliver dedicated support to this market.

Further to this strategy, TelOne sustained its market consolidation through network expansion, quality of service improvement and customer development and retention. The year 2023, saw an investment of US\$8,5 million being directed towards network and systems upgrade as well as alternative power in order to serve the Business and Government market segments better.

The consequential upshot of this approach has been the ability to sustain the 99,99% service uptime, 100% retention of the Customer base and a 2% growth in client base. In support of this positive trajectory, momentum is expected to continue through the enhanced capabilities that have been availed from the service gateway upgrade as well as usage flexibility brought by the bandwidth manager.

Bandwidth Manager and Service Control Gateway deployment and upgrade

- Enabling Network and traffic Analysis
- Traffic shaping and bursting capabilities
- URL filtering

Multi-Protocol Label System (MPLS) and BRAS System upgrade enabling

- Increasing capacity by 1000%
- Improving speeds and quality of experience for business and clients

Power & Air conditioning Plant at 16 Sites

- For green energy and environmentally friendly air conditioning plant to improve on service uptime and reduction of power consumption for the business

Our Value Proposition to our Business Clients

Our products and services provide significant value and are scalable to meet the needs of the Enterprise customer. We treat customer service with utmost importance; as such, we assign a dedicated account manager to all key accounts to ensure the best customer experience. We combine our business experiences with industry insights and technology innovation to drive growth for our client's businesses which we aim via our following Enterprise solutions:

- Managed Dedicated Connectivity
- Managed Dedicated Private Network
- Managed Unified Communication Service

TelOne VoIP: the future for Business Communication efficiency and affordability is a fundamental pillar of any business' success. TelOne VoIP is a critical strategic tool for businesses as we migrate from conventional voice PSTN services and provide an alternative to make calls in a cost efficient manner which results in financial savings opportunity for our clients.

VoIP is a game changer for businesses as it facilitates remote working or "work on the go". Employees can collaborate seamlessly from different locations and access communication tools and data from anywhere with an internet connection. To date several Corporates and Small to Medium Enterprises have moved over to TelOne VoIP and are enjoying affordability, flexibility and scalability for the digital employee and business.

Affordable ICT Devices for Businesses

TelOne Manufacturing is geared to become Zimbabwe's premier Information Communication Technology (ICT) hub by availing affordable ICT devices for all Zimbabweans. The plant operates as an Original Equipment Manufacturer (OEM) under the Microsoft Ecosystem and procures kits from certified Original Design Manufacturers (ODMs) based in China and Europe.

The plant assembles various ICT devices of differing form factors, such as Tablets, Laptops, Desktops and All-in-One devices. With the necessary capital injection, the plant has the capacity of producing 100,000 devices annually.

To augment its activities TelOne Manufacturing has also ventured into;

- Supply of alternate power through Mini UPS Systems. These are light weight devices, which are eco-friendly and can power various ICT devices such as Wi-Fi Modems, CCTV, Phones, to mention but just a few.
- Refurbishment of ADSL modems and telephone handsets which are resold at discounted prices to the public.

What We Promise

Customer Support – Customer support is just as important as the products and services we deliver. Well trained engineers and technicians monitor our vast network 24/7 to optimize its performance. Dedicated account management teams are equipped to handle Enterprise client's needs at all times while maintaining a personalised relationship and needs assessment.

Network Reliability – High network reliability with 99.9% uptime. To achieve this, there are various strategies being pursued including redundant infrastructure, backup systems, fail-over mechanisms, and proactive maintenance. These measures help minimize the impact of failures and ensure that downtime is kept minimum.

Innovation – With a dedicated Innovation department TelOne is best poised to develop and launch new products and services which cater for the evolving requirements of our clients. TelOne has already begun to work on IOT, AI, Big Data and will continue to grow its scope diversifying into Asset tracking, and Smart cities as we work towards an upper middle economy by 2030.

Flexibility – Our dedicated account management teams are available 24/7 to meet and discuss business opportunities with our clients. Our pricing is very flexible and packages can be tailor made to meet customer requirements and specifications. Bundled products come at a favourable promotional discount and we offer payment terms for Customer premise equipment.

Indirect Economic Impact



The National Development Strategy 1 objective to drive the digital economy, infrastructure investment and the development of digital solutions was a key priority area for TelOne over the period.

Building a Stronger Sustainable Network to Support a Digital Society

TelOne is a leading provider of Wholesale Telecommunication services in Zimbabwe. We offer a robust network that connects mobile operators, internet providers, and businesses both locally and regionally. Our network infrastructure includes high-quality voice lines and a growing fibre optic network, making us a key player in Zimbabwe's digital future.

In light of incessant attacks on our copper network and the demand for faster broadband internet services from the market, heightened efforts have been directed to building a robust

future proof network. Over the past year, TelOne continued to modernise its network through replacing outdated copper lines with more reliable fibre optic cables and LTE wireless technology. Over the period a re-aggregation of 10 LTE base stations supporting 6000 clients was done. Increased deployment of optic fibre saw an 18% increase for FTTH homes passed, bringing the national total in excess of 64 000 being availed for household users. The Company's national fibre footprint consequently grew by 700km to 7,000km in the process.

Carrier of Carriers, Connecting Zimbabwe and Beyond

To solidify our position as a carrier of carriers providing backhaul and wholesale services to other network operators, investment was directed to expansion of our backbone footprint with the commencement of works on the Bulawayo-Victoria Falls route, completing the first 50km in the last quarter of 2023.

Supporting Data Sovereignty; Future-Proofing Data and IT Infrastructure

TelOne is committed to not only providing reliable connectivity but also a secure digital environment for its customers. Recognizing the growing cybersecurity threats, TelOne has expanded its portfolio with new managed security services that contribute to our sustainability by strengthening our customers' security posture, improving operational efficiencies, and contributing to a more sustainable future.

TelOne's Data Centres, Cloud Services and International Business offerings continue to drive a wave of sustainability for Zimbabwean Enterprises, Government, and SMEs. Our Data Centres located in Harare, Bulawayo, and Mazowe have managed to reduce the physical hardware needs, energy consumption and e-waste that customers generate through infrastructure sharing. TelOne employs efficient cooling systems which further minimize environmental impact. Enterprise customers benefit from reduced operational costs and improved resource utilization while Government agencies can enhance service delivery and citizen engagement through secure, scalable cloud solutions.

Over the period, TelOne supported the national data storage requirement by increasing cloud storage capacity by 60% to guarantee readiness to cater for the increasing demand. Additionally, growth in the data centre business was witnessed with clients from Government, Financial Services Sector among others pushing a 100% growth in co-location floor space utilisation.

A Brighter Digital Future

We are upbeat about the opportunities that lie ahead in the digital future of Zimbabwe and have put together a team that is ready to create products that are relevant to the market needs. We are committed to developing innovative products and services that will help businesses and individuals thrive in this new era. During 2023 game changing products that include Teltrack, Smart WIFI and TelOne Remit consolidated TelOne's positioning in the innovation space in support of the Government's digital economy drive.





Our Contribution to the Fiscus

Approach to Tax

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

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

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

We Are For Full Compliance

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

Major Focus Being On:

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

We Manage Tax Risk

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

We Act In a Transparent Manner

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

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

We Engage

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

Our Over Arching Tax Principles:

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

Our Tax Contribution

Direct Taxes

**ZWL13,5 billion,
US\$2,4 million**

Value Added Tax

**ZWL9,9 billion
US\$736k**

Pay As You Earn

Direct Non-Tax Contributions

**ZWL7,6 billion,
US\$1 million**

Monthly Licence Fees Including Ttms

ZWL10,4 billion

Operating Licence Fees

Indirect Taxes

**ZWL19,4 billion,
US\$1,9 million**

Special Excise Duty on Airtime

**ZWL147 million
US\$2,6k**

Withholding Tax On Local Contracts

**ZWL127 million
US\$553k**

Non-Residents Tax

Delivering Societal Value Through Contributions to Public Finances

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

Settling Tax Obligations

The Company's contribution to the fiscus is without debate and historical. The Company has a traceable record of settling all tax obligations within the stipulated timelines as guided by statutory regulations. During the financial year ending 31 December 2023, total payments of ZWL63.6 billion and US\$7.2 million were paid by TelOne, in settlement of its tax obligations as shown above.

Sustainable Procurement Practices

Management Approach Disclosures

Management is driving sustainable procurement through:

- i. Promoting local suppliers.
- ii. Ensuring competitive and transparent procurement practices, so as to achieve value for money.
- iii. Conducting supplier vetting. As TelOne we do not procure from bidders who are not ethical for example bidders who practice child labour etc.
- iv. Provide for the fair and equitable treatment of all bidders.
- v. Supplier diversification that is the strategic variation of TelOne's vendors to include more traditionally excluded groups. The diverse supplier program in place enables supplier companies owned by war veterans, detainees, women, youth, People living with Disabilities and other groups to gain a more equal share in the market.

Policies and practices used to select locally-based suppliers, either organization-wide or for specific locations

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

- When goods are below US\$10,000, we adopt the Request for Quotation Method of procurement, where we invite local bidders to submit their bids. When the goods' value is above US\$10,000 but below US\$300,000, the Procurement Management Unit (PMU) may invite only Zimbabwean

(domestic) suppliers to bid. For thresholds above US\$300,000 both Zimbabwean (domestic) and foreign bidders are invited.

- Where international competitive bidding method is adopted, TelOne gives a preference to bids from Zimbabwe or local suppliers in line with Section 29 of the PPDPA Act. The domestic preference allowable will be up to fifteen per centum for procurement of goods.
- When procuring consultancy services, we can adopt selection amongst community service organizations method of procurement and evaluation. The selection amongst community service organizations method entails a process whereby all or most of the firms on the procuring entity's short-list consist of community service organizations because the service sought requires local participation and knowledge of local issues and community needs. Evaluation will be on unique qualifications of community service organizations such as voluntarism, non-profit status, local knowledge, scale of operation and reputation.

Management is promoting local suppliers through:

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

Proportion of spending on local and international tenders

Companies Engaged	Suppliers	Supplier %	Tenders	Tenders %	Orders	Orders %
Local	428	99%	1431	99%	1939	99%
International	6	1%	18	1%	18	1%
Total	434	100%	1449	100%	1957	100%

Annual Spend Analysis	ZWL	US\$	Weighted Average %
Local	60,627,964,100	3,504,875	89%
International	-	2,229,337	11%
Total	60,627,964,100	5,734,212	100%

Supply chain risks

- Increased pressure on cash flow resulting in delayed purchases,
- Variation of procurement contracts,
- Pressure on US\$ and advance payment,
- Supply delay and supply failure resulting in materials provisioning gaps,
- Lack of funding on the part of suppliers.

Management intervention

- Negotiating for better payment terms e.g. payment within 30 days after delivery,
- Prioritizing domestic suppliers to ease pressure on forex,
- Deliberately awarding tenders to different suppliers thereby spreading and mitigating non-delivery risks. Vigorous follow up of orders.



Annual Spend Analysis
local 89%
International 11%

Anti-Corruption Report

At TelOne, we are committed to conducting our business with integrity and transparency. We recognize that unethical conduct on the part of our employees is a significant obstacle to economic development and undermines trust in institutions. We therefore strive to maintain the highest standards of integrity and transparency in our operations. We believe that our anti-corruption efforts not only promote ethical business practices but also contribute to the economic development of the communities we serve.

This report outlines our efforts to prevent corruption and promote ethical business practices in our operations.

Anti-Corruption Policy

We have a zero-tolerance approach to corruption and have implemented a comprehensive anti-corruption policy that applies to all employees, contractors, and third-party agents. Our anti-corruption policy is based on the principles of transparency, accountability, and fairness.

Key Initiatives

a) Risk Assessment and Due Diligence

We conduct regular risk assessments to identify potential corruption risks in our operations. We also perform due diligence on third-party agents and contractors to ensure they share our commitment to anti-corruption.

b) Employee Training and Awareness

We provide regular training and awareness programs for employees on ethics and integrity to bring awareness to anti-corruption policies and procedures.

c) Gifts and Hospitality policy

We have a strict policy on gifts and hospitality which is incorporated in our Code of Ethics and Conduct to prevent undue influence or conflicts of interest.

d) Whistle-blower Policy

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 recognises the importance of protecting its human, financial, physical, informational, social, environmental, and reputational assets.

To facilitate the investigation of any conduct that goes against the Company's values and systems, the Company has an independent and anonymous fraud reporting hotline, for Tip Offs Anonymous, offered through Deloitte. This facility augments the work of the Integrity Committee

e) Collaboration with Law Enforcement

Our Loss Control Teams cooperate fully with law enforcement agencies to investigate and prevent corruption.

Performance Indicators

- Number of employees trained on ethics and integrity policies - 90%.
- Number of third-party agents and contractors screened for corruption risks - 100%

Challenges and Opportunities

While we have made significant progress in our anti-corruption efforts, we recognize that corruption remains a significant risk in our industry. We will continue to enhance our anti-corruption policies and procedures to address emerging risks and challenges.



OUR SOCIAL IMPACT

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

Social

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

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



TelOne supports girls in STEM and Innovation through providing training and incubation.



Medical outreach programmes have been running to support access to health for the elderly and the vulnerable as part of TelOne's corporate social investments.



Investing in the development and wellbeing of our teams is at the core of our social sustainability strategy.

Focus On Our Team

The success of our business depends on fostering a high performance culture anchored by a fully capacitated, motivated and dynamic team.

Aligning the culture of the organisation remains a key priority area supported by robust talent management, performance management, staff development and staff wellness programmes.

In our efforts to optimise our employee experience, we also enhanced our digitalized processes, which improved our efficiencies.

Gender balance at all levels of employment remained an area of primacy with explicit affirmative initiatives put in place to support progress in the employment and promotion of women, recruitment of youths and people with disability as well as development of gender friendly policies and programmes.

Employment, Labour and Management Relations

Adapting New Skills Needs

FY 2023 TelOne employment creation rate increased by 18% when compared to the prior year.

TelOne identified key skills critical to the business in view of the rapid technological transformation and talent acquisition efforts targeting highly skilled young people continue to build a strong base of skills within the business. The skills include among others cybersecurity and governance, telecommunication and digital products and solutions, systems engineering, data science data engineering, and Artificial Intelligence.

Jobs and Learning Opportunities for the Community

Besides the efforts to build a strong skills base for the Company, the business also continued to support community livelihoods through short term opportunities where jobs are offered to individuals from communities within the environs of our project sites.

The business also continues to be a training ground for school leavers, who are recruited as Brand Ambassadors in different departments, where they are exposed to the different facets of business as they seek out opportunities in the mainstream occupations.

TelOne increased the rate of new hires in 2023 compared to the prior year.

Employment Creation	2022	2023	% Movement
Specialist Skills	86	165	92% ▲
Brand Ambassadors	356	427	20% ▲
Community short term jobs	1,540	1,754	14% ▲
Total	1,982	2,346	18% ▲

Throughout the year the business lost mission-critical skills as the business competed locally, regionally, and internationally for the scarce, specialized technical skills from both traditional and non-traditional players.

The business internal talent mobility plan continued to play a significant role that ensured business continuity for the greater part of FY2023.

Staff Engagement

TelOne continues to place great importance on staff engagement, establishing and continually adapting engagement channels and structures that ensure that employees are updated on the Company's strategic direction, receive and give feedback and contribute in the decision-making process of the Company.

Some platforms for engagement employed during the year include:

CEO Employee Engagement Sessions – this structure provides a pivotal platform for employees to raise and engage on issues that affect them, as well as those that affect the business. Premised on the freedom “before, during and after speech”, the sessions encourage open and frank participation in problem identification and solution, subject-matter decision making, encouraging accountability and commitment by all employees to drive the Company forward. A total of 9 sessions were conducted during the year, with at least 1,228 staff member participating.



TelOne CEO, Eng. Lawrence Nkala on a nationwide staff engagement tour (meet and greet with the Gweru team).

Focus On Our Team

Works Council – also modelled around the business societal governance structure, this structure is composed of management and employee representatives elected by the employee community.

Employee Culture and Engagement Survey – This is done at the end of the year through a survey questionnaire sent out to employees to allow staff to give feedback on various issues.

Strategy Engagement – A strategy committee coordinates staff input during strategy formulation and review. Staff strategy cascading programmes also ensures staff engagement and collective visioning.

Employee Relations

TelOne’s employee relations approach is anchored on the involvement of staff through trade unions in decision making. The Company has a recognition agreement with the three trade unions as strategic business partners.

Overall, the employee relations climate has been cordial throughout the year and all staff issues were resolved internally. Consistent with the engagement approach to employee relations, Management held a total of 16 meetings against a target of 8 engagement meetings. Management therefore exceeded its target by 100% spurred by the need to engage on emerging environmental dynamics.

2023 Culture and Employee Engagement Survey

The business undertook several initiatives to address Culture and Employee Engagement issues which culminated in the business achieving a staff engagement index of 64%.

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

Occupational Health and Safety

Health and Wellness

TelOne is committed to ensuring a healthy and safe working environment through full compliance with relevant legislative provisions. Our Employee Wellness Programme supports psychological, financial, emotional, and physical well-being.

In 2023, we held regional successful wellness days in October, November, and December where employees networked and engaged with one another and with a wide variety of wellness service providers while getting health checks done on-site.

The business also held multiple virtual engagements addressing topical wellness issues throughout the year. Financial concerns and financial planning are key priorities for our employees. The overwhelming response to the financial wellness engagements made this clear.



Team building sessions are a routine undertaking for all teams

Focus On Our Team

The table below shows a summary of employees who went through the wellness programme and check-ups.

Wellness Programme Reach

Region	Total Attendance	No of Service Providers
Harare	700	15
Mutare	90	7
Masvingo	74	5
Gweru	87	5
Bulawayo	278	13
TOTAL	1,229	45

Safety

- TelOne’s occupational safety vision is to provide a safe working environment and create a culture where every employee, service provider, contractor and supplier believes that zero incidents are achievable. TelOne’s safety golden rules underpin this vision. These rules set out the foundation of the desired culture, expected safety behaviours, and performance standards within TelOne. The Company also enforces a zero tolerance for non-compliance to safety standards, processes, and procedures.
- We are pleased that TelOne had zero fatalities for FY2023 across all our operations, a total recordable injury frequency rate (TRIFR) of 0.61, and a lost-time injury frequency rate (LTIFR) of 0.51. This performance is the lowest in two years and reflects our commitment to safety and the significant progress towards zero harm.

Skills Development

Category	Executives	Management	Supervisors	General Staff	Total Trained
Leadership	10	46	70	-	126
Soft Skills	-	36	45	236	317
Commercial	-	44	68	541	653
Digital/ Technical	-	20	69	680	769
Workshops	10	46	75	115	246

- Motion (slips, trips, and falls), gravity and motor vehicle accidents were the key drivers of safety incidents in FY2023. Root-cause investigations were undertaken for all accidents and incidents to prevent a recurrence. The primary focus for FY2024 is driving individual safety responsibility through "Safety Starts With Me" and other targeted interventions. These will aim to promote individual safety risk assessments to reduce the key drivers of safety incidents.
- Safety, health, and environment training continued, focusing on rope access and fall arrest training for 400 operational staff. First aid level training has recommenced to empower employees within the workspace to manage first aid, with 154 attendees completing first Aid Certificate.

Capacity Building and Performance Management

TelOne continuously implements initiatives aimed at developing the skills and capabilities of our staff across all levels. During the year, focus was on upskilling employees’ technical skills as well as soft skills required for the attainment of the cultural transformation and broader organisational strategy.

Professional coaching was introduced as one of the cornerstones of our leadership development program, as embodied in the human capital strategy.

The average number of training hours increased to 24 hours in 2023 as compared to 20 in 2022 due to the increase of the use of digital training platforms as opposed to predominantly physical sessions used in the prior year.



Focus On Our Team

Building a High-Performance Culture

TelOne’s performance management is guided by the Integrated Results Based Management model in alignment with the Government Performance Management programme. The Company made significant progress over the last few years in improving the internal performance management process, system, and culture.

Other performance considerations are guided by three priority goals foundational to a high-performance culture that includes building a coaching culture and skillset, building individual, team, and organisational Emotional Intelligence (EQ), and enhancing the recognition of employees.

The internal performance recognition awards that include Worker of the Month, manager of the quarter, worker of the year, Manager of the year, Personal Development awards and the Director of the year award in place aim to stimulate a high-performance culture within the business.

CEO Performance Recognition Award

#	Award Category	Number of Employees
1	Worker of the Month awards	415
2	Manager of the quarter awards	11
3	Personal development awards	42
4	CEO Special Award	5
5	Worker of the Year awards	43
6	Manager of the Year awards	5
7	Director of the Year award	1
Total		522

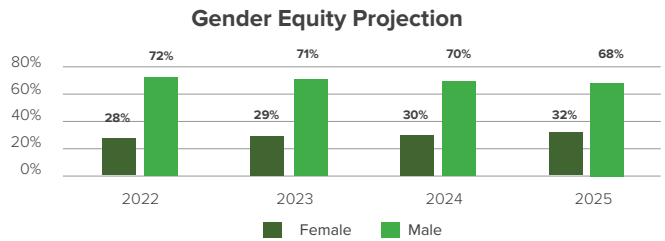
Diversity and Equal Opportunities

Pursuing the Gender Agenda

Gender equality and female representation across all layers of the business remained a challenge for broader ICT sector inclusive of TelOne. From the 2023 recruitments, 42% were female, bringing the total of TelOne female employees to 29%. Table below shows TelOne gender parity targets for the next

3 years;

The business, implemented diverse initiatives and strategies



meant to improve female representation that included among others;

- Offering of empowerment programmes that reflects the needs of TelOne women.
- Tailor made a curriculum that dealt with gender-related issues, and customised programmes on career planning and opportunities for females.
- Intensified recruitment efforts and representation of women mostly in technical and administrative functions.
- Developed affirmative action policies meant to prepare and empower women in leadership roles.
- Established a budget for gender initiatives at the organisational level that supports women programs.
- Established a gender main streaming committee represented through out the regions to represent and champion gender equality across the business.

Supported by the above interventions, female representation improved in various facets as per the table below;

Gender stats by level

#	Level	2022	2023	% Change
1	Board	6	6	0% ▲
2	Executive Committee	2	3	50% ▲
3	Management	14	16	14% ▲
4	Other Staff	421	436	4% ▲
5	Works Council	7	8	14% ▲

Overall, women remain under-represented across the business at 29%. With the management initiatives in place, it is expected that the gap will continue to close into 2024 and beyond.



Welder at TelOne Msasa factory

A marginal increase has been witnessed in women taking up technical jobs.



An all women motor mechanic team celebrating International Women's Day 2023.

Focus On Our Communities

As a Company about people, we care about our impact and relevance to our stakeholders in everything we do. In the context of our ESG commitments, we acknowledge that our communities give us the social license to operate and flourishing takes Corporate Social Investment as a key strategic focus area where we have an annual spent of about 0.25% of our total revenue. In 2023, TelOne spent a total of US\$300 000 on community programmes and US\$677 000 sponsorship for TelOne Football Club.

Our Corporate Social Investment Policy

Our social investments are guided by the Company's Corporate Social Responsibility Policy which is informed by the Corporate Governance Laws of Zimbabwe. The policy outlines that TelOne should conduct its business in a responsible and ethical manner and commits itself to support CSI activities in support of the broader national and global development goals. Targeted groups or communities are identified and supported in material form, monetary form, training, mentorship and employee participation hours.

The annual Corporate Social Investment budget is approved by the TelOne Board of Directors.

The Corporate Social Investment budget shall not exceed 0,5% of revenue and is presented for Board approval annually, with quarterly adjustments made in line with business performance and requirements.

Corporate Social Investment Pillars

To ensure a wider reach and high impact, we have structured our Corporate Social Investment programmes under five pillars namely; Health, Environment, Education, Social Welfare and Women and Girls Empowerment. We are proud to celebrate our impact in at least 26 districts in Zimbabwe in the past five years through the different programmes under each pillar.

Social Welfare

Informed by **SDG 1** on ending poverty everywhere, programmes are structured to provide basic necessities and support livelihoods projects targeting vulnerable groups and individuals in charitable institutions and directly in the communities. Highlights of the programme include provision of food hampers and blankets to vulnerable groups and borehole drilling to support livelihoods projects.

Health

Informed by **SDG 3** which seeks to promote health and well-being, programmes target infrastructure development and maintenance at public health facilities as well as provision of material support and consumables. Highlights of the programme include; Ward refurbishment at Sally Mugabe Children's Hospital and funding free medical outreaches and medicines in needy communities.

Education

Informed by **SDG 4** which seeks to ensure inclusive and equitable quality education, TelOne programmes have targeted primary and secondary schools with book donations and facilitating low cost connectivity.

Girls and Women Empowerment

Informed by **SDG 5**, which seeks to achieve gender equality and empower women and girls, we run a Girls Empowerment and Mentorship Programme that enrolls at least 100 girls annually from across Zimbabwe. The programme's main objective is to empower young girls through impacting personal value, self-confidence, leadership and life skills among other things. Through the programme girls are also matched with mentors drawn from lady leaders from within TelOne.

Additionally, thousands of other school going age are also supported through group mentorship.

Environment

Under the environment pillar, which is informed by **SDG 13**, TelOne runs programmes that include nursery development and tree planting, litter bin provision for local authorities and rehabilitation and maintenance of road islands.

The litter bin donation leverage internal capacity at the Company's Msasa Factory to recycle used drums and materials recovered from our operations to produce street litter bins. The program has so far taken us to 18 cities, towns and district centres where we have donated over 6000 litter bins cumulatively.

Through the tree planting program, we have been donating tree seedlings to various institutions for the development of orchards and woodlots. In 2023, TelOne moved to strengthen the tree planting programme by partnering Forestry Commission for the provision of training and technical support to our community partners who will be running the nurseries.

Our Community Investment and Impact at a glance

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

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

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



Focus On The Communities



TelOne team with Minister of Finance and Economic Development Hon. Mthuli Ncube during winter warmer donation to the elderly in Bulawayo.



Commissioning of a borehole donated in Plumtree, one of the six drilled by TelOne during the year.

Corporate Social Investment Programmes Summary

CSI PILLAR	2023 PERFORMANCE		
	Programmes/Activities	Activities	Reach/Impact
3 GOOD HEALTH AND WELL-BEING Health	Medical outreaches	Outreaches conducted in 4 District (Chipinge, Rusape, Bulilima, Bulawayo)	6300 people impacted
1 NO POVERTY Social Welfare	Community Borehole drilling	Boreholes drilled in 5 Districts (Rusape, Chiredzi, Plumtree, Rusape and Chipinge)	3000 people impacted (At least 600 people per village benefitting)
	Winter warmer hampers for the vulnerable	800 food hampers and 1400 blankets donated to vulnerable families in 6 Districts (Bulawayo, Rusape, Zaka, Plumtree, Harare and Chikomba)	800 people impacted
5 GENDER EQUALITY Environment	• Tree planting Programme	5000 tree seedlings distributed	5000 trees planted
	• Provide-A-Bin Programme	Zimplats Partnership revived and 500 drums secured	100 bins donated to Zimbabwe Cricket
13 CLIMATE ACTION Girls and Women Empowerment	Girls Mentorship Programme	Girls mentorship sessions conducted at 13 schools by TelOne female senior managers	3000 girls reached 3000 sanitary pads donated
4 QUALITY EDUCATION Education	Material needs support for schools	<ul style="list-style-type: none"> Supported school block completion in Bulilima Supported school with borehole in Chiredzi 	800 learners impacted



Lady leaders from TelOne take time to mentor girls from different schools around the country as part of the TelOne Girls Empowerment Programmes

Focus On Clients

Marketing and Labelling of Our Goods

At TelOne we are committed to business practices, responsible marketing and respecting the privacy of our clients. During the year under review, our focus was on ensuring that:

- We meet and exceed our clients' expectation and deliver promised products and services at a fair price to our clients.
- We communicate clearly and factually in all our marketing communication including labelling.
- We create support platforms for our clients and communicate these to ensure convenience.
- Our packages and prices are clearly outlined on all our customer touchpoints, clients have the liberty to choose the option that suits their connectivity needs and budget.
- Communication on tariff change is done within stipulated regulatory timeframes with all Terms and Conditions clearly stated on uncapped packages with fair usage being outlined.

Customer Privacy

TelOne values and upholds customer privacy and measures to guarantee this have been put in place. TelOne's Code of Conduct includes a dedicated section on customer privacy. Our Data Protection and Customer Privacy programme is currently under development in compliance with the Zimbabwe data protection laws, to provide a governance structure for data management and protection.

To ensure compliance, TelOne has several privacy and security KPIs set across the various domains and departments, including the maintaining of 100% availability ('uptime') of security controls, maintaining zero open critical and high-severity vulnerabilities, and maintaining zero security attacks and breaches that could impact TelOne's business (such as revenue loss, reputation impact and service availability).

Augmenting Client Experience

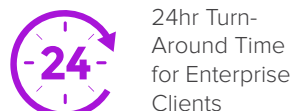
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Focus On Clients

The Digitalization Journey

In a world where digital is the new normal, TelOne is making efforts to keep up with the pace by providing our clients with various digital platforms which increase accessibility and ensure efficiency in delivering value to our clients. In this regard, the year under review was a consolidation of the various self-help platforms that are at the fingertips of our clients and these include:

- i. **Chommie WhatsApp Bot** – this is a platform accessible via WhatsApp and is a convenient way for our customers to reach TelOne services and support with no human interaction. The Bot has had huge impact serving a total of 54,416 clients during the year.
- ii. **Kommunicate** – this platform is an extension of the Chommie WhatsApp Bot, which is designed to facilitate human back-up for clients redirected by the bot.
- iii. **USSD** – through the platform, clients are able to access services even when they are without an internet connection to recharge their accounts and check balances. This is a zero rates service to ensure convenience for the clients.
- iv. **Facebook, Instagram, X** – Having these platforms is an effective way for us to engage our clients as they are kept abreast with products and developments in TelOne. These

platforms are also a touchpoint for our clients to reach out to us if they are in need of any assistance.

Client Support and Engagement

- A dedicated client support team in our contact centre ensured that queries were resolved timeously with an answer rate of 95% on the queue for the high valued clients
- A network monitoring system was developed to ensure that our Enterprise clients were proactively engaged in the event of a network downtime. This subsequently resulted in faults being resolved within the stipulated 24hours turn-around time for Enterprise clients.
- Our clients were also engaged online through our various digital platforms and client visits were also conducted through the dedicated account management team.
- The account management team proactively engages our clients regarding any service related issues thus keeping them highly delighted with our service.
- These initiatives around client experience also contributed towards the improvement of our customer satisfaction index (CSI) to 79% in 2023.
- In line with our slogan of service #ENGAGE, we took time to celebrate our clients in March and October 2023.

www.telone.co.zw

We care about service delivery

Enjoy 24/7 technical support and seamless connectivity, ensuring 100% uptime. Trust us to keep you connected and provide unmatched service.

#WeCare

TelOne
The Future Is Better Together

Chommie | Self Service-Portal | *216#

OUR ENVIRONMENTAL IMPACT

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

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

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

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



Our Environmental Impact

It is our conviction that our business should not succeed at the expense of the environment and as such our strategy has put in place an urgent and sustainable action plan to ensure that TelOne contributes to the local and global climate emergency.

We are committed to ensure the greening of our operations and this principle has informed the selection of our environmental impact material topics, which we used to track our impact on the environment and guide our interventions in the following specific areas;

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

Sustainable Sourcing and Use of Materials

Sustainability in materials within TelOne involves sourcing, usage, and disposal of materials throughout the product lifecycle. This includes considering the environmental impact of materials used in the manufacturing of devices, infrastructure, and packaging, as well as their end-of-life management. TelOne has been progressively focusing on sourcing materials in an ethical and environmentally conscious manner. This involves working with suppliers who adhere to sustainability standards and practices, such as using recycled or renewable materials, reducing waste generation, and minimizing the use of hazardous substances. We also seek to improve material efficiency through optimizing the use of materials during manufacturing processes, reducing waste and excess consumption.

How we select materials for use in operations:

As a telecommunication Company, our major materials are copper, optic fibre cable, wooden poles and accessories.

In order to reduce environmental impact and also contributing to cost savings and resource conservation, TelOne considers the following:

- Total life cycle of the material, including cost of outright purchase price, cost of maintenance and cost of disposal
- Business model
- Mean time to failure
- Energy efficiency
- Fibre efficiency
- Compliance with ITU-T standards and 3GPP international standards
- Technological changes
- Sustainability

During the period under review we procured 8,085 wooden poles as follows:

- While the poles were sourced from authorized plantations, the Company is reviewing its approach to ensure that, only sustainably grown plantations that are SAZ certified participate in the tendering process to ensure that we do not contribute to environmental degradation and depletion of forests.

Adapting Sustainable Energy Model

Energy consumption is a significant component of TelOne's operational expenditure (OPEX), as the average cost per kilowatt-hour (kWh) is relatively high in our operating environment. TelOne relies significantly on fossil fuel-derived back-up energy sources which contributes to both cost inefficiencies and environmental unsustainability. Telecommunication exchange sites and Data centers, which account for a substantial portion of energy consumption, serve as primary areas of focus for implementing green energy programs and reducing energy-related expenditures.

TelOne's sustainability initiative started with modest-scale projects and expands based on demonstrated success. The Company's focus lies in optimizing energy utilization, adopting renewable energy sources such as solar power and reducing carbon emissions from legacy power generators by replacing these with smaller sized and fuel efficient generators. In pursuance of this initiative, TelOne embarked on a solar energy deployment project to power its Telecommunications sites. To date a total of eight (8) Exchange sites are now running on solar energy. Additional five (5) sites are earmarked for deployment in 2024.

The business embraces an approach whereby all newly procured network elements for network expansion adhere to ecologically friendly and energy-efficient standards. Other measures to curtail energy consumption include:

- Implementation of energy-efficient network nodes and data centers, guided by key metrics such as Power Usage Effectiveness (PUE) and Data Centre Infrastructure Efficiency (DCIE).
- Adoption of intelligent and industry-leading data center cooling standards, such as in-row or in-rack cooling with hot aisle/cold aisle configurations in accordance with applicable ASHRAE/EIA/TIA standards.
- Adherence to ASHRAE guidelines on environmental conditions for data processing environments, as directed by TIA Standard 942, which allows for wider temperature and humidity ranges to reduce power consumption.



Our Environmental Impact

Biodiversity

In an effort to promote biodiversity, due care is given to the extend to which we disturb the environment during our operations. A cautious approach is employed in the different facets of our work as follows;

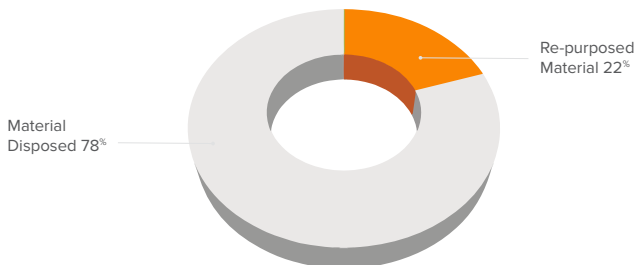
- During network deployment, effort is made to avoid route markings where most trees are. If there are trees along the path, we avoid cutting them down through trimming encroaching branches.
- Backfilling of all trenched areas is prioritised and is part of our Standard Operating Procedures.
- A tree planting programme targeting project sites and the wider environs is run to help to restore the environment.

Sustainable Waste Management

As we proceed to modernise our network, some of the equipment is becoming redundant as it is decommissioned. In 2023, we continued on the path to remove disused equipment from the network. The recovered equipment and material was disposed of in line with the Public Procurement and Disposal of Public Assets Act (PPDPA Act) alongside other relevant published Regulations and TelOne policies.

Recovery and Disposal of Copper Weld Wires and Copper Cables

About 953 tonnes of cables comprising of copper-weld wire (900 tonnes) and copper cables (73 tonnes) were recovered and disposed of as shown:



Network Material Recovery and Disposal

Approximately 45,000 pieces of redundant network material comprising wooden poles, galvanised wire arms, batteries and steel poles were recovered with approximately 10,000 pieces being re-purposed for use in the network and about 35,000 pieces being sold through public auctions.

Managing Our Emissions

The Company actively sought to minimize its carbon footprint by reducing emissions, discharges, and waste generated by its operations. TelOne has an obligation to be a good steward of the environment and as such in 2023 TelOne's strategic priorities on reduction of emissions and environmental sustainability were primarily driven by:

- Focusing on reducing the impact of TelOne's emissions, particularly the environmental benefits of our reduction in the deployment of cooling systems that make use of environmentally unfriendly refrigerants like R22 (difluoromonochloromethane) with very high Global Warming Potential (GWP) to more environmentally safe refrigerants like R410A and R32.

- Replacement of the high energy consumption and inefficient legacy air conditioning plant with smaller energy-efficient units which leads to 20% in energy savings

TelOne have not been procuring R22 systems over the past decade and the strategic goal is to phase out all R22 systems in TelOne network by 2025 way ahead of the 2030 national target set by Ministry of Environment, Climate Change, Tourism and Hospitality Industry. Efforts are underway to phase out and replace all legacy central cooling plant and window wall air conditioning units which are still utilizing R22 refrigerants. To date over 65% of such systems have been replaced with environmentally friendly solutions. The remaining systems will be replaced by 2025.

TelOne has implemented rigorous measures to ensure strict compliance with the RoHS (Restriction of Hazardous Substances) regulations in all its procurement activities. As part of this commitment, TelOne carefully evaluates and selects network elements, including batteries and telecom equipment, that do not contain environmentally unsafe substances, such as mercury and other hazardous materials. By adhering to these stringent standards, TelOne aims to mitigate potential risks to both the environment and human health. This approach underscores TelOne's dedication to sustainable practices and responsible corporate governance. Furthermore, by prioritizing the acquisition of RoHS-compliant products, TelOne actively contributes to the reduction of electronic waste and promotes the adoption of safer and more sustainable materials within the telecommunications sector.

For Environmental Compliance

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



Risk Management

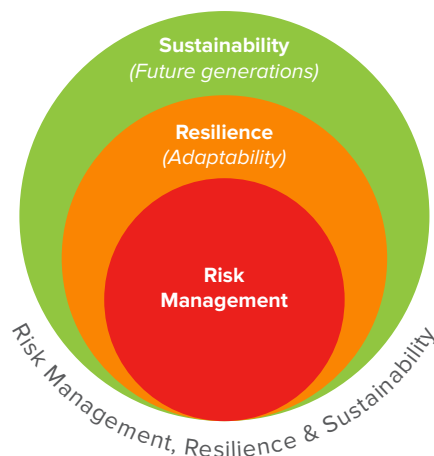
Risk Overview

The business has adopted risk management framework aligned to the Public Entities Corporate Governance Act [Chapter 10:31] aimed at building resilience into our business strategy. We remain dedicated to driving the nation's digital transformation agenda through our cutting-edge broadband infrastructure within the digital cluster of the NDS 1.

Our enterprise risk management framework is informed by the ISO 31000 standards which consider the Environmental, Social and Governance (ESG) as part of the risk assessment landscape. In recognising that our business activities may introduce internal hazards as well as external hazards to its stakeholder current and those in future generations, a proactive approach to deal with the anticipated hazards has been adopted. This approach assures us that there is indeed a balance between wealth creation and the pursuit of profit.

The Risk Management Intersection with Sustainability

The business recognises the interconnectedness between risk management and sustainability. The business remains selfless considering that risk management enables the business to navigate in turbulent terrain so as to be resilient, however, the future generation continues to be the guiding principle beyond our survival. The illustration below is provided to align our philosophy.



Risk Management

The Risk Management practice within the business is driven by a defined governance structure informed by the six lines of defence to ensure a comprehensive risk management approach from the factory level to the shareholder level.



- i. **Line management:** Responsible for the management and control of risk at operational level.
- ii. **Risk Management function:** Develop and lead enterprise-wide implementation of risk management methodologies and reporting on the changes of the risk profile.
- iii. **Internal Audit:** Provide independent assurance on the risk management, governance and the control environment to the Board.
- iv. **Risk Management Committee:** A sub risk management committee to the Executive Committee that co-ordinates the risk mitigation strategies across the business through the appointed risk champions.
- v. **Board:** Overall responsibility for ensuring effective risk management systems and processes enterprise wide.
- vi. **External assurance service providers:** Evaluates the risk management process and expresses an independent opinion on the business performance which information is central for decision making by shareholders.

Risk Management

Top Risks Affecting Strategy

TelOne Risk Management Pillars 2022-2023

The TelOne Risk identification, quantification, treatment and then tracking effectiveness of measures adopted through the quarterly Composite Risk Index (CRI) is achieved through the risk pillars indicated below:



Below is the outlook of risks highlights that affected strategy deployment in 2023:

CORPORATE RISK REGISTER & HIGHLIGHTS OF DETAILED MANAGEMENT INTERVENTIONS DECEMBER 2023		
Risk Pillar	Risk Description	Management Interventions
Strategic Risks Risk Rating: High ○○○	Inadequate project funding; Value erosion on earnings due to inflation	<ul style="list-style-type: none"> Recapitalisation engagements and efforts remain key to the funding gap; US\$8.5m raised mainly from short term loans & own funds, with US\$31.3m required to fund the 2024 strategy network expansion, systems & upgrades; Alternative funding models including PPP'S continue to be pursued; Repositioning of the TelOne property portfolio with a view to unlock revenues; Network copper aggressive selloff, being replaced by fibre deployment.
Financial Risks Risk Rating: High ○○○	<ul style="list-style-type: none"> Debtors book amounting to ZWL245b with government and parastatals owing 66% of the total exposure; Tariff regulation affecting the business with 4 reviews in 2023 staggered, regardless of exchange rate movements; 	<ul style="list-style-type: none"> Timely engaging the regulator for price reviews to ensure alignment with market changes; Aggressive debt recovery including black listing, demand letters and interest rates to mitigate the credit risk; In instances that the post pre-paid model is not suitable the business continues to engage the responsible authorities on adopting value hedging strategies.
	<ul style="list-style-type: none"> Legacy Debt High Cost Structure 	<ul style="list-style-type: none"> Debt warehousing/takeover by the shareholder of US\$399.5m remains a priority on the balance sheet into 2024; Pursuing strategic diversified revenue growth initiatives; Cost optimisation and containment of human resources, electricity, diesel consumption & fuel related costs continue to be tracked.
Technological Risks Risk Rating: High ○○○	<ul style="list-style-type: none"> The telecommunication business is a fast paced business and the risk is mainly driven by: Incompatible systems to enhance client experience; Obsolete network and infrastructure; 	<ul style="list-style-type: none"> The technology roadmap including technology replacement programs giving emphasis to fibre deployment and wireless solution as an overlay technology as part of dis-investing from copper.
Operational Risks Risk Rating: Moderate ○○○	Cyber Security Threats Network vandalism has affected quality of client experience, increased cost of doing business through replacement of network components	<ul style="list-style-type: none"> Risk assessments and quick turnaround in addressing weaknesses noted is at the centre of the business response plan; Risk independent checks of supervisory controls in all identified areas with leakages; Awareness programs continued to be rolled out in enhancing the first human defensive mechanism; Network fortification and rehabilitation to reduce the number of copper cables theft; The long term strategy is the staggered disinvestment from copper in sympathy with resource availability.

Risk Management



Security Practices

Background

Telecoms infrastructure is critical in the achievement of not only the Company's strategic plans but plays an important role in the Government of Zimbabwe's National Development Strategy 1 (NDS1), Vision 2030 as well as the Ministry of Information Communication and Technology, Postal and Courier Services (MoICTPCS)'s Strategic Plan.

Therefore, protection of the Company's assets and infrastructure against theft & vandalism remains of paramount importance in preserving revenue streams, ensuring the smooth delivery of service to our stakeholders and minimizing the potential losses. The Company has an internal security services team which works with external private security companies and the Zimbabwe Republic Police to combat the growing risk of network theft & vandalism.

The Company acknowledges the importance of upholding Human Rights as we engage in the fight against network theft & vandalism. Human rights training is therefore a critical part of our policy and programmes for our security personnel to ensure that the United Nations' human rights standards are adhered to at all times.



Management Approaches

Security training upon recruitment for new staff and retraining of existing staff is outsourced to Zimbabwe Republic Police. The training includes observing and respecting Human Rights as they carry out duties in fighting crime. 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

95% of our security personnel have undergone Human Rights training including the retraining of the existing personnel. Private security firms have been engaged, and they will include human rights training in future recruitments, as well as in-service training for those who are already employed.

Anti-Bribery & Corruption

Background

The Company established an Ethics & Integrity Committee in 2022. It was formed in liaison with the Anti-Corruption Commission, which is mandated by Section 255(h) of the Zimbabwean Constitution (Amendment No. 20 of 2013) to make recommendations to the government and other persons on measures to improve integrity and accountability and prevent improper behaviour in both the private and public sectors. The Company also has its own code of ethics which prohibits any of its employees from giving or receiving a bribe or being involved in corruption scheme. The code of ethics is consistent with Zimbabwean Laws and should guide employees on what to avoid whilst on duty.

Management Approach

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

Risk Management

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

Specific Disclosures

Anti-bribery & Corruption Awareness Campaigns and trainings were conducted in Harare and other parts of the country. All employees are expected to receive the training on a yearly basis and additional awareness campaigns are done for employees in high risk roles.

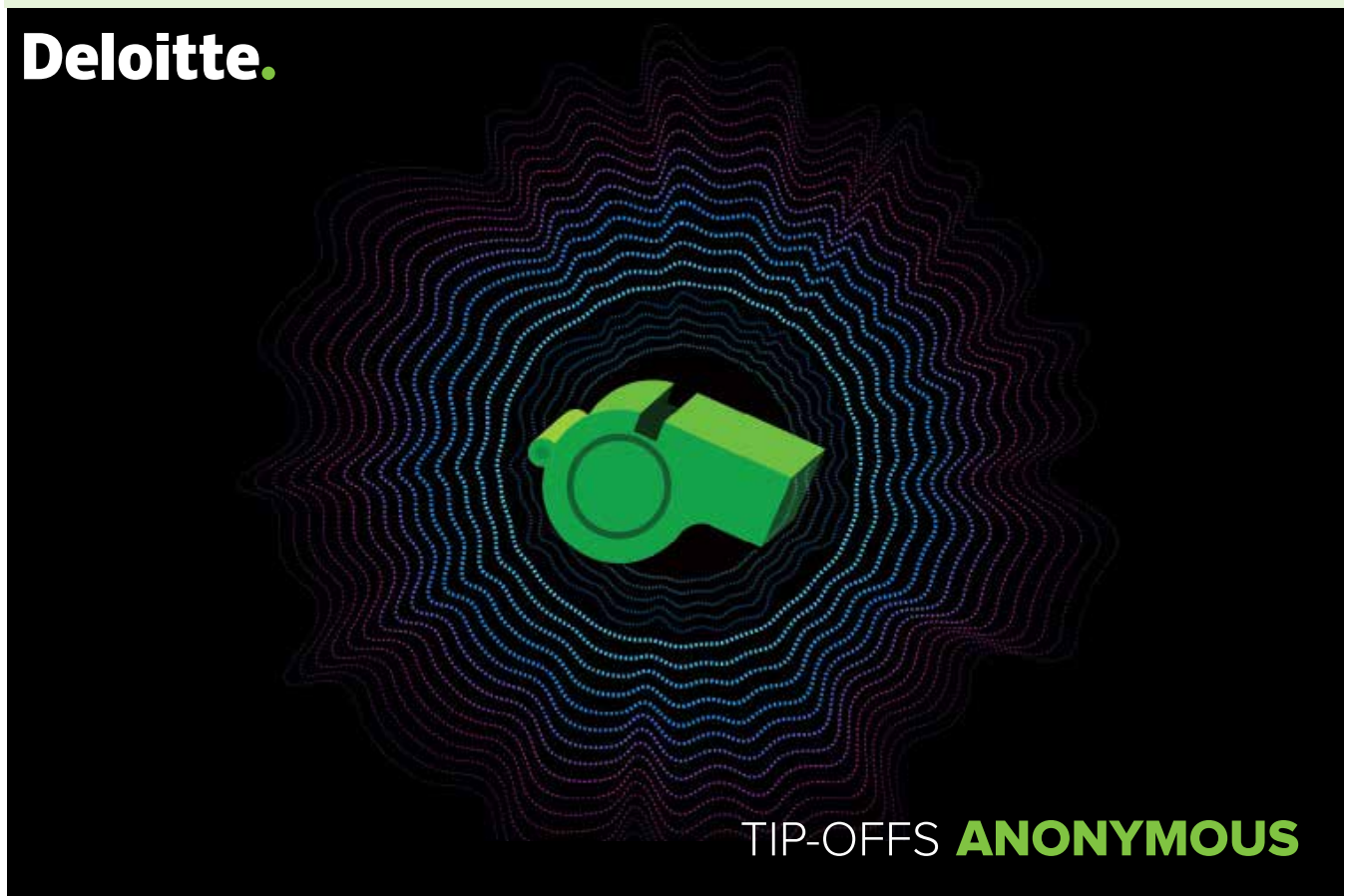
Every employee has an obligation to address the risk of bribery & corruption. And to ensure that employees understand how they can contribute, communication programs such as Risk Bulletins, Risk Awareness Training focusing on whistleblowing are conducted throughout the year.

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

Deloitte Tip-Off Anonymous Facility

Policy Objectives

This policy is intended to encourage employees and other relevant stakeholders to report perceived unethical or illegal behaviour of employees, management, directors, and other stakeholders across the Company in a confidential manner without fear of harassment, intimidation, victimization, or reprisal. TelOne will reward useful information received via Deloitte Tip- offs Anonymous or any other whistleblowing channel. Employees are educated through awareness campaigns to make use of this platform to combat unethical business practices.



Financial Report

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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 58 to 61 of the Annual Report.

Systems of internal control

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

Going concern

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

Accounting standards and policies

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

Approval of financial statements

The financial statements were approved by the Board of Directors on 31 May 2024 and are signed on its behalf by:

Dr. D. Zimbango
Board Chairman

Engineer. L. Nkala
Chief Executive Officer

Mr. B. T. Makanza
Chief Finance Officer

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

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



Reference: SB 54

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

SB54

REPORT OF THE AUDITOR GENERAL
TO
THE MINISTER OF INFORMATION COMMUNICATION TECHNOLOGY, POSTAL AND COURIER SERVICES
AND
THE BOARD OF DIRECTORS
IN RESPECT OF THE FINANCIAL STATEMENTS OF THE
TELONE (PRIVATE) LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2023

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of TelOne (Private) Limited as set out on pages 62 to 96 which comprise the statement of financial position as at December 31, 2023, and statement of profit or loss and other comprehensive, statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements present fairly, in all material respects, the financial position of TelOne (Private) Limited as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

i. Material uncertainty related to going concern

I further draw your attention to note 30 to the financial statements which indicates that the Company incurred losses amounting to ZWL1.18 trillion (2022 ZWL538.4 billion) for the year ended December, 31 2023. The Company has significant legacy loans and borrowings amounting to ZWL 3.18 trillion (2022: ZWL 1.61 trillion) which includes principal plus interest accruals that were in default. 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.

ii. Joint arrangement

I draw your attention to note 9.3 to the financial statements which describes that TelOne (Private) Limited entered into a joint arrangement with other two partners for the formation of Zimbabwe Information Technology Company (ZITCO) to manufacture computers. As at December 31, 2023 the manufacturing plant had not been operating. TelOne (Private) Limited had been meeting operational costs including salaries and allowances for the workers assigned under ZITCO and capitalizing these cost as investment in ZITCO, additionally TelOne for the year ended December 31, 2023 had a gain in the fair value adjustment of ZWL9.7 billion (2022: loss on fair value adjustment of ZWL52.08 million). My opinion is not modified in respect of this matter.



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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of TelOne (Private) Limited for year ended December 31, 2023. 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
<p>Revenue recognition. Refer to note 20 of the financial statements</p> <p>The Company recognized revenue amounting to ZWL 674.2 billion during the year December 31, 2023.</p> <p>The Company has various products that cut across internet, voice and data from which it generates revenue processed using a complex IT based billing system.</p> <p>The huge volume of transactions from numerous revenue streams and the high level of regulation in the Telecoms industry results in revenue recognition (ISA 240) being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit.</p> <p>As a results, revenue recognition was considered a key audit matter.</p>	<p>The audit procedures to address the risk of material misstatement relating to revenue recognition included:</p> <ul style="list-style-type: none"> • Tested the 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. • Analysed the billing data to confirm the accuracy and completeness of revenue. • Tested the validity, accuracy and completeness of revenue in line with the changed business conditions and terms. <p>Based on evidence gathered, I found no material errors in the computation and recognition of revenue.</p>
<p>Valuation of Trade and other receivables refer to Note 12 to the financial statements.</p> <p>The Company disclosed the recoverable amount of trade and other receivables to be ZWL338.7 billion as at December 31, 2023 after adjusting for allowance for credit losses of ZWL12.07 billion.</p> <p>With significant amounts of trade and other receivables overdue for payment and considering current economic environment characterized by liquidity challenges, allowance for credit losses is an area requiring management to make significant judgement. The application of International Financial Reporting Standards (IFRS) 9 – “Financial Instruments” and the expected credit loss (ECL) model in determining allowance for credit losses involves management judgement.</p> <p>The valuation of trade and other receivables was therefore considered to be a key audit matter.</p>	<p>My audit procedures to address the risk of material misstatement relating to the valuation of trade receivables included:</p> <ul style="list-style-type: none"> • Obtained third party confirmations for material outstanding trade receivables. • Performed a detailed debtor’s analysis to verify accuracy and validity of debtor movements and identify irregular debtor balances. • Assessed the reasonableness of the judgements and assumptions made in estimating the allowance for credit losses. • Evaluated the appropriateness of the presentation and disclosure of trade receivables in the financial statements for compliance with IFRS 9 – “Financial Instruments”. • Re-performed the allowances for credit losses computation to confirm if it was in line with the IFRS 9 “Financial Instruments” principles. <p>Based on evidence gathered, I found the valuation, presentation and disclosure of trade receivables to be appropriate.</p>
<p>Accounting in Hyper Inflation Economy</p> <p>The Public Accountants and Auditors Board (PAAB), in the 2019 issued pronouncement highlighting that effective July 1, 2019, the Zimbabwean economy was now under hyperinflation. This requires the application of International Accounting Standard (IAS) 29 – “Financial Reporting in Hyperinflation Economies”, when reporting for the year ended December 31, 2023. Review of the conditions giving rise to hyper inflationary period during 2023 has not changed.</p> <p>Unlike in the prior years, blended inflation rates were published during 2023 and the Company had to determine appropriate CPI indices to adjust the historical costs amounts. Application of IAS 29 - “Financial Reporting in Hyperinflation Economies” is complex. Monetary assets and liabilities may not be determined appropriately.</p> <p>As a result, accounting in a hyperinflationary economy was considered to be a key audit matter.</p>	<p>My procedures to address the risk of material misstatement with regard to accounting in a hyperinflationary economy:</p> <ul style="list-style-type: none"> • Reviewed the appropriateness of the Company’s internal guidance on the steps to be taken in applying IAS 29 - “Financial Reporting in Hyperinflation Economies”. • Tested the accuracy of indices applied, considering information from official government pronouncements as well as PAAB guidance • Assessed the appropriateness of judgements applied in segregation between monetary and non-monetary items. • Reviewed the financial statements to confirm the appropriateness of disclosures made by the Company, taking into consideration requirements of IAS 29 - “Financial Reporting in Hyperinflation Economies”. <p>Based on the work performed, I found the Company’s accounting in hyperinflationary economies to be in line with IAS 29 - “Financial Reporting in Hyperinflation Economies”.</p>

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

Other Information

Management is responsible for the other information. The other information comprises all the information in the TelOne (Private) Limited's 2023 annual report other than 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 Company's financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed 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 the other information, I am required to report that fact. I have nothing to report in this regard.

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

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act [Chapter 24:31] and the Public Finance Management Act [Chapter 22:19] and for such internal control as directors determine 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

My objectives 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 International Standards on Auditing (ISAs) 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 International Standards on Auditing (ISAs) and ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

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

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

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

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 Companies and Other Business Entities Act [Chapter 24:31] and the Public Finance Management Act [Chapter 22:19] and other Statutory Instruments.

31 May 2024

R. KUJINGA,
ACTING AUDITOR – GENERAL

Statement Of Financial Position

as at 31 December 2023

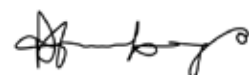
Notes	Inflation Adjusted		Historical Cost		
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	
ASSETS					
Non current assets					
Property, plant and equipment	4	2,572,773,317,306	1,911,902,120,024	2,572,773,317,306	397,771,223,849
Capital work in progress	5	42,952,182,044	8,751,686,090	13,175,456,798	1,220,227,755
Investment property	7	8,662,601,369	3,835,616,556	8,662,601,369	798,000,000
Intangible assets	8	284,419,670,331	161,542,789,125	284,419,670,331	33,608,976,244
Right of use assets	10.1	64,035,974,279	17,219,487,964	41,931,087,752	2,374,766,098
Investment in joint venture	9.3	13,355,039,974	3,299,109,925	13,355,039,974	171,878,223
Deferred tax asset	17.2	154,564,881,443	-	129,596,476,155	-
Financial assets	9.2	67,097,442,479	34,236,672,318	67,097,442,479	7,122,015,201
		3,207,861,109,225	2,140,787,482,002	3,131,011,092,164	443,067,087,370
Current assets					
Inventory	11	27,486,250,811	15,303,209,364	11,210,559,559	1,863,906,866
Trade and other receivables	12	338,710,907,976	100,537,629,340	273,695,241,483	17,704,627,447
Security deposits	12.1	4,615,223,940	8,576,853,823	4,615,223,940	1,784,414,383
Cash and cash equivalents	13	8,530,156,188	6,781,741,229	8,530,156,188	1,410,941,219
		379,342,538,915	131,199,433,756	298,051,181,170	22,763,889,915
TOTAL ASSETS		3,587,203,648,140	2,271,986,915,758	3,429,062,273,334	465,830,977,285
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	842	842	32	32
Fair value through other comprehensive income		65,512,321,462	22,463,872,386	59,343,198,464	5,234,006,052
Revaluation reserve		2,117,858,551,688	1,460,382,161,141	2,156,038,270,078	299,665,367,720
Retained income		(2,361,141,365,763)	(1,177,147,827,984)	(2,551,293,335,151)	(248,156,535,590)
		(177,770,491,771)	305,698,206,385	(335,911,866,577)	56,742,838,214
Non-current liabilities					
Foreign legacy loans	15.1	2,565,526,583,999	1,290,084,573,119	2,565,526,583,999	268,402,087,191
Foreign loans long term portion	15.2	548,286,421,763	299,930,920,569	548,286,421,763	62,400,626,107
Long term payable	18.4	780,449,674	398,031,865	780,449,674	82,810,519
Deferred tax liability	17.2	-	87,398,563,957	-	18,185,056,326
Operating licence	18.2	216,246,776,618	116,743,550,299	216,246,776,618	24,288,494,894
Contract liabilities	18.5	31,867,513,201	17,401,291,573	31,867,513,201	3,620,338,601
Lease liability	10.2	42,943,903,271	11,497,098,204	42,943,903,271	2,391,971,208
		3,405,651,648,526	1,823,454,029,586	3,405,651,648,526	379,371,384,846
Current liabilities					
Trade and other payables	18.1	169,242,936,904	72,401,637,498	169,242,936,904	15,063,160,219
Foreign loans current portion	15.2	46,507,239,978	20,397,432,928	46,507,239,978	4,243,685,790
Operating licence	18.2	44,214,563,504	20,882,074,446	44,214,563,504	4,344,515,455
Loan interest payable	15.2	22,775,411,142	8,791,147,391	22,775,411,142	1,828,998,158
Local loans due within one year	16.1	39,000,000	187,454,944	39,000,000	39,000,000
Current tax liability	17.3	57,232,018,711	10,487,020,951	57,232,018,711	2,181,824,641
Contract liabilities	18.5	6,800,739,895	3,236,434,256	6,800,739,895	673,340,135
Lease liability	10.2	1,097,997,923	281,575,490	1,097,997,923	58,581,779
Provisions	19	11,412,583,328	6,169,901,883	11,412,583,328	1,283,648,048
		359,322,491,385	142,834,679,787	359,322,491,385	29,716,754,225
TOTAL EQUITY AND LIABILITIES		3,587,203,648,140	2,271,986,915,758	3,429,062,273,334	465,830,977,285



B. T. MAKANZA
(Chief Finance Officer)
31 May 2024



ENGINEER L. NKALA
(Chief Executive Officer)
31 May 2024



DR. D. ZIMANGO
(Board Chairman)
31 May 2024



Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

	Notes	Inflation Adjusted		Historical Cost	
		Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Revenue	20	674,202,411,210	263,771,241,211	379,909,986,073	40,002,326,506
Payment to other operators	21	(81,413,567,284)	(36,861,910,805)	(45,748,988,330)	(5,242,936,780)
Net revenue		592,788,843,926	226,909,330,406	334,160,997,743	34,759,389,726
Other income	22	18,432,383,416	9,122,377,450	11,899,661,039	1,614,450,890
Operating expenses		(383,333,458,402)	(181,417,646,435)	(226,829,307,966)	(24,890,110,465)
Other operating expenses	23	(196,243,061,308)	(94,575,417,987)	(117,464,695,642)	(12,732,822,926)
Staff costs	23.1	(187,090,397,094)	(86,842,228,448)	(109,364,612,324)	(12,157,287,539)
Earnings before interest, tax and depreciation and amortisation		227,887,768,940	54,614,061,421	119,231,350,816	11,483,730,151
Depreciation of property, plant and equipment	4	(40,100,107,524)	(17,333,224,455)	(27,319,622,968)	(1,856,569,158)
Fair value adjustment investment property	7	4,826,984,813	964,918,161	7,864,601,369	621,477,523
Fair value re-measurement gain on profit or loss	9.2	73,719,384	18,631,547	129,566,390	3,876,293
Depreciation of right of use assets	10	(5,523,619,368)	(427,843,766)	(2,105,843,512)	(70,554,879)
Amortisation of intangibles	8	(75,582,755,107)	(3,560,875,499)	(30,079,188,437)	(503,695,804)
Operating profit		111,581,991,138	34,275,667,409	67,720,863,658	9,678,264,126
Foreign legacy loans expenses	24.3	(2,420,824,483,967)	(1,646,668,037,059)	(2,336,726,719,901)	(222,765,206,238)
Finance income	24.1	154,620,032,903	19,215,844,827	94,925,819,000	2,201,522,068
Other finance costs	24.2	(26,466,792,186)	(10,821,565,276)	(15,221,357,151)	(1,635,739,147)
Monetary gain		1,476,334,778,141	1,173,759,332,951	-	-
Net exchange movement on payables and receivables	25	(870,349,570,722)	(449,557,779,987)	(869,320,513,483)	(60,649,162,541)
Loss before tax		(1,575,104,044,693)	(879,796,537,135)	(3,058,621,907,877)	(273,170,321,732)
Net tax income	17.1	391,110,506,914	341,351,664,362	755,485,108,316	67,416,278,283
Loss for the year		(1,183,993,537,779)	(538,444,872,773)	(2,303,136,799,561)	(205,754,043,449)
Other comprehensive income					
Revaluation of assets		885,490,088,278	1,114,924,180,064	2,500,165,525,063	367,232,365,066
Deferred tax revaluation of assets		(228,013,697,732)	(270,702,676,349)	(643,792,622,705)	(90,779,840,644)
Fair value re-measurement gain on FVTOCI		57,977,709,194	19,188,863,320	72,874,333,216	6,201,770,803
Deferred tax on remeasurement gain		(14,929,260,117)	(9,650,067,973)	(18,765,140,804)	(1,533,077,743)
Total other comprehensive profit		700,524,839,623	853,760,299,062	1,910,482,094,770	281,121,217,482
Total Comprehensive profit/ (loss) for the year		(483,468,698,156)	315,315,426,289	(392,654,704,791)	75,367,174,033

Statement of Changes in Equity

for the year ended 31 December 2023

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, 2022	32	23,212,843,298	565,312,992	(42,402,492,141)	(18,624,335,819)
Total comprehensive income for the year	-	276,452,524,422	4,668,693,060	(205,754,043,449)	75,367,174,033
Profit for the year	-	-	-	(205,754,043,449)	(205,754,043,449)
Revaluation	-	276,452,524,422	-	-	276,452,524,422
Fair value on financial assets classified as FVTOCI	-	-	4,668,693,060	-	4,668,693,060
Balance at December 31, 2022	32	299,665,367,720	5,234,006,052	(248,156,535,590)	56,742,838,214
Balance at January 01, 2023	32	299,665,367,720	5,234,006,052	(248,156,535,590)	56,742,838,214
Total comprehensive income for the year	-	1,856,372,902,358	54,109,192,412	(2,303,136,799,561)	(392,654,704,791)
Profit for the year	-	-	-	(2,303,136,799,561)	(2,303,136,799,561)
Revaluation for the year	-	1,856,372,902,358	-	-	1,856,372,902,358
Fair value on financial assets classified as FVTOCI	-	-	54,109,192,412	-	54,109,192,412
Balance at December 31, 2023	32	2,156,038,270,078	59,343,198,464	(2,551,293,335,151)	(335,911,866,577)



Statement of Changes in Equity

for the year ended 31 December 2023

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, 2022	842	616,160,657,426	12,925,077,039	(638,702,955,211)	(9,617,219,904)
Total comprehensive income for the year	-	844,221,503,715	9,538,795,347	(538,444,872,773)	315,315,426,289
Profit for the year	-	-	-	(538,444,872,773)	(538,444,872,773)
Revaluation	-	844,221,503,715	-	-	844,221,503,715
Fair value on financial assets classified as FVTOCI	-	-	9,538,795,347	-	9,538,795,347
Balance at December 31, 2022	842	1,460,382,161,141	22,463,872,386	(1,177,147,827,984)	305,698,206,385
Balance at January 01, 2023	842	1,460,382,161,141	22,463,872,386	(1,177,147,827,984)	305,698,206,385
Total comprehensive income for the year	-	657,476,390,547	43,048,449,076	(1,183,993,537,779)	(483,468,698,156)
Profit for the year	-	-	-	(1,183,993,537,779)	(1,183,993,537,779)
Revaluation for the year	-	657,476,390,547	-	-	657,476,390,547
Fair value on financial assets classified as FVTOCI	-	-	43,048,449,076	-	43,048,449,076
Balance at December 31, 2023	842	2,117,858,551,688	65,512,321,462	(2,361,141,365,763)	(177,770,491,771)

Statement of Cash Flows

for the year ended 31 December 2023

	Note	Inflation Adjusted		Historical	
		Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Cash flows from operating activities					
Operating profit		111,581,991,138	34,275,667,409	67,720,863,658	9,678,264,126
Adjustments for:					
Depreciation of property, plant and equipment	4	40,100,107,524	17,333,224,455	27,319,622,968	1,856,569,158
Fair value adjustments		(4,900,704,197)	(979,107,236)	(7,994,167,759)	(625,353,816)
Depreciation of right of use assets	10	5,523,619,368	427,843,766	2,105,843,512	70,554,879
Amortisation of intangible assets	8	75,582,755,107	3,560,875,499	30,079,188,437	503,695,804
Allowance for credit losses	12.2	11,271,867,652	1,682,492,265	11,271,867,652	350,042,505
Provision for staff costs		10,128,935,280	4,376,879,883	10,128,935,280	911,534,088
Discount received	22	-	(1,220,224,471)	-	(253,867,693)
Discount allowed	23	23,127,059	121,720,766	9,117,008	14,004,563
Gain on disposal of property, plant and equipment	22	(1,807,196)	(247,473,649)	(688,982)	(51,486,891)
		249,309,891,735	59,331,898,687	140,640,581,774	12,453,956,723
Changes in working Capital					
Increase in inventories		(12,183,041,447)	(8,056,722,201)	(9,346,652,693)	(1,535,825,453)
Increase in receivables		(238,173,278,636)	(59,453,609,276)	(255,990,614,036)	(15,295,463,031)
Increase in payables		120,173,788,464	31,753,247,904	194,049,824,735	12,602,457,898
Cash utilised in operations		(130,182,531,619)	(35,757,083,573)	(71,287,441,994)	(4,228,830,586)
Net cash from operating activities		119,127,360,116	23,574,815,114	69,353,139,780	8,225,126,137
Cash flows from investing activities					
Finance income received	24	29,581,856	5,425,441	17,261,765	315,445
Purchase of property, plant and equipment	4	(51,359,569,624)	(24,794,893,374)	(20,089,769,423)	(3,744,779,070)
Purchase of capital works in progress equipment	5	(36,010,298,250)	(6,854,430,551)	(13,550,681,037)	(1,213,467,650)
Purchase of investment property		-	(25,894,005)	-	(4,308,600)
Investment in joint venture	9.3	(386,839,266)	(189,364,745)	(154,689,423)	(35,704,699)
Investment in gold coins		-	(50,719,737)	-	(9,627,985)
Proceeds from disposal of assets and redundant material		7,264,232,190	484,519,514	4,662,596,614	70,220,017
Intangible asset development expenditure	8	(66,262,717)	(12,150,799,333)	(51,963,850)	(916,589,971)
Net cash utilised in investing activities		(80,529,155,811)	(43,576,156,790)	(29,167,245,354)	(5,853,942,513)
Cash flows from financing activities					
Finance costs paid		(2,678,128,081)	(5,252,951,751)	(1,021,018,696)	(560,366,123)
Principal lease payments	10.2	(1,527,143,292)	(1,341,747,871)	(582,213,324)	(153,742,833)
Repayment of local borrowings		(28,738,148,156)	(5,246,954,851)	(10,956,229,750)	(548,996,172)
Repayment of foreign borrowings	15	(53,790,352,485)	(3,782,802,928)	(20,507,217,687)	(587,280,629)
Net cash outflow from financing activities		(86,733,772,014)	(15,624,457,401)	(33,066,679,457)	(1,850,385,757)
Inflation effects on cash and cash equivalents		49,883,982,668	27,703,244,923	-	-
Net (decrease)/increase in cash and cash equivalents		(48,135,567,709)	(35,625,799,077)	7,119,214,969	520,797,867
Cash and cash equivalents at beginning of the year		6,781,741,229	14,704,295,383	1,410,941,219	890,143,352
Cash and cash equivalents at end of year	13	8,530,156,188	6,781,741,229	8,530,156,188	1,410,941,219

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

2.6 Basis of Measurement

The entity's annual financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and restated to consider the effects of inflation in accordance with the International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies" 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. The inflation adjusted financial statements represent the principal financial statement of the Company, historical cost financial statements have been presented as supplementary information.

2.7 Use of Estimates and Judgments

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

Estimates and judgements were applied on the following:

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

2.7.1 Revaluation process for items of property plant and equipment

Property, plant and equipment was revalued on 31 December 2023 by Bard Real Estates, an accredited independent valuer through a desk top assessment undertaken in accordance with the current edition of the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards 2017 (the "Red Book") which incorporates International Valuation Standards.

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

2.8 Financial Reporting in Hyperinflationary Economies

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

Comparative amounts have been restated to reflect the change in the reporting period. Judgement 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 total consumption poverty line (TCPL) approach was adopted to derive the general price Index in ZWL.

The following general price indices and conversion factors were applied:

Date	General Price Index	Conversion factor
31 December 2023	65704.4	1.00
31 December 2022	13669.8	4.81
Average CPI for 12 months to:		
31 December 2022	9198.70	
31 December 2021	3135.23	
31 December 2020	1579.09	
31 December 2019	64.01	



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

2.9 New and Revised Financial Reporting Standards implemented during the year

New standards, amendments and interpretations effective January 01 2023, which have been adopted.

i. Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date

In July 2020, the IASB issued an amendment that defers the effective date of the January 2020 amendments by one year. In January 2020 the IASB issued an amendment to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

There is minimal impact to TelOne as it only affects presentation of financial statements.

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

ii. Amendments to IAS 1: Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgments)

In February 2021 the IASB issued amendments to IAS1 which change the disclosure requirements with respect to accounting policies from significant accounting policies to material accounting policy. The amendment help entities provide useful accounting policy disclosures by:

- requiring entities to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies relating to material transactions, other events or conditions are themselves material.

The impact to TelOne is minimal

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

iii. 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.

iv. 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.

There will be no significant impact if any.

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

2.10 New Standards, Amendments and Interpretations issued but not yet effective for financial year beginning 01 January 2023 and not yet adopted

i. Supplier Finance arrangements : amendment to IAS 7(Statement of cashflows) and IFRS 7 (Financial Instruments)

On 25 May 2023, The IASB issued supplier finance arrangements which amended IAS7 (statement of cashflows) and IFRS 7 (Financial instruments) The amendment required entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristic of supplier finance arrangements

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

The amendments are effective 1 January 2024

ii. IAS 21: The effects of changes in Foreign Exchange Rates - Lack of exchangeability

On 15 August 2023 the IASB issues lack of exchangeability. IAS 21 sets out the requirements for determining the exchange rate to be used for recording a foreign transaction into the functional currency and translating a foreign operation into a different currency. If a currency lacks exchangeability, it can be difficult to determine an appropriate exchange rate to use. While relatively uncommon, a lack of exchangeability might arise when a government imposes foreign exchange controls that prohibit the exchange of a currency or that limit the volume of foreign currency transactions.

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments apply to annual period beginning on or after 1 January 2025.

iii. IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Amendments to sale or contribution of assets between an investor and its associate

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

It states that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) for fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set.

iv. IFRS 16 Leases – Lease liability in a sale and leaseback

The standard provides a single lessee accounting model requiring the recognition of assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

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, 2023.

3.1 Property, Plant and Equipment

3.1.1 Recognition and measurement

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

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

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

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



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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 fitting	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, plant 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 entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are expensed in the profit and loss account.

3.1.3 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is 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 entity. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently they are carried at cost less accumulated amortisation and impairment losses. Intangible assets are recorded at fair value less accumulated amortisation.

The useful lives of intangible assets are assessed as either finite or infinite. The entity only has intangible assets with finite useful lives. These assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation 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 intangible assets comprise mainly of acquired computer software licenses, operating licenses issued by the regulator and Indivisible Rights of Use (IRU), which are capitalized on the basis of the costs incurred to acquire and bring to use the specified assets. Intangible assets are amortised over their estimated useful lives as follows:

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

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

3.3 Investment property

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

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

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount is 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 program to locate a buyer and complete the plan must have been initiated (e.g. advertising through appropriate media platforms)
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of qualification (except where circumstances beyond the entity's control prevent this)
- When a sale does not take place within a year because of circumstances beyond an entity's control that fact shall be stated. Reclassification can also be done to original class when the decision to sell the asset changes. Reclassification shall be at the carrying amount.

3.5 Impairment of non-financial assets

The Company at each reporting date assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing is required the Company estimates the recoverable amount. Recoverable amount being the higher of fair value less costs to sell and the value in use of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and that reduction is an impairment loss. An impairment loss shall be 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 leases are payable in US\$ and the lease liability is denominated in US\$. The right of use asset is accounted for at revalued amounts.

TelOne (Private) Limited 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 (Private) Limited as a lessee

TelOne (Private) Limited 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.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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 (Private) Limited 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 (Private) Limited 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 (Private) Limited 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 that are in default are those who have not paid their accounts for at least a period of twelve months.
- Adjustments are made to the default rate in order to take into account reasonable and supportable forecasts affecting collectability. The forecasts may be external e.g. macro-economic conditions or may be portfolio specific.
- The default rates adjusted in line with forward looking information are then applied on the total value of receivables for the particular market to come up with expected credit losses.

3.9 Financial instruments

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

3.9.1 Financial assets

Financial assets are classified on the basis of both:

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

The business model test

The Business Model Test considers the objective/motive of an entity in holding a financial asset as follows:

- is the objective of the entity's business model to hold the financial asset in order to collect contractual cash flows or,
- is the financial asset held to achieve an objective of both collecting contractual cash flows and to sell

Initially all financial instruments are measured at fair value plus transaction costs (or minus transaction costs in the case of a financial asset/liability not at fair value through profit or loss).

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

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

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

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

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

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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

Financial assets are measured at amortised 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 amortised cost or at fair value through other comprehensive income.

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

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

3.9.2 Financial liabilities

Financial liabilities are classified as subsequently measured at amortised 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.

3.9.4 Investment in Joint Venture

TelOne management assessed the progress and substance of the facts surrounding ownership of ZITCO and decided to account for TelOne (Private) Limited contributions in ZITCO as an Investment accounted for at fair value through other comprehensive income in terms of IAS 28 par 44 as read with IAS 27 par 10(b) which allows Investments to be accounted for in separate financial statements at fair value in terms of IFRS9. The Company made an election to designate the investment as such.

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

Revenue is 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 entity satisfies a performance obligation.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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

3.11 Taxation

3.11.1 Current tax

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

3.11.2 Deferred tax

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

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

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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 an entity in exchange for service rendered by employees or for the termination of employment.

3.12.1 Short term employee benefits

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

3.12.2 Post-employment benefits

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

3.12.3 Termination benefits

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

3.13 Fair value measurement

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

3.14 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

The following table analyses within the fair value hierarchy the entity's assets and liabilities (by class) measured at fair value at 31 December 2023. 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	1,017,183,510	-	-	1,017,183,510
Gold Coins	143,070,668			143,070,668
Financial assets (FVOCI)				
WIOCC shares	-	65,935,886,860	-	65,935,886,860
Tetrad shares	-	-	11,284	11,284
Hwange debentures	-	-	1,290,144	1,290,144
Investment property	-	-	8,662,601,369	8,662,601,369
Intangible assets			284,419,670,331	284,419,670,331
Property, plant and equipment			2,572,773,317,306	2,572,773,317,306
Investment in Joint Venture			13,355,039,974	13,355,039,974
TOTAL	1,160,254,178	65,935,886,860	2,879,211,930,408	2,946,308,071,446

3.15 Foreign currency transactions.

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

3.16 Government grants

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

3.17 Current and non-current classification

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

An asset is current when it is expected to be 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
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

A liability is current when:

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

The Company classifies all other liabilities that do not meet the above definition as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

3.18 Events after the reporting period

The financial statements have been prepared up to 31 December 2023, being the end of the reporting period. However, there was a currency changeover which occurred after the reporting period that may have an impact on the financial statements.

On the 5th of April 2024, the Reserve Bank of Zimbabwe (RBZ) Governor pronounced the Monetary Policy Statement, with the key component being the currency changeover process from Zimbabwe Dollar (ZWL) to the structured currency named Zimbabwe Gold (ZiG). The new Zimbabwe Gold (ZiG) was issued by the Reserve Bank of Zimbabwe (RBZ) under SI 60/2024.

This might have a significant impact on the functional and presentation currency for TelOne (Private) Limited, which is currently Zimbabwe Dollars (ZWL). The functional and presentation currency might change to Zimbabwe Gold (ZiG), subject to the functional currency assessment for the next financial year in terms of IAS 21 (The Effects of Changes in Foreign Exchange Rates).

This was a non-adjustable event in terms of IAS 10 (Events after the reporting period) given that TelOne (Private) Limited's financial year end was before the pronouncement date.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, plant and equipment - Inflation Adjusted

	Land and Buildings ZWL	Telecoms Plant ZWL	Stores Plant ZWL	Fixtures and Fittings ZWL	Computer Equipment ZWL	Transport Equipment ZWL	Total Dec 31, 2022 ZWL	Total Dec 31, 2022 ZWL
Opening carrying amount	258,237,251,867	1,573,544,066,612	4,246,621,129	26,477,521,365	11,993,625,938	37,403,033,113	1,911,902,120,024	808,588,076,912
Gross carrying amount	263,013,596,335	1,609,328,093,033	4,349,447,771	27,733,780,527	15,674,030,595	42,870,423,215	1,962,969,371,476	842,436,883,019
Accumulated depreciation	(4,776,344,468)	(35,784,026,421)	(102,826,642)	(1,256,259,162)	(3,680,404,657)	(5,467,390,102)	(51,067,251,452)	(33,848,806,107)
Additions	1,926,356,050	41,048,986,994	-	766,346,283	1,758,364,982	5,859,515,315	51,359,569,624	24,794,893,374
Revaluation surplus/deficit	133,925,724,672	521,443,542,034	757,379,510	(16,309,138,511)	(2,000,163,587)	10,908,375,300	648,725,719,418	1,095,075,551,581
Reclassification from Capital Works in Progress (Note 5)	-	1,809,802,296	-	-	-	-	1,809,802,296	979,695,355
Carrying amount of disposed items	(69,221,910)	-	(7,501,133)	-	-	(847,063,489)	(923,786,532)	(202,872,743)
Deemed cost	(70,500,395)	-	(8,544,356)	-	-	(1,080,787,148)	(1,159,831,899)	(317,651,853)
Accumulated depreciation	1,278,485	-	1,043,223	-	-	233,723,659	236,045,367	114,779,110
Depreciation charge for the year	(4,686,016,906)	(29,182,059,857)	(164,833,552)	(1,741,230,338)	(1,208,490,206)	(3,117,476,665)	(40,100,107,524)	(17,333,224,455)
Closing carrying amount	389,334,093,773	2,108,664,338,079	4,831,665,954	9,193,498,799	10,543,337,127	50,206,383,574	2,572,773,317,306	1,911,902,120,024
Gross carrying amount	398,795,176,662	2,173,630,424,357	5,098,282,925	12,190,988,299	15,432,231,990	58,557,526,682	2,663,704,630,915	1,962,969,371,476
Accumulated depreciation	(9,461,082,889)	(64,966,086,278)	(266,616,971)	(2,997,489,500)	(4,888,894,863)	(8,351,143,108)	(90,931,313,609)	(51,067,251,452)

4.2 Property, plant and equipment - Historical Cost

	Land and Buildings ZWL	Telecoms Plant ZWL	Stores Plant ZWL	Fixtures and Fittings ZWL	Computer Equipment ZWL	Transport Equipment ZWL	Total Dec 31, 2022 ZWL	Total Dec 31, 2022 ZWL
Opening carrying amount	53,726,258,600	327,375,833,000	883,509,499	5,508,648,150	2,495,273,800	7,781,700,800	397,771,223,849	30,459,850,621
Gross carrying amount	54,039,410,361	329,747,539,006	896,795,876	5,613,066,193	2,709,182,240	8,169,149,101	401,175,142,777	32,018,246,136
Accumulated depreciation	(313,151,761)	(2,371,706,006)	(13,286,377)	(104,418,043)	(213,908,440)	(387,448,301)	(3,403,918,928)	(1,558,395,515)
Additions	953,612,838	12,790,561,243	-	507,225,324	1,095,933,551	4,742,436,467	20,089,769,423	3,744,779,070
Revaluation surplus	337,935,697,934	1,786,679,248,888	4,064,037,625	4,392,948,542	7,746,346,727	40,138,331,408	2,180,956,611,124	365,312,385,949
Reclassification from Capital Works in Progress (Note 5)	-	1,595,451,994	-	-	-	-	1,595,451,994	129,510,493
Carrying amount of disposed items	(19,705,979)	-	(5,105,626)	-	-	(295,304,511)	(320,116,116)	(18,733,126)
Deemed cost	(20,069,936)	-	(5,815,693)	-	-	(374,968,187)	(400,853,816)	(29,778,871)
Accumulated depreciation	363,957	-	710,067	-	-	79,663,676	80,737,700	11,045,745
Depreciation charge for the year	(3,261,769,620)	(19,776,757,046)	(110,775,544)	(1,215,323,217)	(794,216,951)	(2,160,780,590)	(27,319,622,968)	(1,856,569,158)
Closing carrying amount	389,334,093,773	2,108,664,338,079	4,831,665,954	9,193,498,799	10,543,337,127	50,206,383,574	2,572,773,317,306	397,771,223,849
Gross carrying amount	392,908,651,197	2,130,812,801,131	4,955,017,808	10,513,240,059	11,551,462,518	52,674,948,789	2,603,416,121,502	401,175,142,777
Accumulated depreciation	(3,574,557,424)	(22,148,463,052)	(123,351,854)	(1,319,741,260)	(1,008,125,391)	(2,468,565,215)	(30,642,804,196)	(3,403,918,928)

Notes to the Financial Statements (cont'd)
for the year ended 31 December 2023

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
5 CAPITAL WORKS IN PROGRESS				
Opening carrying amount	8,751,686,090	2,876,950,893	1,220,227,755	136,270,598
Additions	36,010,298,250	6,854,430,551	13,550,681,037	1,213,467,650
Reclassification- Property, plant and equipment	(1,809,802,296)	(979,695,354)	(1,595,451,994)	(129,510,493)
Closing carrying amount	42,952,182,044	8,751,686,090	13,175,456,798	1,220,227,755

TelOne Private Ltd completed projects to modernise the telecommunications network which have been transferred to Property, Plant and Equipment.

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
6 NON-CURRENT ASSETS HELD FOR SALE				
Opening carrying amount	-	1,403,044	-	46,202
Disposals	-	(1,403,044)	-	(46,202)
Closing carrying amount	-	-	-	-

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
7 INVESTMENT PROPERTY				
Opening balance	3,835,616,556	2,844,804,390	798,000,000	172,213,877
Fair value adjustment	4,826,984,813	964,918,161	7,864,601,369	621,477,523
Additions	-	25,894,005	-	4,308,600
Closing balance	8,662,601,369	3,835,616,556	8,662,601,369	798,000,000

The investment property portfolio comprises of commercial property (Memorial Building) leased to third parties. 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 the building classified as investment property.

The investment property value was based on valuations done by an independent valuer, Bard Real Estates. The investment property was valued in ZWL terms as at December, 31 2023. The valuation was subject to TelOne (Private) Limited management assessment to ensure accuracy and reliability of the values.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

		Inflation Adjusted		Historical		
		Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	
Operating leases						
Included in the statement of profit or loss and other comprehensive income is the following rental income and expenses:						
Rental income		4,624,467,025	1,641,194,325	2,784,129,700	253,736,298	
Operating expenses that generated rental income		(11,445,162)	(85,502,298)	(2,407,272)	(9,797,195)	
Net rental income		4,613,021,863	1,555,692,027	2,781,722,428	243,939,103	
Future rental income						
Up to 1 year		4,624,467,025	1,641,194,325	2,784,129,700	253,736,298	
Over 1 year; less than 5 years		18,497,868,100	6,564,777,299	11,136,518,802	1,014,945,191	
Over 5 years		23,122,335,124	8,205,971,624	13,920,648,502	1,268,681,489	
Total expected receipts		46,244,670,249	16,411,943,248	27,841,297,004	2,537,362,978	
8 INTANGIBLE ASSETS						
		Indefeasible right of use ZWL	Unified Operating licence ZWL	Software Licences ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Inflation Adjusted						
Opening carrying amount	36,473,100,290	124,055,796,842	1,013,891,993	161,542,789,125	118,605,257,476	
Gross carrying amount	41,059,095,085	126,011,263,532	2,759,988,810	169,830,347,427	123,331,940,280	
Accumulated Amortisation	(4,585,994,795)	(1,955,466,690)	(1,746,096,817)	(8,287,558,302)	(4,726,682,804)	
Additions: Unified Licence	-	-	-	-	11,164,427,041	
Additions other	-	-	66,262,717	66,262,717	986,372,292	
Fair value movement	34,797,892,973	164,390,153,497	(794,672,874)	198,393,373,596	34,347,607,814	
Amortisation for the year	(5,096,948,604)	(70,449,317,576)	(36,488,927)	(75,582,755,107)	(3,560,875,498)	
Closing carrying amount	66,174,044,659	217,996,632,763	248,992,909	284,419,670,331	161,542,789,125	
Gross carrying amount	75,856,988,058	290,401,417,029	2,031,578,653	368,289,983,740	169,830,347,427	
Accumulated Amortisation	(9,682,943,399)	(72,404,784,266)	(1,782,585,744)	(83,870,313,409)	(8,287,558,302)	
Historical						
Opening carrying amount	7,588,228,282	25,809,807,740	210,940,222	33,608,976,244	4,636,094,699	
Gross carrying amount	8,018,846,740	26,000,896,639	294,204,153	34,313,947,532	4,837,370,183	
Accumulated Amortisation	(430,618,458)	(191,088,899)	(83,263,931)	(704,971,288)	(201,275,484)	
Additions: Spectrum Licence	-	-	-	-	711,960,680	
Additions other	-	-	51,963,850	51,963,850	204,629,291	
Fair value movement	61,792,755,218	219,045,163,456	-	280,837,918,674	28,559,987,378	
Amortisation for the year	(3,206,938,841)	(26,858,338,433)	(13,911,163)	(30,079,188,437)	(503,695,804)	
Closing carrying amount	66,174,044,659	217,996,632,763	248,992,909	284,419,670,331	33,608,976,244	
Gross carrying amount	69,811,601,958	245,046,060,095	346,168,003	315,203,830,056	34,313,947,532	
Accumulated Amortisation	(3,637,557,299)	(27,049,427,332)	(97,175,094)	(30,784,159,725)	(704,971,288)	

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

9 FINANCIAL ASSETS

9.1 Financial assets at fair value through other comprehensive income	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Opening balance	18,645,753,400	14,978,457,714	7,108,510,923	906,740,120
ZB Shares	291,167,465	1,250,062,610	111,005,679	83,053,083
WIOCC Shares	18,351,015,484	13,706,896,781	6,996,203,816	822,385,609
Hwange Debentures	3,384,043	21,311,915	1,290,144	1,290,144
Tetrad Shares	186,408	186,408	11,284	11,284
Fair value adjustment	48,308,618,411	19,188,863,320	59,845,860,888	6,201,770,803
Closing balance	66,954,371,811	34,167,321,034	66,954,371,811	7,108,510,923

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

9.2 Gold coins	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Financial assets at fair value				
Opening balance	69,351,284	-	13,504,278	-
Additions: Gold coins	-	50,719,737	-	9,627,985
Fair value adjustment	73,719,384	18,631,547	129,566,390	3,876,293
Closing balance	143,070,668	69,351,284	143,070,668	13,504,278
Total financial assets	67,097,442,479	34,236,672,318	67,097,442,479	7,122,015,201

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

9.3 Investment in Joint Venture	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
ZITCO INVESTMENT				
Opening balance	3,299,109,925	3,161,832,627	171,878,223	142,141,912
Additions	386,839,266	189,364,745	154,689,423	35,704,699
Fair value adjustment	9,669,090,783	(52,087,447)	13,028,472,328	(5,968,388)
Closing balance	13,355,039,974	3,299,109,925	13,355,039,974	171,878,223

Zimbabwe Information Technology Company (ZITCO) was formed and incorporated in 2019. ZITCO was incorporated as a joint venture between TelOne (Private) Limited, Government of Zimbabwe, through Flushcord Enterprises and Inspur to run the Zimbabwe Information Technology Company (ZITCO) through an assumption that parties were to make an initial capital contribution of US\$5.6 million (TelOne Private Limited-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 2023, the contributions have not yet been aligned to the assumed shareholding. As at 31 December 2023, formal establishment of ZITCO was still pending Cabinet approval. Management is continuously following all the processes and facts involved in ZITCO establishment. Having assessed the progress and substance of the facts surrounding ownership of ZITCO, management applied judgement and decided to account for TelOne (Private) Limited contributions in ZITCO as an investment accounted for at fair value through other comprehensive income in terms of IAS 28 par 44 as read with IAS 27 par 10(b) which allows investments to be accounted for in separate financial statements at fair value in terms of IFRS9. TelOne (Private) Limited contributed ZWL13.6bn equivalent to US\$2.1 million by 31 December 2023 towards preliminary operational activities and capital expenditure which according to the arrangement was capitalised as its investment contribution. Up to 31 December 2023, there were no significant trading transactions done by ZITCO hence immaterial share of earnings after its incorporation.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

10 LEASES

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

	Runhare House	Msasa Factory
Remaining Lease term (years)	40	10
Commencement year	1985	1978
Rate per annum	13%	13%
Payment per month	63,400	24,500
Rate per month	1.0833%	1.0833%
Number of payments	430	70

	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 2022	1,546,724,263	597,222,484	2,143,946,747	57,972,837	22,015,696	79,988,533
Depreciation charge	(5,761,120)	(11,564,278)	(17,325,398)	(391,708)	(786,276)	(1,177,984)
Carrying amount 31 March 2022	1,540,963,143	585,658,206	2,126,621,349	57,581,129	21,229,420	78,810,549
Remeasurement adjustment	5,086,673,642	1,188,260,604	6,274,934,246	359,158,660	86,194,667	445,353,327
Carrying amount after						
remeasurement 31 March 2022	6,627,636,785	1,773,918,810	8,401,555,595	416,739,789	107,424,087	524,163,876
Depreciation charge 2022	(170,805,321)	(239,713,047)	(410,518,368)	(28,865,804)	(40,511,091)	(69,376,895)
Fair value movement	7,386,303,346	1,842,147,391	9,228,450,737	1,536,720,364	383,258,753	1,919,979,117
Carrying amount 31 December 2022	13,843,134,810	3,376,353,154	17,219,487,964	1,924,594,349	450,171,749	2,374,766,098
Opening carrying amount 01 January 2023	13,843,134,810	3,376,353,154	17,219,487,964	1,924,594,349	450,171,749	2,374,766,098
Depreciation charge 2023	(220,263,483)	(309,124,041)	(529,387,524)	(83,974,003)	(117,851,505)	(201,825,508)
Carrying amount 28 February 2023	13,622,871,327	3,067,229,113	16,690,100,440	1,840,620,346	332,320,244	2,172,940,590
Remeasurement adjustment	11,866,840,624	2,102,269,795	13,969,110,419	2,795,867,992	495,301,910	3,291,169,902
Carrying amount after						
remeasurement 28 February 2023	25,489,711,951	5,169,498,908	30,659,210,859	4,636,488,338	827,622,154	5,464,110,492
Depreciation charge 2023	(2,236,642,021)	(2,757,589,822)	(4,994,231,844)	(852,705,043)	(1,051,312,961)	(1,904,018,004)
Fair value movement	31,944,557,987	6,426,437,277	38,370,995,264	31,944,557,987	6,426,437,277	38,370,995,264
Carrying amount 31 December 2023	55,197,627,917	8,838,346,363	64,035,974,279	35,728,341,282	6,202,746,470	41,931,087,752

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

10 LEASES (CONT'D)

	Inflation Adjusted			Historical		
	Runhare House ZWL	Msasa Factory ZWL	Total ZWL	Runhare House ZWL	Msasa Factory ZWL	Total ZWL
10.2 Lease Liability						
Long term portion	9,481,528,649	2,015,569,555	11,497,098,204	1,972,631,975	419,339,233	2,391,971,208
Short-term portion	12,589,856	268,985,634	281,575,490	2,619,319	55,962,460	58,581,779
	9,494,118,505	2,284,555,189	11,778,673,694	1,975,251,294	475,301,693	2,450,552,987
Lease Liability balance 2023						
Long term portion	37,126,046,063	5,817,857,208	42,943,903,271	37,126,046,063	5,817,857,208	42,943,903,271
Short-term portion	56,186,547	1,041,811,376	1,097,997,923	56,186,547	1,041,811,376	1,097,997,923
	37,182,232,610	6,859,668,584	44,041,901,194	37,182,232,610	6,859,668,584	44,041,901,194

	Inflation adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Amounts recognised in the profit and loss				
Interest on lease liabilities	13,955,209,334	1,066,192,989	5,320,331,667	175,993,599
Depreciation on right of use asset	5,523,619,367	427,843,767	2,105,843,512	70,554,879
	19,478,828,701	1,494,036,756	7,426,175,179	246,548,478
Amounts recognised in the cash flow statement				
Cash outflow for leases-principal	1,527,143,292	1,341,747,871	582,213,324	153,742,833
Cash outflow for leases-finance costs	2,678,128,081	108,884,787	1,021,018,696	22,653,479
Total cash outflows	4,205,271,373	1,450,632,658	1,603,232,020	176,396,312

Maturity Analysis-contractual undiscounted cash flows	Runhare House ZWL	Msasa Factory ZWL	Total ZWL
Less than 1 year	4,955,975,380	1,872,942,484	6,828,917,865
One to five years	19,823,901,521	7,491,763,872	27,315,665,393
More than five years	148,679,261,410	1,716,863,944	150,396,125,354



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

	Inflation Adjusted		Historical	
	Dec 31,2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
11 INVENTORY				
Manufacturing	669,398,122	1,271,441,993	140,613,516	155,839,677
Telecomms	21,164,359,539	9,906,540,677	8,270,657,635	1,343,751,885
Transport	4,205,476,464	2,962,903,684	2,111,601,545	253,857,899
General	1,447,016,686	1,162,323,010	687,686,863	110,457,405
	27,486,250,811	15,303,209,364	11,210,559,559	1,863,906,866

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

	Inflation Adjusted		Historical	
	Dec 31,2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
12 TRADE AND OTHER RECEIVABLES				
Trade receivables	245,132,562,008	69,633,836,137	245,132,562,008	14,487,319,161
Allowance for credit losses	(12,073,537,106)	(3,853,253,925)	(12,073,537,106)	(801,669,454)
Net trade receivables	233,059,024,902	65,780,582,212	233,059,024,902	13,685,649,707
Prepayments and other	105,074,706,424	34,367,853,375	40,059,039,931	3,938,005,982
Real estate receivables	574,959,912	378,538,920	574,959,912	78,755,020
IDBZ receivables	2,216,738	10,654,833	2,216,738	2,216,738
	338,710,907,976	100,537,629,340	273,695,241,483	17,704,627,447
12.1 Security deposits				
Stanbic Escrow	4,615,223,940	2,353,778,939	4,615,223,940	489,703,693
China Exim Escrow	-	6,223,074,884	-	1,294,710,690
	4,615,223,940	8,576,853,823	4,615,223,940	1,784,414,383

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 31,2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
12.2 Allowance for credit losses				
Opening Balance 01 Jan 2023	3,853,253,925	7,460,434,372	801,669,454	451,626,949
Charge for the year	11,271,867,652	1,682,492,265	11,271,867,652	350,042,505
Inflation (IAS 29) adjustment	(3,051,584,471)	(5,289,672,712)	-	-
Closing Balance 31 Dec 2023	12,073,537,106	3,853,253,925	12,073,537,106	801,669,454
13 CASH AND CASH EQUIVALENTS				
Bank and cash balances	8,530,156,188	6,781,741,229	8,530,156,188	1,410,941,219
	8,530,156,188	6,781,741,229	8,530,156,188	1,410,941,219
14 AUTHORISED SHARE CAPITAL				
Authorized share capital				
32 000 ordinary shares of ZWL0.001	842	842	32	32
	842	842	32	32
Issued and fully paid				
32 000 ordinary shares of ZWL0.001 each	842	842	32	32
	842	842	32	32

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

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

15. FOREIGN LOANS AS AT 31 DECEMBER 2023

15.1 FOREIGN LEGACY LOANS

NAME OF LOAN	PROJECT	INTEREST RATE %	CURRENCY	REDEMPTION COMMENCING	FINAL REDEMPTION DATE	TOTAL DRAWDOWN FOREIGN CURRENCY	PRINCIPAL OUTSTANDING 31.12.2022 ZWL	INTEREST AS AT 31.12.2022 ZWL	OVERDUE CHARGES 31.12.2022 ZWL
AFRICAN DEVELOPMENT BANK (ADB II)	2TELECOMMUNICATIONS II	7.45%	US	1999	2014	UA26,378,360.05	23,089,390,243	37,128,580,997	70,310,853
BANQUE NATIONALE DE PARIS (BNP)	WIRELESS LOCAL SYSTEM	7.68%	EURO	1997	2005	FRF 61,464,391.00	4,336,863,511	857,391,837	23,568,441,479
EKSPORTFINANS	EXTENSION OF MUTARE	8.30%	NOK	1993	2003	NOK 41,211400.00	993,442,527	164,911,461	11,869,741,982
KREDITANSTALT FUR WIEDERAUFBAU	HARARE UNIT 5 EXCHANGE	0.75%	EURO	1993	2033	DM 10,500,000.00	3,276,713,073	565,262,919	1,224,391,258
(KFW) I PORTION I									
KREDITANSTALT FUR WIEDERAUFBAU	HARARE WESTERN SATELITE	2.00%	EURO	1994	2014	DM 15,000,000.00	4,077,786,448	1,876,008,344	2,717,045,642
(KFW) II PORTION I	EXCHANGE								
KREDITANSTALT FUR WIEDERAUFBAU	TELEPRINTERS SOUTHERTON	4.50%	EURO	1995	2012	DM 12,000,000.00	3,589,046,259	1,651,142,099	2,253,107,853
(KFW) III	EXCHANGE								
KREDITANSTALT FUR WIEDERAUFBAU									
(KFW) V PORTION I	RURAL TELECOM	0.75%	EURO	2003	2032	DM 13,000,000.00	4,827,980,278	832,826,633	1,406,525,927
PORTION II	MATEBELELAND	2.00%	EURO	2003	2022	DM 6,738,304.00	2,876,333,919	1,312,871,247	1,369,715,256
OVERSEAS ECONOMIC CO-OPERATION	MATEBELELAND	3.00%	YEN	2003	2023	YEN 9,189,121,756.00	47,257,430,103	17,276,148,732	40,974,026,625
FUND (OECF) III	DIGITALISATION								
OVERSEAS ECONOMIC CO-OPERATION	DIGITAL TRANS SYSTEMS	2.60%	YEN	2005	2025	YEN 269,382,754.00	1,385,370,336	515,923,408	989,950,854
FUND (OECF) IV									
OVERSEAS ECONOMIC CO-OPERATION	MASH & MANICALAND	2.30%	YEN	2006	2026	YEN 1,744,969,851.00	8,973,957,791	3,094,241,281	5,400,886,818
FUND (OECF) V	DIGITALISATION								
EXIMBANK OF JAPAN (SUMITOMO II)	2ND MAZOE EARTH STATION	6.00%	YEN	1995	2004	YEN 934,718,650.00	2,094,093,722	259,579,726	4,244,645,750
TOTAL LEGACY LOANS BEFORE CHINA EXIM							106,778,408,210	65,534,888,684	96,088,790,297

15.2

CHINA EXIM BANK LOAN									
CHINA EXIM BANK	NATIONAL BROADBAND PROJECT	5.00%	US	2017		US\$ 98,495,973	10,864,219,839	1,828,998,158	66,644,311,897
TOTAL FOREIGN LOANS							117,642,628,049	67,363,886,842	162,733,102,194



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

HISTORICAL CLOSING BALANCE 31.12.2022 ZWL	INFLATION ADJUSTED CLOSING BALANCE 31.12.2022 ZWL	CAPITAL MOVEMENTS 31.12.2023 ZWL	PAYMENTS 31.12.2023 ZWL	SUB TOTAL 31.12.2023 ZWL L	INTEREST AS AT 31.12.2023 ZWL	OVERDUE CHARGES 31.12.2023 ZWL	HISTORICAL CLOSING BALANCE 31.12.2023 ZWL	INFLATION ADJUSTED CLOSING BALANCE 31.12.2023 ZWL
60,288,282,093	289,777,860,828	194,517,109,548	-	254,805,391,641	320,070,796,955	592,335,427	575,468,524,023	575,468,524,023
28,762,696,827	138,248,967,607	38,092,997,063	-	66,855,693,890	7,530,932,128	229,878,070,278	304,264,696,296	304,264,696,296
13,028,095,970	62,620,025,812	8,088,339,450	-	21,116,435,420	1,342,664,360	111,025,123,663	133,484,223,443	133,484,223,443
5,066,367,250	24,351,681,834	28,781,127,476	-	33,847,494,726	5,205,441,095	11,602,432,512	50,655,368,333	50,655,368,333
-	-	-	-	-	-	-	-	-
8,670,840,434	41,676,715,695	35,817,384,341	-	44,488,224,775	17,275,890,474	25,546,512,522	87,310,627,771	87,310,627,771
-	-	-	-	-	-	-	-	-
7,493,296,211	36,016,805,774	31,524,517,262	-	39,017,813,473	15,205,137,525	21,195,182,614	75,418,133,612	75,418,133,612
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,067,332,838	33,969,397,045	42,406,738,894	-	49,474,071,732	7,669,423,125	13,462,666,217	70,606,161,074	70,606,161,074
5,558,920,422	26,719,156,899	25,264,382,713	-	30,823,303,135	12,094,466,310	12,926,039,733	55,843,809,178	55,843,809,178
105,507,605,460	507,126,213,418	370,210,337,894	-	475,717,943,354	135,799,201,550	354,740,710,429	966,257,855,333	966,257,855,333
-	-	-	-	-	-	-	-	-
2,891,244,598	13,896,874,246	10,852,863,095	-	13,744,107,693	4,076,602,433	8,622,274,992	26,442,985,118	26,442,985,118
-	-	-	-	-	-	-	-	-
17,469,085,890	83,965,808,348	70,301,155,574	-	87,770,241,464	24,573,700,818	47,296,735,927	159,640,678,209	159,640,678,209
-	-	-	-	-	-	-	-	-
6,598,319,198	31,715,065,613	16,404,936,581	-	23,003,255,779	2,033,523,575	35,096,742,255	60,133,521,609	60,133,521,609
268,402,087,191	1,290,084,573,119	872,261,889,891	-	1,140,663,977,082	552,877,780,348	871,984,826,569	2,565,526,583,999	2,565,526,583,999
68,473,310,055	329,118,600,888	-	(20,507,217,688)	58,830,312,207	22,775,411,142	535,963,349,534	617,569,072,883	617,569,072,883
347,739,617,085	1,619,203,174,007	872,261,889,891	(20,507,217,688)	1,220,001,506,976	575,653,191,490	1,407,948,176,103	3,183,095,656,882	3,183,095,656,882

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
15.3 Borrowing costs				
Expensed	26,466,792,186	5,252,951,751	15,221,357,151	1,635,739,147
Total for the year	26,466,792,186	5,252,951,751	15,221,357,151	1,635,739,147

16 LOCAL LOANS

	Inflation Adjusted		Historical			
	Government	IDBZ	Dec 31, 2023 TOTAL	Dec 31, 2022 TOTAL	Dec 31, 2023 TOTAL	Dec 31, 2022 TOTAL
Opening balance	35,000,000	4,000,000	187,454,944	187,454,944	39,000,000	39,000,000
Additions	-	-	-	-	-	-
Repayments	-	-	-	-	-	-
Charges capitalized	-	-	-	-	-	-
Effects of inflation	-	-	(148,454,944)	-	-	-
Closing balance	35,000,000	4,000,000	39,000,000	187,454,944	39,000,000	39,000,000
16.1 Short-term portion	35,000,000	4,000,000	39,000,000	187,454,944	39,000,000	39,000,000
	35,000,000	4,000,000	39,000,000	187,454,944	39,000,000	39,000,000

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

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

16.3 Government of Zimbabwe (GoZ) Loan Facility

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

Loan amount	ZWL35,000,000
Interest rate	0%

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



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
17 INCOME TAX EXPENSE				
17.1 Net income tax expense/ (income)	(391,110,506,914)	(341,351,664,362)	(755,485,108,316)	(67,416,278,283)
Current tax expense	93,795,896,334	11,554,339,630	55,050,194,070	2,467,649,512
Deferred tax expense/ (income)	(484,906,403,248)	352,906,003,992)	(810,535,302,386)	(69,883,927,795)
TAX RATE RECONCILIATION				
Accounting profit	(1,575,104,044,693)	(879,800,979,604)	(3,058,621,907,877)	(273,170,321,732)
Notional tax charge based on profit for the year at 24.72%	(389,365,719,848)	(217,486,802,158)	(756,091,335,627)	(67,527,703,532)
Changes in tax rate from 24.72% to 25.75%	187,306,080	-	187,306,080	-
Net effect of temporary/permanent differences	(1,932,093,147)	(123,864,862,204)	418,921,231	111,425,249
	(391,110,506,914)	(341,351,664,362)	(755,485,108,316)	(67,416,278,283)
17.2 Deferred taxation				
Analysis of deferred tax asset				
Property, plant and equipment accelerated	743,616,676,432	526,302,185,154	743,616,676,432	109,497,166,257
Fair value remeasurement gain	77,139,033,687	(9,650,067,973)	102,986,570,994	(2,007,696,580)
Provisions and others	(3,022,392,980)	(6,645,950,391)	(23,954,917,597)	(1,380,904,283)
Unrealized exchange losses	(969,189,262,777)	(421,655,078,463)	(949,135,870,179)	(87,725,336,379)
Allowance for credit losses	(3,108,935,805)	(952,524,370)	(3,108,935,805)	(198,172,689)
Net deferred tax asset	(154,564,881,443)	87,398,563,957	(129,596,476,155)	18,185,056,326
17.3 Current tax liability				
Opening balance	10,487,020,951	(4,721,546,613)	2,181,824,641	(285,824,871)
Charge for the year	93,795,896,334	11,554,339,625	55,050,194,070	2,467,649,512
Inflation (IAS 29) adjustment	(47,050,898,574)	3,654,227,939	-	-
	57,232,018,711	10,487,020,951	57,232,018,711	2,181,824,641
18 TRADE AND OTHER PAYABLES				
18.1 Trade payables				
Local	39,614,326,423	16,262,811,509	39,614,326,423	3,383,477,830
Foreign	83,825,633,909	43,940,126,564	83,825,633,909	9,141,743,052
	123,439,960,332	60,202,938,073	123,439,960,332	12,525,220,882
Other payables	12,066,498,056	6,822,312,101	12,066,498,056	1,419,381,989
Statutory payables	33,736,478,516	5,376,387,324	33,736,478,516	1,118,557,348
	169,242,936,904	72,401,637,498	169,242,936,904	15,063,160,219
18.2 Operating licence payable				
Current portion	44,214,563,504	20,882,074,446	44,214,563,504	4,344,515,455
Long term portion	216,246,776,618	116,743,550,299	216,246,776,618	24,288,494,894
	260,461,340,122	137,625,624,745	260,461,340,122	28,633,010,349
18.3 Loan interest payable				
Loan interest payable relates to accumulated interest on foreign loans	22,775,411,142	8,791,147,391	22,775,411,142	1,828,998,158
	22,775,411,142	8,791,147,391	22,775,411,142	1,828,998,158
18.4 Long-term payable	780,449,674	398,031,865	780,449,674	82,810,519

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.

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
18.5 Contract Liabilities				
Current portion	6,800,739,895	3,236,434,256	6,800,739,895	673,340,135
Non current portion	31,867,513,201	17,401,291,573	31,867,513,201	3,620,338,601
	38,668,253,096	20,637,725,829	38,668,253,096	4,293,678,736

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

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
19 PROVISIONS				
Leave pay	5,173,299,475	2,193,258,215	5,173,299,475	456,307,358
Gratuity	2,319,430,809	1,004,755,480	2,319,430,809	209,039,370
Bonus	2,321,456,562	624,392,410	2,321,456,562	129,904,838
Other provisions	1,598,396,482	2,347,495,778	1,598,396,482	488,396,482
	11,412,583,328	6,169,901,883	11,412,583,328	1,283,648,048
19.1 Leave pay				
Opening balance	2,193,258,215	3,813,330,868	456,307,358	230,844,867
Additions	4,716,992,117	1,873,514,786	4,716,992,117	389,784,739
Payments	-	(789,820,973)	-	(164,322,248)
Inflation (IAS 29) adjustment	(1,736,950,857)	(2,703,766,466)	-	-
Closing balance	5,173,299,475	2,193,258,215	5,173,299,475	456,307,358
19.2 Bonus				
Opening balance	624,392,410	167,706,859	129,904,838	10,152,349
Additions	2,191,551,724	8,722,595,754	2,191,551,724	1,814,735,991
Payments	-	(8,147,000,983)	-	(1,694,983,502)
Inflation (IAS 29) adjustment	(494,487,572)	(118,909,220)	-	-
Closing balance	2,321,456,562	624,392,410	2,321,456,562	129,904,838
19.3 Gratuity				
Opening balance	1,004,755,480	2,229,952,625	209,039,370	134,993,037
Additions	2,110,391,439	659,996,812	2,110,391,439	137,312,332
Payments	-	(304,090,366)	-	(63,265,999)
Inflation (IAS 29) adjustment	(795,716,110)	(1,581,103,591)	-	-
Closing balance	2,319,430,809	1,004,755,480	2,319,430,809	209,039,370
19.4 Other provisions				
Opening balance	2,347,495,778	-	488,396,482	-
Additions	1,110,000,000	2,795,046,094	1,110,000,000	581,509,322
Payments	-	(447,550,316)	-	(93,112,840)
Inflation (IAS 29) adjustment	(1,859,099,296)	-	-	-
Closing balance	1,598,396,482	2,347,495,778	1,598,396,482	488,396,482
20 REVENUE				
Revenue comprises:				
Voice revenue	57,309,368,005	32,765,567,679	29,974,378,618	4,648,110,450
Data revenue	83,976,074,902	39,961,550,858	43,975,703,285	6,105,656,110
Internet revenue	476,834,874,513	168,841,429,790	276,595,711,689	25,892,743,637
V-Sat revenue	15,011,690,385	6,060,233,971	8,541,465,137	964,902,289
Interconnection revenue	19,313,021,548	8,406,083,496	11,231,975,238	1,174,647,802
Centre for Learning revenue	9,660,353,834	5,883,984,836	5,796,289,891	798,946,485
Accessories sales	12,097,028,023	1,852,390,581	3,794,462,215	417,319,733
	674,202,411,210	263,771,241,211	379,909,986,073	40,002,326,506



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
21 PAYMENTS TO OTHER OPERATORS				
VSAT handling costs	10,161,056,965	3,765,205,246	5,770,537,807	610,457,781
Telephone foreign handling costs	6,180,917,027	2,768,685,061	3,661,146,748	374,462,618
Internet and data handling costs	20,899,789,891	7,014,858,182	11,977,633,378	1,020,335,604
CPE purchase	11,317,332,279	7,542,525,501	6,566,213,616	1,044,436,467
Regulatory fees	13,368,202,412	5,160,129,958	7,506,919,311	776,555,519
Local interconnection costs	19,486,268,710	10,610,506,857	10,266,537,470	1,416,688,791
	81,413,567,284	36,861,910,805	45,748,988,330	5,242,936,780
22 OTHER INCOME				
Insurance recoveries/excess paid	10,859,129	3,354,113	7,124,389	331,166
Settlement discounts	-	1,220,224,471	-	253,867,693
Rental income	4,624,467,025	1,641,194,325	2,784,129,700	253,736,298
Innovation income	1,327,893,573	574,392,212	843,946,055	82,414,872
Manufacturing sales	1,485,022,415	441,454,755	1,022,158,629	71,601,629
Net income from sale of processed copper cables	5,827,631,980	568,494,594	3,726,645,996	80,603,335
Infrastructure income	358,217,699	607,466,735	174,557,802	71,597,697
Gain from disposal of assets and redundant material	1,807,196	484,519,514	688,982	51,486,891
Sundry income	4,796,484,399	3,581,276,731	3,340,409,486	748,811,309
	18,432,383,416	9,122,377,450	11,899,661,039	1,614,450,890
23 OTHER OPERATING EXPENSES				
Stores handling costs	7,094,700,555	7,542,525,499	4,268,582,948	475,348,928
Electricity, rent and rates	35,151,738,975	22,239,873,343	21,480,304,124	1,794,027,133
Transport costs	36,691,757,158	16,831,567,668	22,298,122,835	2,662,299,437
Write off expenses	18,287	-	13,700	-
Office and admin expenses	49,270,996,665	19,005,672,644	30,001,175,221	2,835,242,047
Software licences and maintenance				
contract compensation fees	7,942,451,843	7,757,111,531	4,983,259,259	1,091,278,450
Marketing expenses	9,905,539,850	6,906,038,042	6,441,274,470	1,320,141,361
Allowances for credit losses	11,271,867,652	1,682,492,265	11,271,867,652	350,042,505
Operational costs	38,913,990,323	12,610,136,995	16,720,095,433	2,204,443,065
	196,243,061,308	94,575,417,987	117,464,695,642	12,732,822,926
23.1 Staff Costs				
Wages & Salaries	71,992,436,886	50,732,636,673	38,827,379,912	7,484,467,154
Retirement obligations	2,972,881,856	2,083,595,649	1,669,569,350	283,639,399
Social security costs	21,714,290,039	9,477,052,658	13,162,306,632	1,407,309,542
Bonus & Incentives	89,369,194,235	24,325,589,511	55,025,903,368	2,952,575,065
Other Staff costs	8,808,319	2,951,898	3,497,884	522,917
Board Costs	1,032,785,759	220,402,059	675,955,178	28,773,462
	187,090,397,094	86,842,228,448	109,364,612,324	12,157,287,539
24 FINANCE INCOME AND COSTS				
24.1 Finance Income	154,620,032,903	19,215,844,827	94,925,819,000	2,201,522,068
Interest income received	29,581,856	5,425,441	17,261,765	315,445
Interest income receivable	154,590,451,047	19,210,419,386	94,908,557,235	2,201,206,623
Interest was charged on overdue receivables at 16.67% interest per month				
	(26,466,792,186)	(10,821,565,276)	(15,221,357,151)	(1,635,739,147)
24.2 Other finance Costs				
Interest expense on current loans	(13,215,194,411)	(5,252,951,751)	(7,633,530,066)	(799,043,394)
Interest expense on trade payables	(13,251,597,775)	(5,568,613,525)	(7,587,827,085)	(836,695,753)
	(26,466,792,186)	(10,821,565,276)	(15,221,357,151)	(1,635,739,147)
24.3 Foreign legacy expenses	(2,420,824,483,967)	(1,646,668,037,060)	(2,336,726,719,901)	(222,765,206,238)
Interest expense on foreign legacy loans	(179,502,365,531)	(72,334,591,345)	(95,404,601,465)	(10,884,225,744)
Exchange gain/(loss) foreign on foreign legacy loans	(2,241,322,118,436)	(1,574,333,445,715)	(2,241,322,118,436)	(211,880,980,494)
	(870,349,570,722)	(449,505,692,540)	(869,320,513,483)	(60,643,194,153)26
25 NET EXCHANGE LOSSES FROM PAYABLES AND RECEIVABLES	(870,349,570,722)	(449,505,692,540)	(869,320,513,483)	(60,643,194,153)26

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Employee benefits				
Short term benefits	180,223,785,462	82,324,189,756	105,408,868,886	11,639,592,611
Post employment benefits	5,238,603,912	4,058,048,316	2,947,381,982	464,987,393
Other long term benefits	1,628,007,720	459,990,376	1,008,361,456	52,707,535
	187,090,397,094	86,842,228,448	109,364,612,324	12,157,287,539

The defined benefit plan is being accounted for based on actuarial valuations that estimate the future cost of benefits earned by employees for their service in current and prior periods, in accordance with International Accounting Standard 19 (IAS 19). The fair value of the plan's assets as at 31 December 2023 was ZWL987 billion (2022 ZWL104 billion). The defined benefit obligation which was determined by Projected Unit Credit Method as at December 31, 2023 was ZWL1.8 trillion (2022 ZWL203 billion). The expense for the year ended 31 December 2023 amounted to ZWL2,947,381,982 (2022 ZWL464,987,393). 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 deficit of ZWL858 billion with a funding level of 53.5%. The 2023 report is yet to be approved by the Authority.

Based on the post year end valuation performed, the Fund CAIPF is not solvent on an on-going basis as at 31 December 2023 in terms of Section 37(4) of the Pension and Funds Regulations 1991.

26.2 National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The Company's obligations under the scheme are limited to specific contributions as legislated from time to time. Contributions by employees are 4.5% per month of the pensionable monthly emoluments. As of the year 2023 insurable earnings are now reviewed on a monthly basis by NSSA. The contributions for the year ended December 31, 2023 amounted to ZWL1,441,643,718 (2022: ZWL202,926,653).



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

	Inflation Adjusted		Historical	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
27 RELATED PARTY TRANSACTIONS				
27.1 Transactions				
Communications and Allied Industries Pension Fund Pension fund contributions	6,757,788,996	8,074,757,778	2,576,362,556	925,238,015
Net One (Pvt) Ltd - lease of microwave sites Cell phone charges, leased circuits and interconnect income	89,289,582,288	22,057,576,892	34,041,065,296	2,527,445,308
Zimpost - rental of property and postage and use of telecom products	744,747,234	192,755,779	283,929,979	22,086,727
	96,792,118,518	30,325,090,449	36,901,357,831	3,474,770,050
27.2 Amounts owing from related parties (debtors)				
NetOne (Pvt) Ltd	145,421,939	7,477,494,327	145,421,939	1,555,695,647
Government of Zimbabwe departments and parastatals	153,899,808,966	25,422,187,308	153,899,808,966	5,289,085,907
Zimpost (Pvt) Ltd	1,545,935,394	331,997,660	1,545,935,394	69,072,111
	155,591,166,299	33,231,679,295	155,591,166,299	6,913,850,665
27.3 Amounts owing to related parties (creditors)				
Communication and Allied Industries Pension Fund	2,576,362,556	1,039,701,087	2,576,362,556	216,309,804
	2,576,362,556	1,039,701,087	2,576,362,556	216,309,804
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	772,187,146	251,112,399	294,391,265	28,773,462
Members of Key Management				
Short term employee benefits	4,020,506,549	4,651,805,561	1,532,791,648	533,022,471
Long term benefits	1,430,896,561	193,905,422	545,519,892	22,218,458
Post employment benefits	212,310,592	487,567,006	80,942,015	55,867,376
Total emoluments	6,435,900,848	5,584,390,388	2,453,644,820	639,881,767

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.

28 FINANCIAL RISK MANAGEMENT

28.1 Exposure to credit risk

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

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

	Inflation adjusted		Historical cost	
	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
Carrying amount				
Trade receivables	233,059,024,902	65,780,101,550	233,059,024,902	13,685,649,707
Other receivables	105,074,706,424	34,367,853,370	40,059,039,931	3,938,005,982
Financial Instruments	67,097,442,480	34,232,229,848	67,097,442,480	7,122,015,201
Cash and cash equivalents	8,530,156,188	6,781,741,227	8,530,156,188	1,410,941,219
	413,761,329,994	141,161,925,995	348,745,663,501	26,156,612,108

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

28 FINANCIAL RISK MANAGEMENT (CONT'D)

28.1 Exposure to credit risk (cont'd)

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, 2023 Net ZWL	Dec 31, 2022 Net ZWL
Not past due	83,618,353,825	153,405,117	83,464,948,708	6,297,910,049
Past due 0-30 days	58,143,185,764	56,501,622	58,086,684,142	3,959,665,066
Past due 31-120 days	75,080,186,192	6,484,933,006	68,595,253,185	2,782,628,979
More than 120 days	28,290,836,228	5,378,697,361	22,912,138,867	645,445,613
	245,132,562,009	12,073,537,106	233,059,024,902	13,685,649,707

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, 2023				
Non-derivative financial liabilities				
Trade payables	123,439,960,332	123,439,960,332	123,439,960,332	-
Other payables	306,264,316,694	306,264,316,694	90,017,540,076	216,246,776,618
Loans	3,183,095,656,882	3,183,095,656,882	69,282,651,120	3,113,813,005,762
	3,612,799,933,908	3,612,799,933,908	282,740,151,528	3,330,059,782,380
Dec 31, 2022				
Non-derivative financial liabilities				
Trade payables	12,525,220,882	12,525,220,882	12,525,220,882	-
Other payables	31,170,949,686	31,170,949,686	6,882,454,792	24,288,494,894
Loans	335,046,399,087	335,046,399,087	4,243,685,790	330,802,713,297
	378,742,569,655	378,742,569,655	23,651,361,464	355,091,208,191

The above non derivative financial liabilities are all classified as financial liabilities measured at amortised cost. The Company had no derivative financial liabilities as at December 31, 2023.



Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

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 2023, based on notional amounts:

	Receivables ZWL	Payables ZWL	Net exposure ZWL
2022			
EURO	-	19,395,677,219	19,395,677,219
YEN	-	59,710,851,950	59,710,851,950
NOK	-	993,442,527	993,442,527
US\$		29,162,074,191	29,162,074,191
2023			
EURO	-	183,700,690,123	183,700,690,123
YEN	-	527,480,153,059	527,480,153,059
NOK	-	9,081,782,593	9,081,782,593
US\$		217,606,493,015	217,606,493,015

The following significant exchange rates applied during the year:

	Dec 31, 2023	Dec 31, 2022
EURO	- 5805.30	726.36
YEN	- 45.43	5.14
NOK	- 629.63	68.87
US\$	- 6422.99	681.52

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
Dec 31, 2023		
EURO		
10% appreciation	(18,370,069,012)	(18,370,069,012)
10% depreciation	18,370,069,012	18,370,069,012
YEN		
10% appreciation	(52,748,015,306)	(52,748,015,306)
10% depreciation	52,748,015,306	52,748,015,306
NOK		
10% appreciation	(908,178,259)	(908,178,259)
10% depreciation	908,178,259	908,178,259
US\$		
10% appreciation	(21,760,649,302)	(21,760,649,302)
10% depreciation	19,278,247,272	19,278,247,272

Notes to the Financial Statements (cont'd)

for the year ended 31 December 2023

29 INTEREST RATE RISK

	Dec 31, 2023 ZWL	Dec 31, 2022 ZWL
As at 31 December 2023, the interest rate profile of the Company's interest bearing- financial instruments was:		
Fixed rate risk		
Financial assets	-	-
Financial liabilities	3,183,095,656,882	335,046,399,088
	3,183,095,656,882	335,046,399,088

29.1 Treasury and financial risk management

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

30 GOING CONCERN

The business continues to operate in a challenging macro-economic environment. The trading environment for the period under review was characterised by continued depreciation of the Zimbabwe Dollar (ZWL) and increased use of the United States Dollar (US\$) in the economy. The exchange rate depreciated by 857% year on year, considerably increasing the cost of transacting in ZWL. The local environment continued to be characterised by increasing inflationary pressure and liquidity challenges.

The business sustained losses after tax amounting to ZWL1.1 trillion in 2023 in inflation adjusted terms. This was as a result of unrealised exchange losses emanating from foreign legacy loans amounting to ZWL2.4 trillion in 2023. The legacy loans as well as other foreign currency denominated loans negatively affected the Company's ability to attract additional investments to the business.

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

- i) The Company's foreign and local investments reported through other comprehensive income have managed to offset the exchange losses on the foreign obligations.
- ii) Continuously engage with the Ministry of Finance and Economic Development for the warehousing of the legacy loans amounting to US\$399.5 million.
- iii) As a parastatal wholly owned by the government, the Company also has adequate support from its shareholders and have no reason to believe that the said shareholders will not support the discharge of the Company's obligations.
- iv) The Company will continue to pursue the local banks to access foreign currency on the interbank market to service foreign loans.
- v) The Company has been progressively developing its network capabilities in response to the growing need for telecommunication services. This has enabled the business to continue thriving despite facing external pressures

The Directors and management are continuously monitoring and evaluating the operating environment to re-assess and appropriately adapt its strategies to ensure the continued operation of the Company into the foreseeable future. The Directors have reviewed the Company's cash flow forecasts to 31 December 2023 and, in light of this review and the current financial position, are satisfied that the Company has access to adequate resources to continue in operational existence for a foreseeable future.

Annexures

Annexures

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Annexures

General Corporate Information

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Annexures

Glossary of Terms

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

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



 |  | 
Voice | **Broadband** | **Satellite**

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