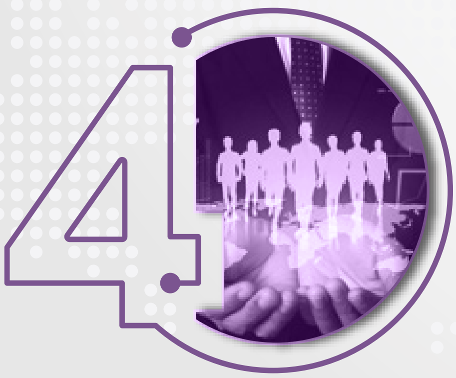
NetOne

The World in One

2020 ANNUAL INTEGRATED REPORT

#WeAreInThisTogether

Contents

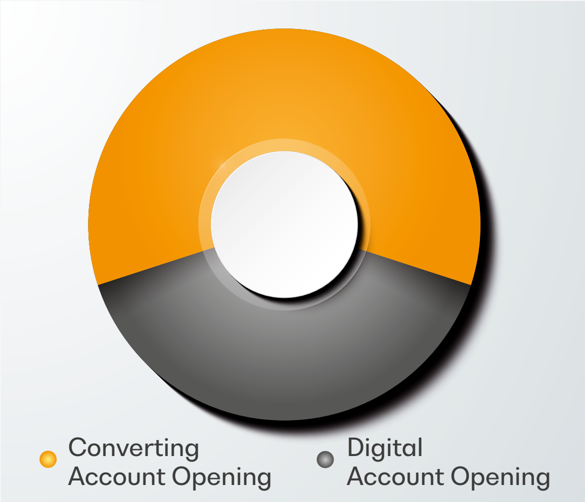


About NetOne – Our Business

Report Boundary & Scope

This report focuses on reviewing NetOne Cellular’ s business model and strategy, risks and opportunities and operational and governance performance for the financial year 1 January 2020 to 31 December 2020.

About This Report



Report Boundary & Scope

This report focuses on reviewing NetOne Cellular' s business model and strategy, risks and opportunities and operational and governance performance for the financial year 1 January 2020 to 31 December 2020.

Reporting Framework

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the Companies and Other Business Entities Act [Chapter 24:31], The Public Finance Management Act [Chapter 22:19], the International Integrated Reporting Council's Framework, the Public Entities Corporate Governance Act [Chapter 10:31] and the Public Entities Corporate Governance (General) Regulations, S.I.168 of 2018. The Finance Committee and the Audit Committee recommends the Annual Financial Statements to the Board of Directors for Approval. Our Financial Statements were audited by independent external auditors, Grant Thornton Chartered Accountants (Zimbabwe).

Materiality

The information contained in this Report, is believed to materially affect value creation at NetOne. The material matters for inclusion in this Report involved reviewing NetOne's business model, how we create value and who we are, performance and governance matters and our key stakeholder interests. The structure and layout of this Report borrows from the International Integrated Reporting Council's (IIRC) guidelines.

Combined Assurance

The Company applies a combined assurance model to assess and assure aspects of its operations, including the internal controls associated with elements of external reporting. Combined assurance incorporates and optimises all assurance services and risk functions, to enable an effective control environment and support the integrity of information used in decision-making and reporting.

An internal combined assurance review of the internal controls applied to the information gathering process was performed, together with reviews by management and our compliance and internal audit functions, to ensure the accuracy of our reporting. While this Report is not audited, it contains certain information that has been extracted from the Company's audited financial statements.

Disclaimer - Forward Looking Statements

This Report contains forward looking statements. These statements are based on current estimates and projections by NetOne Cellular management and current available information. Future statements are not guarantees of future developments and results outlined therein. We do not assume any obligation to update the forward looking statements contained in this report.

Approval by the Board

NetOne Cellular (Private) Limited Board of Directors recognises its responsibility to ensure the integrity of the Annual Integrated Report. The Board has agreed collectively that, this Report addresses all material matters and offers a checked view of NetOne's standing strategy and how it relates to the organisation's ability to create value in the short, medium and long term. We, as the Board, stamp and concur in belief that this Report has been prepared in accordance with the I the International Integrated Reporting Council's (IIRC) standard framework.

Who We Are

NetOne is a leading Zimbabwean, digital communications Company which provides data, mobile and fixed voice, messaging, mobile financial services and enterprise solutions to over 4 million customers consistently. We are driven by the belief that; we can empower generations through sustainable digital solutions.

Our Mission - Purpose

To transform lives and develop communities through communication solutions.

Values

- Dedication
- Responsibility
- Innovation
- Vigour
- Excellence
- Synergy

Our Vision

Sustainable seamless communications delivered with an edge.

NetOne
The World in One

Our Focus

1

GREAT NETWORK

NetOne has pioneered routes for coverage, building a strong footprint of coverage in all provinces, major highways, towns, growth points, township centres and farming areas.

2

GREAT CUSTOMER EXPERIENCE

Keeping our customers connected is at the heart of what we do. From connectivity to world class value added services.

3

DIGITAL AND FINANCIAL SERVICES

NetOne continues to create innovative products and services that enhance the lives of consumers all over Zimbabwe and brings them one step closer to financial freedom.

4

PRODUCTS & SERVICES

The world in One - our mandate is to provide products and services that integrate connectivity through voice, data, messaging and mobile financial services across mobile and fixed networks.

5

DISTRIBUTION

Our distribution network covers all our consumers; those that reside in urban and rural areas. With base stations and OneMoney agents in every province, everyone stays connected.

6

NETONE BRAND

A strong brand grounded on values of togetherness connectivity and valuable service.

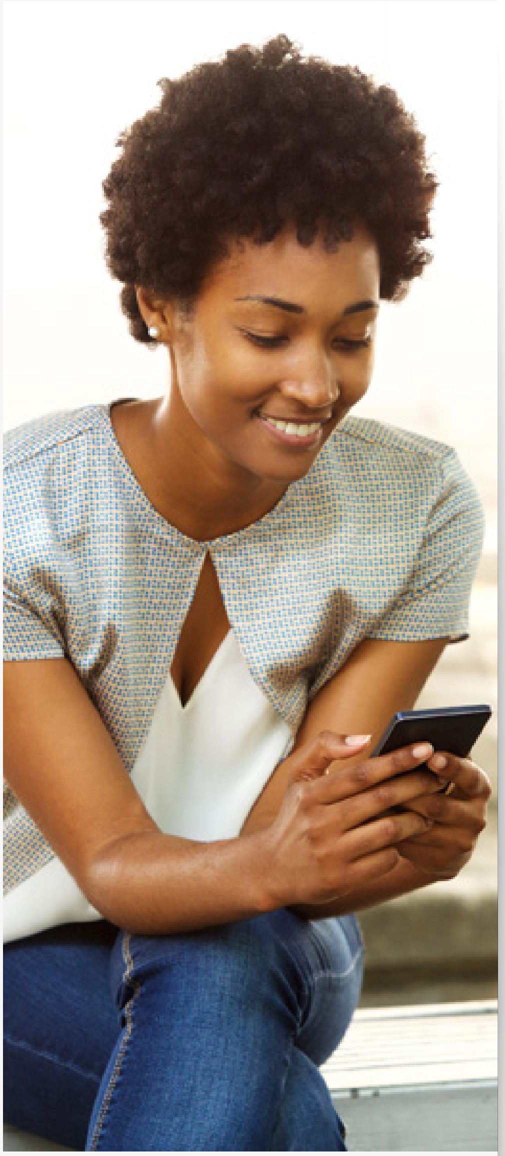
Where We Operate

Zimbabwe

- Population – 17,4 million
- Official Languages - 16
- GDP - $20.56BN

- NetOne Subscribers – 4 million
- Data Subscribers – 3 million
- Service Revenue –
- EBIDTA Margin –

What we offer



Our portfolio is the strongest and most flexible in the Zimbabwe telecoms industry. We offer Post-paid, prepaid, international roaming, data connectivity and various value added services to our customers. We have the execution capability to create value for a wide range of customers with differentiated, segmented strategies to cater to a growing range of tastes. This has allowed us to leverage on the power of digital transformation to enable our subscribers, both consumer and corporate to transform their lifestyle and businesses.

The momentum is now shifting towards data-led by 4G services ranging from commerce, education and healthcare to facilitate Zimbabwe's journey towards becoming a digitally integrated economy.

NetOne
The World in One

Netone Consumer

- Voice (mobile, fixed)
- Data (mobile, fixed) Messaging (SMS, MMS)

Netone Enterprise

- Connectivity (Wireless, Fixed, Mobile)
- Converged Business Solutions (voice, data, SMS
- Connectivity enablers (devices)

Value Added Services

- Mobile Content
- Gaming
- Mobile Financial Services (OneMoney)

Emerging Trends

- E-Commerce
- Education Video and broadcasting services

VALUE FOR THE NETONE CUSTOMER

Our Market Context – Operating Environment

Regulatory environment

In 2020, the regulatory environment was affected by the degradation of the local currency against the US Dollar. Hence the year was characterized by numerous price and tariff changes which led to a complex regulatory environment as the changes had to be made in relation to consumer rights as well as business survivability in mind.

Changing Consumer preferences

Consumer behaviour shifted significantly as people adjusted to Covid-19 induced restrictions and lockdowns. The pandemic rapidly transformed the way people live and work, while simultaneously creating a range of new business challenges and opportunities. The COVID-19 pandemic strengthened interest in the demand for data and the challenge for us was how to monetize this strong volume growth in the context of our operating environment.

On the other hand, the economic disruption caused by the COVID-19 pandemic has also increased price-sensitivity, requiring us to be agile to address both premiumization of our services and affordability needs.

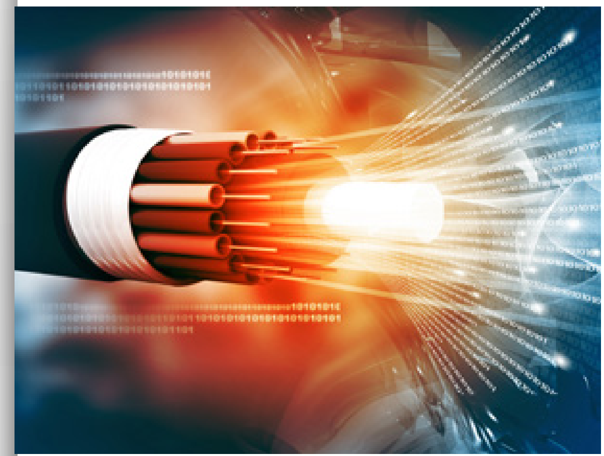
Digital evolution & technological environment

Trends toward digital solutions, which were evident prior to 2020, drastically accelerated as subscribers demanded faster virtual solutions and technology during the COVID-19 pandemic.

The performance of daily tasks, such as working, getting education or banking online, has led consumers to become more comfortable with technology creating a vast array of use cases that we can use to grow the business, leveraging on this accelerated digital transformation.

Competitive environment

The economic effects of the COVID-19 pandemic led to a fall in disposable income leading to competition employing innovative pricing solutions in an effort to grow revenues. With the increase of individual ISPs providing more unlimited data plans as well as the continued growth of Over-the-Top (OTP) services, it was a challenging task balancing act but the business responded well as the key performance indicators were largely positive for the year.



CHAIRMAN'S STATEMENT

> **Leadership in telecommunications is also essential, since we are now in the age of e-commerce.**
>
> Michael Oxley

OPERATING ENVIRONMENT

It is a great pleasure to present to you the financial and strategic performance of NetOne (Private) Limited for the year ended 31 December 2020.

The operating environment for the year 2020 was difficult, further worsened by the novel Coronavirus (COVID-19) which threatened to bring the world to its knees. It is with no doubt that the pandemic changed the global economic landscape. Zimbabwe recorded its first COVID 19 case in March 2020. In order to curb the spread of the pandemic the Government put in place measures which included introduction of lockdowns, reduction of business hours, reduction of workforce operating from offices, closure of schools and national borders. It was during this difficult times that the mobile telecommunications services became the backbone of the day to day operations of all business, education and the health sector.

There was increase in the demand for data.
The company was proactive in response to the COVID 19 pandemic in terms of, ensuring the health and safety of its employees, development of new products such as e-health, e-learning data packages. NetOne also collaborated with Government in facilitating free communication disseminating the vital information on the pandemic through the establishment of the COVID-19 Hotlines. The business also played a pivotal role in the disbursement of the COVID- 19 relief funds through our payment platform, OneMoney.

Whilst there is uncertainty on the full impact of the pandemic on the social and economic front. NetOne remains hopeful that the pandemic will not affect the going concern of the business and that it will continue to provide the mobile telecommunications services that are required to enable businesses both formal and informal, health sector and education sector.

The country continues to be characterized as operating in a hyperinflationary economy with year on year inflation topping to 837% in July 2020. However, we saw a marked decline in inflation in the second half of the year due to fiscal discipline and the stable exchange rate regime that had been introduced.

The business commends the government on the introduction of the foreign exchange auction market during the year as this resulted in price and exchange rate stability and improved access to foreign currency. NetOne is one of the companies that managed to secure funds from the said auction market.

The promulgation of S.I ….of 2020 it enabled the company to generate foreign currency and thereby able to service its foreign obligations for services provided by foreign service providers. It is admitted that most of the supporting systems that the business uses are procured from foreign suppliers including the equipment that is used to set up the network, the business is grateful for the measures that the Government put in place to enable businesses like NetOne to generate foreign currency. The company is also humbly requesting the Government of Zimbabwe to consider putting in place measures that also ensure that public entities and parastatals also benefit from the directives issued by the Reserve Bank of Zimbabwe from time to time.

The Regulation of the Mobile Financial Services Sector through the Directives issued by the Reserve Bank curbed the abnormal activities that had become rampant in the mobile financial services. These Directives have brought sanity to the service which had been overtaken by a lot of illegal activities. To this extent NetOne has put in place measures to ensure that the mobile financial services it provides is not abused by customers.

PERFOMANCE

As regards performance of the business, despite all the external challenges the company recorded a remarkable growth in subscribers from 3.2m in 2019 to 3.7m 2020. This saw the company gaining its market share by a further 4 percentage points from 24% in 2019 to 28% in 2020. Inflation adjusted revenues grew by 35% from $4.4billion in 2020 to $5.9 billion in 2021 and this was mainly attributed to data which grew tremendously by 52%. However, we felt the negative impact of the COVID 19 pandemic as witnessed by a sharp decline in the roaming revenues as lockdowns were introduced globally thus there was not much cross border activities. As the market become more and more data centric NetOne's strategy is to continue innovating in the digital space as it addresses the consumers' needs and wants.

The company maintained a healthy Earnings before interest and Tax Depreciation and Armotisation(EBITDA) Margin of 34% and this was made possible by the high revenue growth and robust cost containment measures.

However, the weakening of the ZWL against the major global currencies negatively affected the company's bottom line as it is funded by debt. The company recognized a foreign exchange loss of 38.9billion dollars during the year under review and this is the major cause of the loss recognized during the period.

CORPORATE SOCIAL RESPONSIBILITY

As a corporate, our duty is to transform lives and improve lives and ensure that the business uses the environment responsibly so that the future generations have a clean and safe environment. We have over the past year been engaged in various community impacting programs that transformed the lives of millions of Zimbabweans. As a corporate we took it upon ourselves to join our Government in the fight against COVID- 19. We joined hands with our sister company Tel-One (Private) Limed and we refurbished a ward at Sally Mugabe and Mpilo Hospital. We also refurbished the Beatrice Infectious Hospital and also drilled boreholes at the said hospitals to alleviate the water crisis. Further, the companies also donated a consortium of PPE to health facilities for frontline workers.

Our love for the environment was not dampened by the pandemic, we continued to participate in various environmental drives like tree planting and the national cleanup campaign. This in a bid to ensure that the environment is safe and clean for the present and future generation. We also participated in various activities to empower the youth as well as improve the quality of the education in the country. NetOne also put smiles on the faces of the less privileged and donated to Jairos Jiri in Masvingo. We pledge our continued support to the Zimbabwean family as we work together to transform the lives of citizens.

OUTLOOK

With better rains and a bumper harvest, improved access to foreign currency and containment of the spread of COVID 19, the Zimbabwean economy is projected to be brighter in the year ahead. As a company we continue to adapt to the changing needs of the consumers through acquisition of advanced technology and the business continues to diversify its revenue streams through innovation and bringing in new products and services to the market.

GOVERNANCE

The Board's accountability, duties of loyalty and care to shareholders and the company are fully represented by our independent and diverse perspectives. As the board, we are determined to deliver long-term value to shareholders and that the business is run professionally and continue to be a good corporate citizen operating in terms of the legal framework.

On behalf of the Board, I would like to welcome the Dr Beaullah Chirume, Mrs. Tendero Dzvetero, Ms.Chido Boka and Mr. Paul Simbarashe Mupfiga who joined the Board during the year under reveiew. I would also like to express my outmost gratitude to Dr Rangarirai Mathis Mavhunga and Mr. Winton Makamure who resigned during the course of the year, for their contribution to our company performance.

APPRECIATION

My sincere gratitude goes to our subscribers, the shareholder, regulators, business partners, and various stakeholders for their valuable support during the year 2020.

I am also grateful to my fellow Board members and the entire NetOne team for their agility, sacrifices and commitment in our journey to elevate the NetOne brand. I look forward to your unwavering support throughout the year ahead. May God Almighty protect us and let us remain safe. I thank you.

Susan Mutangadura
Acting Chairperson

CEO's STATEMENT

> Only those who will risk going too far can possibly find out how far one can go.
> **T.S. Eliot**

INTRODUCTION

Incessant efforts to ensure the business evolves into a world-class communication company continue to bear fruits. Market share reached 28%, which is the highest from the year 2017 when the NetOne active subscribers were redefined. Business garnered over 500K additional subscribers to close the year with 3.7million.

Inflation adjusted revenue performance showed a growth of 35% at $5.9Billion while historical revenue for 2020 was at $4.1Billion. Concerted efforts by the business and consistent tariff reviews from the regulator which were based on the Telecommunications Pricing Index (TPI), helped ensure NetOne conquer economic challenges, especially in the first half of the year. The aggressive customer acquisition highlighted earlier, higher usage of data-related offers, and the increased penetration of products users on the customer base, helped NetOne grow revenues ahead of inflation.

BUSINESS REVIEW

Year 2020 was the third in our strategy to ensure that we give an unrivalled service across all our 4 strategic key focus areas. Notable achievements were made across the network, in our customer experience and distribution channel, as well as on our balance sheet.

QUALITY NETWORK

The network was a key enabler for growth in the year, especially given the aggressive acquisition drive that led to impressive subscriber growth results. COVID-19 ushered in an era of lockdowns which culminated in sudden dramatic increase in data traffic. Voice traffic was manageable. Business had to address the unprecedented trend by optimizing the network and investing in the infrastructure to address the gaps that had arisen. The following were achieved in the year 2020:

1. 47 new 4G sites were commissioned
2. 57 3G sites were upgraded to 3rd Carrier
3. 17 new physical sites were commissioned
4. 108 3G & 4G sites were redeployed – to match data capacity utilization
5. network availability grew from 91.90% to 94.62%.

QUALITY CUSTOMER SERVICE

The commitment of the business is to meet and surpass all our customer expectations. In keeping up with this, the following were achieved in 2020:

- Virtualized training of customer experience and channel support staff to ensure continuous improvement.
- Service level rescued from a lowest of 30% after being hit by the pandemic to grow it to a 52% at the end of 2020
- Scooped the award for Service Excellency in Telecoms Sector Category for Southern Region by CCAZ.
- Successfully piloted the Work-From-Home concept for the customer experience operations in response to the COVID-19 scourge

Quality Distribution & Visibility

E-Top was introduced and deployed in the 4th quarter of the year. Soon after launch, the service managed an average distribution of 12% to sales collections.

Despite the challenges around the COVID pandemic, the business continued to fight to grow the electronic airtime penetration, closing the year at 66%.

QUALITY BALANCE SHEET

COVID-19 and Macroeconomic Challenges

Before the COVID–19 pandemics, Zimbabwe's economy was already in recession, contracting by 6.0% in 2019. The onset of the COVID–19 pandemics and continued drought led to 10% contraction in real GDP in 2020. Inflation soared, averaging 622.8% in 2020, up from 226.9% in 2019.

The government instituted foreign exchange reforms in June 2020. These helped dampen inflation that shot to an annual rate of 838% in July. Although they generally deteriorated for the year as a whole, fiscal and current account deficit also recovered after July. The exchange rate depreciated from ZWL2.5 in February 2019 and stabilized at ZWL82 to the US dollar in December 2020.

Transition to Digital Transformation & Future Business Growth

The year 2017 saw the business unveiling the Back to Basics strategy. Although it did not appear as an ambitious journey, the reality was to set the foundation right and get the basics in place before moulding the vision of becoming a world-class communications company, not only locally but by international standards as well. Enough work and commitment has been devoted to ensure the 4 key focus areas of the strategy which included customer experience, channel distribution, network and balance sheet. Having made excellent progress and a number of achievements relating to the 2017 strategy, the business now intends to pursue digital transformation.

The evolving customer needs and the changing competitive landscape demands that NetOne embarks on a serious digital transformation path. Although progress is already being noticed in some areas of the business, a deliberate but determined approach to the transition is imperative. This new strategy will not only unlock new areas of business including those centred around innovations and new technology, but also introduce enablers for the new way of doing business consistent with the new normal. Consequently, this will go a long way in ensuring high levels of customer experience. Below are the key areas we are addressing in the interim in our digital transformation journey.

(i) Cloud: migration and investment in cloud is key to deliver and support cloud based solutions. Cloud infrastructure may not come cheap but the commitment is highly rewarding in the long term.
(ii) Financial technology:
(iii) Data driven enterprise
(iv) Superior customer experience

Outlook

Growing the business as a whole unit is indeed a formidable task, even with the approach underpinned by serious digital transformation. However, a segmented focus across Telecommunications, Media and Technology has always yielded unmatched results for the business.

(a) Telecommunications

The work-from-home concept culminated in an introduction of services to address the customer needs that arose as a way of curbing the pandemic. Wi-Fi bundles uptake was unprecedented. In aligning to the work-from-home system, e-learning became the norm. NetOne introduced e-learning bundles that were initially targeted at institutions of higher

learning. Because of demand and popularity, the bundles were extended to high school students as well as those in the primary level education.

(b) Media & Entertainment

Huge untapped potential of the business still lies in the area of media and entertainment. Little has been done due to underlying fundamental challenges related to high levels of investments required. Partnering businesses have also fallen short of some of the needed requirements, which are largely regulatory or statutory. To completely model the business into an integrated digital solutions provider, all stakeholders have a role to play to see the dream fruition.

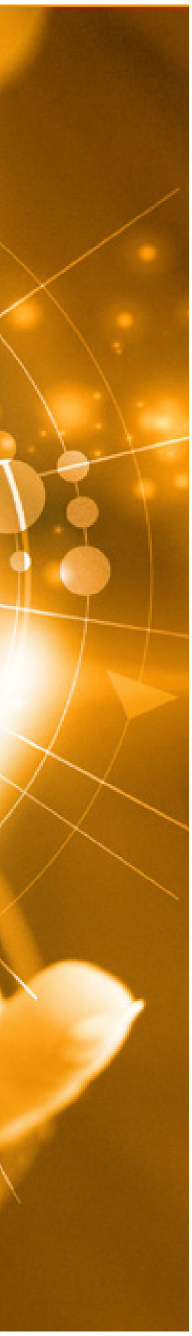
(c) Technology

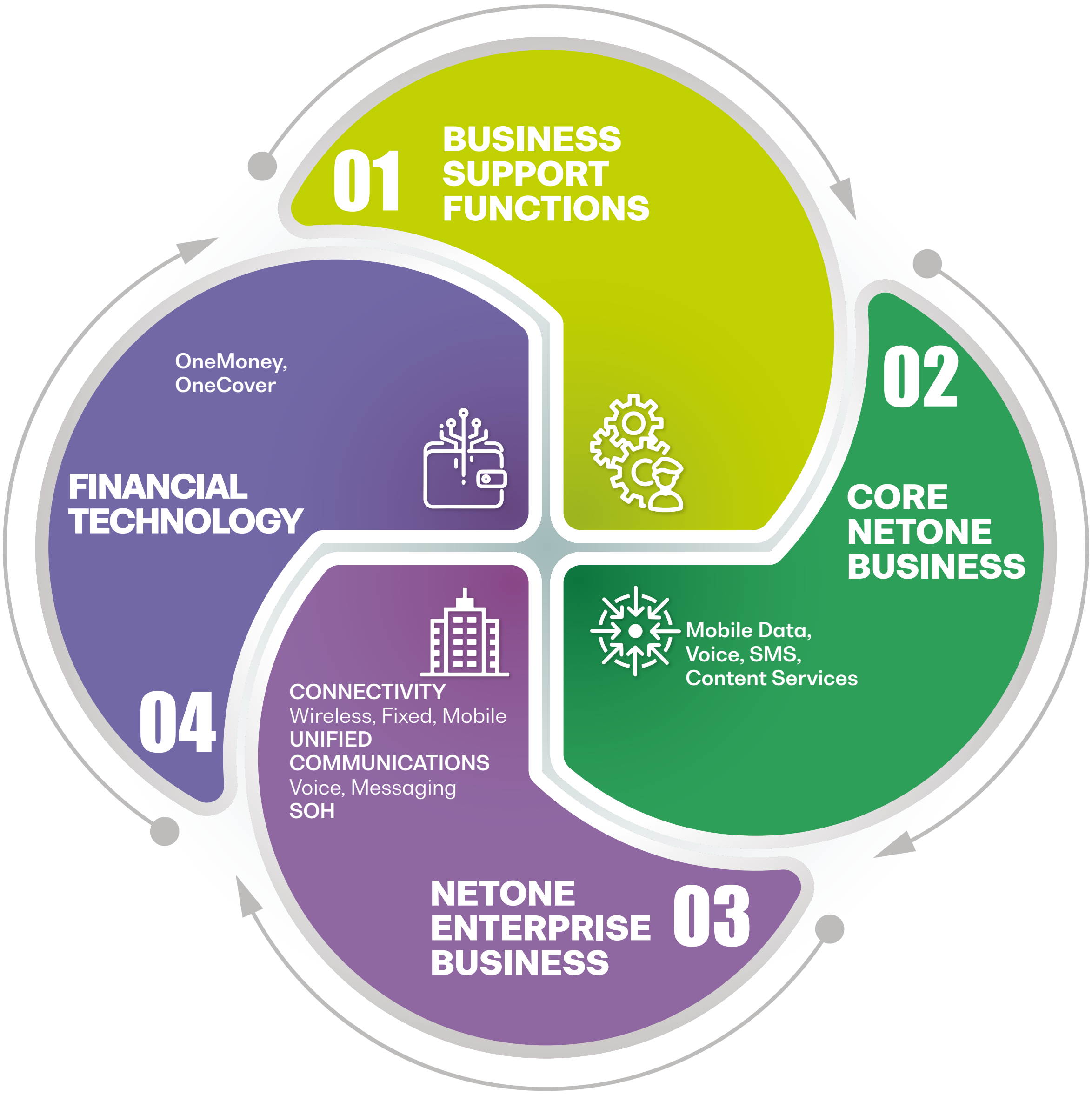
The interventions and efforts by the government to stabilize the economy in the later part of 2020, helped the business plan and execute what the business demands with certainty. Whilst some projects were still in their infancy, others were midway through to success by the end of 2020. These include the new call centre system, network modernization, Data Warehouse, MBB Phase3, etc. Committed investments in these as well as in improving our existing infrastructure will ensure NetOne makes great leaps required in becoming a digitally transformed network.

MS MUTANGADURA
ACTING CHAIRPERSON

BUSINESS MODEL

HOW WE DELIVER WORLD CLASS PRODUCTS AND SERVICES LIKE ROCK STARS.





VALUE FOR THE CUSTOMER, ENTERPRISE AND SHAREHOLDER

Our Performance Review

Performance Review and overall assessment of the business unit as a whole is critical. This report gives a detailed review of NetOne Cellular' s business structure, risks and performance.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation adjusted		Historical	
	Notes	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
ASSETS					
Non-current assets					
Property and equipment	4	19 283 265 042	18 554 603 881	19 283 265 042	4 132 428 479
Intangible assets	5	8 809 098 302	8 629 564 583	8 809 098 302	1 921 952 022
Financial assets at amortised cost	6	3 153 130 888	1 212 691	3 153 130 888	270 087
		31 245 494 232	27 185 381 155	31 245 494 232	6 054 650 588
Current assets					
Inventories	7	103 308 582	405 816 989	101 404 622	22 475 578
Trade and other receivables	8	2 517 046 395	1 720 616 806	2 335 850 825	355 307 400
Deferred tax asset	12	10 676 454 790	-	-	-
Cash and cash equvalents	9	1 208 690 196	3 192 323 520	1 208 690 196	710 985 194
		14 505 499 963	5 318 757 315	3 645 945 643	1 088 768 172
TOTAL ASSETS		45 750 994 195	32 504 138 470	34 891 439 875	7 143 418 760
EQUITY AND LIABILITIES					
Equity					
Share capital	10	-	-	-	-
Accumulated losses		(20 760 617 311)	(21 501 955 394)	(29 149 306 799)	(2 966 284 557)
Revaluation reserve		17 680 306 386	17 284 377 797	22 054 528 582	4 310 525 176
Functional currency change reserve		10 127 826 568	10 127 826 568	390 762 719	390 762 719
		7 047 515 643	5 910 248 971	(6 704 015 498)	1 735 003 338
Non-current liabilities					
Borrowings	11.1	20 922 232 903	18 110 926 945	20 922 232 903	4 033 614 019
Deferred tax liability	12	-	2 771 518 759	2 891 976 821	102 764 923
Lease liability	13	1 377 356 839	238 734 270	1 377 356 839	53 170 216
Long term payables	14	9 839 372 949	594 027 000	9 839 372 949	132 300 001
		32 138 962 691	21 715 206 974	35 030 939 512	4 321 849 159
Current liabilities					
Trade and other payables	14	1 108 932 568	2 243 156 648	1 108 932 568	499 589 454
Deferred revenue	15	606 483 064	49 942 970	606 483 064	11 123 156
Borrowings	11.2	4 849 100 229	2 585 582 907	4 849 100 229	575 853 653
		6 564 515 861	4 878 682 525	6 564 515 861	1 086 566 263
TOTAL EQUITY AND LIABILITIES		45 750 994 195	32 504 138 470	34 891 439 875	7 143 418 760

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Mushanawani R. **Mutangadura S.M.**

ACTING CHIEF EXECUTIVE OFFICER **ACTING CHAIRPERSON**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Historical 2020 ZWL	Historical 2019 ZWL
Revenue	16	5 898 843 745	4 361 226 019	4 145 275 186	457 628 300
Cost of sales	17	(1 230 638 582)	(980 664 025)	(856 566 846)	(95 931 118)
Gross profit		4 668 205 163	3 380 561 994	3 288 708 340	361 697 182
Other income	18	99 984 792	60 835 715	91 851 538	5 174 944
Marketing and distribution expenses		(160 548 621)	(173 259 074)	(102 841 567)	(21 718 163)
Network operating expenses		(747 826 233)	(808 055 426)	(451 467 990)	(93 223 513)
Administration expenses		(1 861 781 143)	(1 020 712 921)	(1 376 820 609)	(113 168 179)
Earnings before interest, tax, depreciation and amortisation		1 998 033 958	1 439 370 288	1 449 429 712	138 762 271
Unrealised exchange (losses)/ gains		(38 843 645 402)	(16 056 333 940)	(27 074 213 879)	(3 799 268 512)
Depreciation, amortisation and impairment		(1 164 542 800)	(762 343 656)	(643 291 647)	(72 972 122)
Loss before interest and tax		(38 010 154 244)	(15 379 307 308)	(26 268 075 814)	(3 733 478 363)
Net finance costs	19	(564 705 609)	(262 902 032)	(355 437 065)	(45 831 848)
Loss before monetary adjustments		(38 574 859 853)	(15 642 209 340)	(26 623 512 879)	(3 779 310 211)
Net monetary gain/(Loss)		26 165 757 510	(8 570 316 128)	-	-
Loss before tax	21	(12 409 102 343)	(24 212 525 468)	(26 623 512 879)	(3 779 310 211)
Income tax credit/(expense)	21	13 150 440 426	5 249 597 137	440 490 637	880 587 812
Profit/ loss for the year		**741 338 083**	**(10 392 612 203)**	**(26 183 022 242)**	**(2 898 722 399)**
Other comprehensive income:					
Change in functional currency		-	10 127 826 568	-	390 762 719
Revaluation of property and equipment		-	15 505 965 877	14 268 775 659	3 453 444 516
Revaluation of intangiable asset		395 928 589	8 115 085 414	7 002 463 405	1 807 368 689
Income tax relating to items that may be reclassified	12	-	(6 336 673 489)	(3 527 235 658)	(950 288 029)
Other comprehensive income net of tax		**395 928 589 -**	**27 412 204 370 -**	**17 744 003 406**	**4 701 287 895**
Total comprehensive income for the year		**1 137 266 672 -**	**17 019 592 167 -**	**(8 439 018 836)**	**1 802 565 496**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

INFLATION ADJUSTED

Inflation adjusted	Note (s)	Share Capital ZWL	Foreign Currency Reserve ZWL	Revaluation Reserve ZWL	Accumulated Losses ZWL	Total ZWL
Balance at 1 January 2019		-	-	-	(2 539 027 062)	(2 539 027 062)
Comprehensive income for the year		-	10 127 826 568	17 284 377 797	(18 962 928 332)	8 449 276 033
Balance at 31 December 2019		-	10 127 826 568 -	17 284 377 797	(21 501 955 394)	5 910 248 971
Balance at 1 January 2020			10 127 826 568	17 284 377 797	(21 501 955 394)	5 910 248 971
Profit for the year		-	-	-	741 338 083	741 338 083
Other comprehensive income for the year		-	-	395 928 589	-	395 928 589
Balance at 31 December 2020		-	10 127 826 568	17 680 306 386	(20 760 617 311)	7 047 515 643

HISTORICAL COST

	Note (s)	Share capital ZWL	Foreign Currency reserve ZWL	Revaluation Reserve ZWL	Accumulated losses ZWL	Total ZWL
Balance at 1 January 2019		-	-	-	(67 562 158)	(67 562 158)
Loss for the year		-	-	-	(2 898 722 399)	(2 898 722 399)
Other comprehensive income for the year		-	390 762 719	4 310 525 176	-	4 701 287 895
Balance at 31 December 2019		-	390 762 719	4 310 525 176	(2 966 284 557)	1 735 003 338
Balance at 1 January 2020			390 762 719	4 310 525 176	(2 966 284 557)	1 735 003 338
Loss for the year		-	-	-	(26 183 022 242)	(26 183 022 242)
Other comprehensive income for the year		-	-	17 744 003 406	-	17 744 003 406
Balance at 31 December 2020		-	390 762 719	22 054 528 582	(29 149 306 799)	(6 704 015 498)

NetOne
The World in One

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Historical cost 2020 ZWL	Historical cost 2019 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(12 409 102 343)	(24 212 525 468)	(26 623 512 879)	(3 779 310 211)
Adjustments for:					
Monetary gain/loss		26 165 757 510	8 570 316 128	-	-
Depreciation of property and equipment		917 344 649	661 041 503	527 974 522	66 097 122
Amortisation of intangible assets		216 394 870	101 302 159	115 317 125	6 875 000
Interest expense		441 392 741	358 800 255	266 961 890	49 524 375
Interest expense - Finance lease		66 930 819	69 725 884	44 746 452	5 503 371
Unrealised exchange (gains) /losses	11.4	19 247 627 639	18 791 264 039	19 247 627 639	4 283 053 372
Cash flows before changes in working capital		34 646 345 885	4 339 924 500	(6 420 885 251)	631 743 029
Changes in working capital					
Increase /(decrease) in inventories		(302 508 407)	(347 652 313)	(78 929 044)	(20 127 088)
Increase /(decrease) in trade and other receivables		(796 429 589)	317 662 794	(1 980 543 425)	(298 660 932)
Increase /(decrease) in trade and other payables		8 667 661 963	(3 683 472 772)	10 897 903 909	373 581 163
Cash flows generated from operating activities		42 215 069 852	626 462 209	2 417 546 189	686 536 172
Income tax paid		(5 140 720)	-	(5 140 720)	-
Net cash flows generated from operating activities		42 209 929 132	626 462 209	2 412 405 469	686 536 172
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(149 247 366)	(71 115 350)	(105 351 885)	(9 111 191)
Increase in financial asset at amortised cost		(3 215 976 596)	280 091 678	(3 215 033 992)	11 088 018
Net cash utilised in investing activities		(3 365 223 962)	208 976 328	(3 320 385 877)	1 976 827
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1 742 054 580	30 117 762	1 742 054 580	3 000 000
Repayment of borrowings		(96 810 829)	(67 649 586)	(93 069 145)	(2 574 027)
Interest paid on borrowings		(3 919 908)	(10 496 758)	(1 709 504)	(1 049 574)
Lease payments		(241 590 521)	(76 683 327)	(241 590 521)	(17 078 692)
Net cash generated from financing activities		1 399 733 322	(124 711 909)	1 405 685 410	(17 702 293)
Effects of Inflation		(43 912 370 892)	1 486 601 761	-	-
Net increase/decrease in cash and cash equivalents		(3 667 932 400)	2 197 328 389	497 705 002	670 810 706
Cash and cash equivalents at beginning of the year		3 192 323 520	994 995 131	710 985 194	40 174 488
Net cash and cash equivalents at end of the year	9	(475 608 880)	3 192 323 520	1 208 690 196	710 985 194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

1.1 Nature of business

NetOne is involved in the provision of mobile telecommunications and related value-added services. The company is incorporated and domiciled in Zimbabwe. The address of its registered office is 16th Floor, Kopje Plaza Building, 1 Jason Moyo Avenue, Harare.

1.2 Currency

The Company has in previous financial periods adopted to United States Dollar as its presentation currency and functional currency. For the 2020 financial statements, in order to comply with local laws and regulations, particularly S.I. 142 of 2019, and based on the guidance of the Public Accountants and Auditors Board, the Company has adopted the Zimbabwe Dollar (ZWL) as its functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are based on statutory records that are maintained under the historical cost convention.

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (Collectively IFRSs) issued by the International Accounting Standards Board (IASB).

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies. The areas where significant judgement and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

2.2 Significant Judgement and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.3 Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2020, and that have had a material impact on the company
For 2020 there were no new standards to be disclosed

New standards, interpretations and amendments not yet effective and not early adopted

The following new standards, amendments and interpretations, which have not been applied in these financial statements and are unlikely to have material effect on the company's future financial statements:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9,
- IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised net of value-added tax, returns, rebates and discounts.

2.4.1 Contract products

Connection fees

Connection fees are recognised as revenue when the entity satisfies the performance obligation which is the date it provides connection to the customer.

Access revenue

Access revenue which includes voice, sms and data is recognised as revenue when the entity satisfies the performance obligation which is the date it provides access to the network to the customer. The Company recognises the expected amount of access revenue in proportion to network services provided versus the total expected network services to be provided. Any unused access revenue is recognised when the unused value of network services expires or when usage thereof becomes remote.

Airtime

Post-paid revenue is generated from customers with contracts to receive mobile services who then

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

are billed based on their usage at the end of the month. The entity therefore satisfies the performance obligation upon providing network services as per contract. Revenue is recognised on usage basis at the end of the month.

2.4.2 Prepaid products

Airtime

Revenue on airtime sales is recognised as and when a customer has utilised the Company's services, that is upon usage. This is the moment when the company would have satisfied its performance obligation of providing a communication service to a customer.

Simcards

Revenue for sim cards is recognised as and when the entity has transferred control of the sim card to the customer.

2.4.3 Interconnect services

Interconnect services revenue

Interconnect services revenue is recognised when the entity satisfies the performance obligation that is when interconnection services have been rendered.

2.3.4 Interest income

Interest income is recognised as revenue on an accrual basis using the effective interest rate method.

2.5 Property, plant and equipment

The Company voluntarily changed its accounting policy for determining the carrying amount of property, plant and equipment from the cost model to the revaluation model with effect from 1 January 2019. The related accounting policies are summarised below.

Property, plant and equipment held for use in the production or supply of goods or services are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on properties is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

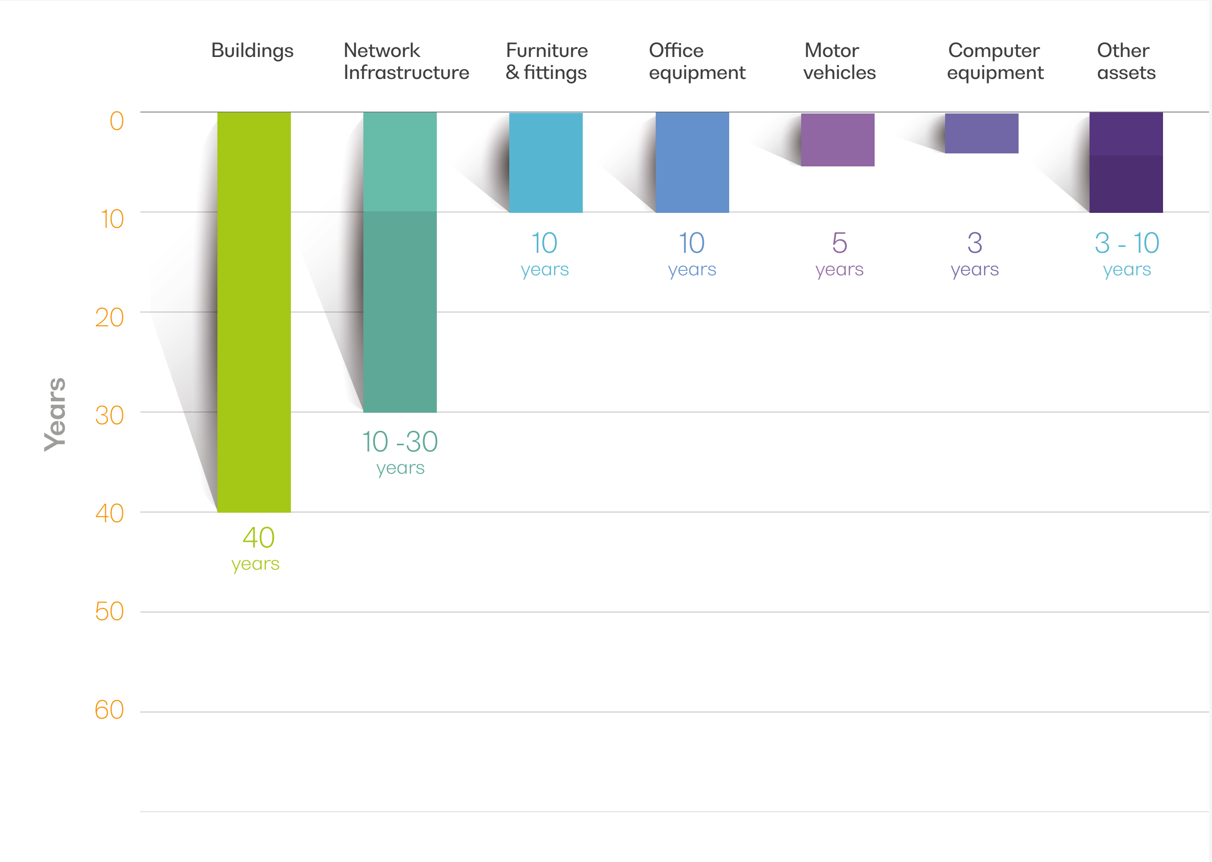
Depreciation on revalued assets is recognised in profit or loss.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is provided at the following rates on a straight-line basis:



Land is not depreciated.

Depreciation is recognised so as to write off the valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible assets

The Company voluntarily changed its accounting policy for determining the carrying amount of intangible assets from the cost model to the revaluation model. The change was with effect from 1 January 2019. The related accounting policies are summarised below. Externally acquired intangible assets are initially recognised at cost. After initial recognition, intangible assets are carried at revalued amounts,being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Any revaluation increase arising on intangible assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for the asset, the asset is carried at its cost less any accumulated amortisation and impairment losses. If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. The fact that an active market no longer exists for a revalued intangible asset may indicate that the asset may be impaired and that it needs to be tested in accordance with IAS 36 Impairment of Assets.

Cost and revaluation model

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives 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 once 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 are considered to modify 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 recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

Operating licence

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The intangible assets with a finite useful life are amortised on a straight line basis over their useful lives as follows: -

2.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2.8 Inventories

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realisable value, after making allowance for obsolete inventory. Net realisable value is the expected selling price in the ordinary course of business minus any costs of completion, disposal, and transportation. The basis of determining cost is the weighted average method.

2.9 Financial instruments

2.9.1 Financial assets

2.9.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, at amortised cost or financial assets at fair value through OCI. The classification depends on both;

- the Company's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's accounting policy for each category of financial asset held is as follows

Amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial assets at fair value through other comprehensive income "OCI"

The Company`s financial assets at fair value through OCI comprise debt securities. The Company's objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities on or before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, both collecting contractual cashflows and sales are integral to achieving the objective of the business model. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

2.9.1.2 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.9.1.3 Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in the collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.
The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Financial assets at fair value through other comprehensive income "OCI"

For Financial assets at fair value through OCI, the Company assesses at each reporting date whether there is objective evidence that an investment or a company of investments is impaired.

In the case of equity investments classified as a financial asset at fair value through OCI, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. 'Significant' is evaluated against the original cost of the investment and prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from OCI and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as financial assets at fair value through OCI, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19.2 Financial liabilities

2.9.2.1 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. Subsequent measurement. The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method "EIR". Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortization.

2.9.2.2 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown separate from borrowings in current liabilities on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Fair value measurement

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 the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 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 the most advantageous market must be accessible by the Company. The fair value of an asset or a 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.

2.12 Foreign currency transactions and balances

The Company`s financial statements are presented in Zimbabwe dollars, which is also the functional currency.

Transactions in currencies other than company's functional currency are initially recorded at the spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on re-translation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.14 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases

IFRS 16 Leases was adopted on 1 January 2019. The Company has applied the following expedients in relation to the adoption of IFRS 16, in terms of the transitional provisions of that standard:

- The right of use assets were measured at an amount equal to the lease liability at adoption, and initial direct costs incurred when obtaining leases were excluded from this measurement. Lease prepayments and accruals previously recognised under IAS 17 were added and deducted, respectively, from the value of the right of use assets on adoption in determining the cumulative retrospective impact

- A single discount rate was applied to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.

The primary impacts on the company's primary financial statements, and the key causes of the movements recorded in the statement of financial position on 1 January 2019, as a result of applying the IFRS 16 ('current') accounting policy in place of the previous policy under IAS 17 are:

As a lessee

- Under IAS 17, lessees classified leases as either operating or finance leases.–Operating lease costs were expensed on a straight-line basis over the period of the lease.–Finance leases resulted in the recognition, in the statement of financial position, of an asset and a corresponding liability for lease payments, at present value.

- Under IFRS 16 all lease agreements give rise to the recognition of a 'right of use asset' representing the right to use the leased item and a liability for any future lease payments (see pages 27 to 28) over the 'reasonably certain' period of the lease, which may include future lease periods for which the company has extension options.• Lessee accounting under IFRS 16 is similar to finance lease accounting for lessees under IAS 17; lease costs are recognised in the form of depreciation of the right of use asset and finance costs on the lease liability which is generally discounted at the incremental borrowing rate, although the interest rate implicit in the lease is used when it is more readily determinable. Interest charges will typically be higher in the early stages of a lease and will reduce over the term.

- Under IFRS 16 inflows from operating activities and payments classified within cash flow from financing activities both increase, as payments made at both lease inception and subsequently are characterised as repayments of lease liabilities and interest. Under IAS 17 operating lease payments were treated as operating cash outflows. Net cash flow is not impacted by the change in policy.

As a lessor

- Lessor accounting under IFRS 16 is similar to IAS 17.

The expedients applied at adoption, above, have resulted in reclassifications of lease-related prepayments, accruals and provisions as at 1 January 2019 to the right of use assets or lease liabilities.

IFRS 16 Accounting Policy

As a lessee

When the Group leases an asset a 'right of use asset' is recognised for the leased item and a lease liability is recognised for any lease payments due at the lease commencement date. The right of use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

any initial direct costs incurred in entering the lease and dismantling costs, less any lease incentives received. Right of use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the company is 'reasonably certain' to exercise any extension options. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right of use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rate. Lease payments included in the lease liability include:

- fixed payments and in-substance fixed payments during the term of the lease;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when:
- there is a change in the residual value guarantee;
- there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase);

- the Group's assessment of the lease term changes;
- lease modifications occur that are not treated as separate leases.

Any change in the lease liability as a result of these changes also results in a corresponding change in the right of use asset.

As a lessor

Where the Company is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease. Where the Company is an intermediate lessor, the interest in the head lease and the sub-lease is accounted for separately and the lease classification of a sub-lease is determined by reference to the right of use asset arising from the head lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Profit or loss from finance leases is recognised in full at lease commencement. Lease income is recognised as other revenue for transactions that are part of the company's ordinary activities. The company uses IFRS 15 to allocate the consideration in contracts between any lease and non-lease components. Lease income is recognised as a credit in operating expenses for transactions that are not part of the company's ordinary activities (primarily leases or sub leases of surplus assets).

Critical accounting judgements and key sources of estimation relating to IFRS 16

Lease identification

Whether the arrangement is considered a lease or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the company and the counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines and rented space on which our base stations sit. Generally, where the company has exclusive use of a physical line it is determined that the company can also direct the use of the line and therefore leases will be recognised.

The following arrangements have been identified as lease agreements:

- Bandwidth lease
- Retail Shops
- Office Buildings

As a lessee, optional periods are included in the lease term if the company is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset.

Where a leased asset is highly customised (either when initially provided or as a result of leasehold improvements), e.g Flagshops, or it is impractical or uneconomic to replace then the company is more likely to judge that lease extension options are reasonably certain to be exercised. Where extension options are included the greater the value of the right of use asset and lease liability that will be recognised. The normal approach adopted for lease term by asset class is described below.

The lease terms can vary significantly by type and use of asset. In addition, the exact lease term is subject to the non-cancellable period and rights and options in each contract. In most instances the company has options to renew or extend leases for additional periods after the end of the lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.16 Employee benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment. The classification, recognition and measurement of these employee benefits is as follows;

a) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Company's short term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Company recognizes the expected cost of bonuses only when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

b) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefits comprise retirement benefits that are provided for Company employees through an independently administered defined contribution fund and by the National Social Security

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Authority (NSSA), which is also a defined contribution fund from the Company's perspective. Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Company has no liability for Post-employment Retirement Benefit Funds once the current contributions have been paid at the time the employees render service. During the year the Company contributed to the Company defined contribution fund and to the NSSA scheme.

2.17 Deferred revenue

Deferred revenue relates to airtime bought and not yet used by subscribers at the reporting date. The amount is recognised as a liability in the statement of financial position and only as revenue once it is utilized.

2.18 Income tax

2.18.1 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.18.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re- assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (continued)

will allow 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 have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI 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 tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include:

3.1 Trade and other receivables

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. In determining these probabilities and whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the trade and other receivables.

3.2 Impairment testing

The company assesses its assets for impairment at each reporting date. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

3.3 Provisions and contingency liabilities

The company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the company's management as to how it will respond to the litigation, claim or assessment.

3.4 Property, plant and equipment

Residual values of property, plant and equipment

During the year management assessed the residual values of property, plant and equipment. Residual values of each asset category have been assessed by considering the fair value of the assets after taking into account age, usage and obsolescence. These residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involves significant judgment and estimation.

Useful lives of property, plant and equipment

3. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (continued)

A review of the estimated remaining lives of all network equipment was performed using the engineering expertise within the business with reference to published industry benchmarks.

This review considered the following factors, at a minimum; the age of the equipment, technological advancements, current use of the equipment, and planned network upgrade programmers. The determination of the remaining estimated useful lives of the network equipment is deemed to be a significant area of judgment due to its highly specialized nature. Refer to Note 2.4 for the useful lives of property, plant and equipment.

Revaluation of property, plant and equipment

The Company changed the property, plant and equipment accounting policy from the cost model to the revaluation model with effect from 1 January 2019. Changes in fair value net of deferred tax are recognised in other comprehensive income. The fair value of property, plant and equipment was determined by the management using indexation approach. The key assumptions used included the replacement costs of the assets and the changes in the purchasing power of the functional currency.

3.5 Going concern

The company assesses its going concern status each reporting date. Going concern assessment is an area involving management judgement on the Company's future revenue, cashflow and the country's economic conditions.

3.6 Functional currency assessment

The Government of Zimbabwe promulgated statutory Instrument ("S") 33 on 22 February 2019, giving legal effect to the introduction of the Zimbabwe Dollar(ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States dollar(USD). Guidance issued by the Public Accountants and Auditors Board (PAAB) noted that the requirements of SI33 were contrary to the provisions of IAS 21. The company has always ensured compliance with IFRS but was unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements.

The directors considered the following key attributes of a functional currency as guided by the provisions of IAS 21: Effects of Changes in Exchange Rates:

- The currency that mainly influences sales prices for goods and services;
- The currency of the competitive forces and regulations that mainly determine the sales prices of goods and services;
- The currency that mainly influences labour, material and other costs of providing goods and services;
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

Having considered the above attributes, the directors concluded that the ZWL$ was the functional currency of the company.

3.7 Hyperinflation (Adoption of IAS 29)

In July 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial reporting Interpretations Committee ("IFRIC") 7 as if the economy has been in hyperinflation from 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (continued)

The financial statements (including comparative amounts) of the company, whose functional currency is the currency of hyperinflationary economy, are adjusted in terms of the measuring unit current at the end of the reporting period.

The carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses were recognised directly in equity.

Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement are restated by applying the change in the general price index (CPI) from the dates when the items of income and expenses were initially earned or incurred.

As at 1 January 2019, the components of equity, except retained earnings, were restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings were derived from all other amounts in the restated statement of financial position.

On 31 December 2020, all components of equity were restated by applying a general price index from the beginning of the period or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the date of occurrence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. PROPERTY AND EQUIPMENT (continued)

INFLATION ADJUSTED	Motor vehicles ZWL	Office equipment ZWL	Computer equipment ZWL	Furniture and fittings ZWL	Land and buildings ZWL	Capital Work in progress ZWL	Network infrastructure ZWL	Right of Use Asset ZWL	Other assets ZWL	Total ZWL
COST										
At 1 January 2019	98 741 965	9 658 937	239 936 113	85 384 494	243 161 392	346 501 018	9 898 870 503	-	52 456 993	10 974 711 415
Additions	123 893 279	12 971 336 -	324 154 203	97 409 567	357 824 031	-	14 845 014 996	-	44 147 180	15 805 414 592
Transfers from work in progress	-	-	70 821	(2 908 402)	8 295 742	(8 677 190)	15 221	-	3 203 808	-
Adoption of IFRS 16	-	-	-	-	-	-	-	290 707 461	-	290 707 461
Revaluation	31 582 418	4 265 702	105 242 515	27 089 912	117 482 879	(275 251 139)	5 352 608 424	-	4 632 468	5 367 653 179
At 31 December 2019	**254 217 662**	**26 895 975**	**669 403 652**	**206 975 571**	**726 764 044**	**62 572 689**	**30 096 509 144**	**290 707 461**	**104 440 449**	**32 438 486 647**
Additions	32 096 497	97 803	59 508 747	3 252 112	600 310	38 920 072	3 154 473	-	11 617 352	149 247 366
Transfers from work in progress	-	-	-	-	17 418	(17 418)	-	-	-	-
Right of use asset reassessment	-	-	-	-	-	-	32 126	1 444 703 557	-	1444 735 683
Revaluation	6 195 183	1 740 606	26 360 320	7 749 678	61 270 134	(49 595 498)	2 582 455 317	(366 000 727)	(8 420 371)	2 261 754 642
At 31 December 2020	**292 509 342**	**28 734 384**	**755 272 719**	**217 977 361**	**788 651 906**	**51 879 845**	**32 682 151 060**	**1369 410 291**	**107 637 430**	**36 294 224 338**
ACCUMULATED DEPRECIATION										
At 1 January 2019	(49 046 690)	(6 200 353)	(125 378 782)	(40 691 177)	(31 681 319)	-	(3734 799 574)	-	(17400 663)	(4 005 198 558)
Depreciation charge for the year	(11 043 388)	(661 027)	(20 635 452)	(5 025 275)	(4 648 578)	-	(517 596 298)	(96 954 662)	(4476 817)	(661 041 497)
Change in functional currency	(77 928 566)	(9 405 333)	(191 936 993)	(62 054 656)	(48 715 063)	-	(5 657 445 744)	-	(26 688 749)	(6 074 175 104)
Revaluation	(41 260 815)	(3 940 087)	(98 799 630)	(29 162 721)	(25 685 346)	-	(2 968 296 426)	36 336 627	(12 659 209)	(3 143 467 607)
At 31 December 2019	**(179 279 459)**	**(20 206 800)**	**(436 750 857)**	**(136 933 829)**	**(110 730 306)**	**-**	**(12 878 138 042)**	**(60 618 035)**	**(61 225 438)**	**(13 883 882 766)**
Depreciation charge for the year	(14 429 304)	(575 864)	(30 679 939)	(5 910 133)	(14 064 974)	-	(673 583 666)	(173 309 047)	(4791 722)	(917 344 649)
Change in functional currency										
Revaluation	(31 252 729)	(2 288 619)	(65 679 644)	(18 825 170)	(11 023 079)	-	(2 155 603 448)	-	(7 885 234)	(2 292 557 923)
At 31 December 2020	**(224 961 492)**	**(23 071 283)**	**(526 484 357)**	**(85 469 173)**	**(135 818 359)**	**-**	**(15 707 325 156)**	**(233 927 082)**	**(73 902 394)**	**(17 093 785 338)**
CARRYING AMOUNT										
At 31 December 2020	67 547 850	5 663 101	228 788 362	132 508 188	652 833 547	51 879 845	16 974 825 904	1135 483 209	33 735 036	19 283 265 042
At 31 December 2019	74 938 203	6 689 175	232 652 795	70 041 742	616 033 738	62 572 689	17 218 371 102	230 089 426	43 215 011	18 554 603 881

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. PROPERTY AND EQUIPMENT (continued)

	HISTORICAL COST									
	Motor vehicles ZWL	Office equipment ZWL	Computer equipment ZWL	Furniture and fittings ZWL	Land and buildings ZWL	Capital Work in progress ZWL	Network infrastructure ZWL	Right of Use Asset ZWL	Other assets ZWL	Total ZWL
COST										
At 1 January 2019	3 334 922	351 220	8 907 903	2 691 837	9 631 804	14 340 877	399 593 836	-	1 174 076	440 026 475
Additions	680 625	131 556	2 545 972	1 848 066	112 809	123 322	459 732	-	3 209 109	9 111 191
Change in functional currency	5 002 385	523 738	13 088 234	3 933 064	14 447 706	-	599 390 758	-	1 782 512	638 168 397
Transfers from work in progress	-	-	3 148	198 044	191 902	(528 188)	1 785	-	133 310	
Adoption of IFRS 16	-	-	-	-	-	-	-	64 745 538	-	64 745 538
Revaluation	47 600 700	4 983 681	124 542 415	37 425 997	137 478 594	-	5 703 562 607	-	16 961 673	6 072 555 667
At 31 December 2019	56 618 632	5 990 195	149 087 672	46 097 008	161 862 815	13 936 011	6 703 008 718	64 745 538	23 260 680	7 224 607 268
Additions	19 076 654	44 274	38 913 046	1 410 565	577 256	37 961 262	249 935	-	7 118 893	105 351 885
Transfers from work in progress	-	-	-	-	17 418	(17 418)	-	-	-	-
Right of use asset reassessment	-	-	-	-	-	-	18 787	1304 664 754	-	1304 683 541
Revaluation	216 814 056	22 699 916	567 271 997	170 469 791	626 194 411	-	25 978 873 621	-	77 257 859	27 659 581 651
At 31 December 2020	292 509 342	28 734 385	755 272 715	217 977 364	788 651 900	51 879 855	32 682 151 061	1 369 410 292	107 637 432	36 294 224 345
ACCUMULATED DEPRECIATION										
At 1 January 2019	(1 980 337)	(250 349)	(5 064 253)	(1 641 082)	(1 279 183)	-	(150 798 389)	-	(702 579)	(161 716 172)
Depreciation charge for the year	(930 538)	(44 179)	(1 952 528)	(514 810)	(433 263)	-	(48 266 615)	(13 500 676)	(454 513)	(66 097 122)
Change in functional currency	(3 146 488)	(379 755)	(7 749 757)	(2 505 554)	(1 966 947) -	-	(228 428 243)	-	(1 077 600)	(245 254 344)
Revaluation	(33 871 247)	(3 826 117)	(82 507 256)	(25 834 178)	(20 982 145) -	-	(2 440 688 946)	-	(11 401 262)	(2 619 111 151)
At 31 December 2019	(39 928 610)	(4 500 400)	(97 273 794)	(30 495 624)	(24 661 538)	-	(2 868 182 193)	(13 500 676)	(13 635 954)	(3 092 178 789)
Depreciation charge for the year	(7 837 711)	(303 428)	(17 603 394)	(3 095 828)	(3 203 867)	-	(355 835 716)	(137 600 358)	(2 494 220)	(527 974 522)
Revaluation	(177 195 171)	(18 267 455)	(418 233 253)	(128 077 685)	(107 953 128)	-	(12 483 307 080)	-	(57 772 220)	(13 390 805 992)
At 31 December 2020	(224 961 492)	(23 071 283)	(533 110 441)	(161 669 137)	(135 818 533)	-	(15 707 324 989)	(151 101 034)	(73 902 394)	(17 010 959 303)
CARRYING AMOUNT										
At 31 December 2020	67 547 850	5 663 102	222 162 273	56 308 227	652 833 368	51 879 855	16 974 826 072	1 218 309 258	33 735 037	19 283 265 042
At 31 December 2019	16 690 022	1 489 795	51 813 878	15 601 384	137 201 277	13 936 011	3 834 826 525	51 244 862	9 624 726	4 132 428 479

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. PROPERTY AND EQUIPMENT (continued)

4.1 Impairment of assets

During the year the Company carried out an impairment assessment and no items of property, plant and equipment were considered to be impaired.

5. INTANGIBLE ASSETS

	Inflation adjusted		Historical	
	Operating licence ZWL	Total ZWL	Operating licence ZWL	Total ZWL
COST				
At 1 Janauary 2019	3 405 440 500	3 405 440 500	137 500 000	137 500 000
Revaluation	6 950 037 325	6 950 037 325	2 168 842 500	2 168 842 500
At 31 December 2019	10 355 477 825	10 355 477 825	2 306 342 500	2 306 342 500
Revaluation	890 179 675	890 179 675	8 939 315 000	8 939 315 000
			-	-
At 31 December 2020	11 245 657 500	11 245 657 500	11 245 657 500	11 245 657 500
ACCUMULATED IMPAIRMENT AND AMORTISATION				
At 1 January 2019	(397 301 399)	(397 301 399)	(16 041 667)	(16 041 667)
Revaluation	(1 227 309 684)	(1 227 309 684)	(361 473 811)	(361 473 811)
Amortisation charge for the year	(101 302 159)	(101 302 159)	(6 875 000)	(6 875 000)
At 31 December 2019	(1 725 913 242)	(1 725 913 242)	(384 390 478)	(384 390 478)
Revaluation	(494 251 086)	(494 251 086)	(1 936 851 595)	(1 936 851 595)
Amortisation charge for the year	(216 394 870)	(216 394 870)	(115 317 125)	(115 317 125)
At 31 December 2020	(2 436 559 198)	(2 436 559 198)	(2 436 559 198)	(2 436 559 198)
CARRYING AMOUNT				
At 31 December 2020	8 809 098 302	8 809 098 302	8 809 098 302	8 809 098 302
At 31 December 2019	8 629 564 583	8 629 564 583	1 921 952 022	1 921 952 022

The Operating Licence was issued by the telecommunications regulator and has a remaining useful life of 15.75 years (2019: 16.75 years).

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
6. FINANCIAL ASSETS AT ARMOTISED COST				
Opening balance	1 212 691	281 304 368	270 087	11 358 105
Disposal	-	(281 304 368)	-	(11 358 105)
Additions	3 215 033 992	1 212 691	3 215 033 992	270 087
Revaluation	(62 173 191)	-	(62 173 191)	-
Inflation Adjustment	(942 604)	-	-	-
Closing balance	3 153 130 888	1 212 691	3 153 130 888	270 087
Current	-	-	-	-
Non-current	3 153 130 888	1 212 691	3 153 130 888	270 087
	3 153 130 888	1 212 691	3 153 130 888	270 087

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. FINANCIAL ASSETS AT ARMOTISED COST (continued)

The financial assets measured at amortised cost consist of treasury bills yielding interest of 4% per annum and Government Issued Saving Bond . The treasury bills are set to mature on the 14th of December 2027 and Government Issued Saving Bonds are set to mature on the 3rd of December 2024 .There is no interest on savings bond.

7. INVENTORIES

	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Fuel	21 415 597	14 171 944	21 245 632	3 081 008
Phonepacks	8 324 458	190 725 991	8 129 354	7 700 861
Recharge cards	25 931 239	52 198 486	25 422 783	6 120 458
Simcards	43 294 952	148 992 370	42 446 031	6 430 479
Stationery	3 830 394	31 568 481	3 711 622	1 274 627
Transmission equipment spares	3 635 060	24 550 453	3 572 318	991 263
	106 431 700	462 207 725	104 527 740	25 598 696
Provision for obsolete stocks	(3 123 118)	(56 390 736)	(3 123 118)	(3 123 118)
Net inventories	**103 308 582**	**405 816 989**	**101 404 622**	**22 475 578**

The directors are of the opinion that the inventory amounts are recorded at values that are not in excess of their recoverable amounts. All inventories are expected to be recovered within twelve (12) months.

8. TRADE AND OTHER RECEIVABLES

Trade	1 369 617 600	955 847 086	1 474 123 227	212 883 538
Allowance for credit losses	(13 369 524)	(334 772 501)	(183 002 970)	(74 559 577)
Trade receivables-net	1 356 248 076	621 074 585	1 291 120 257	138 323 961
Other receivables	1 126 895 272	672 632 374	1 126 895 272	149 806 766
Allowance for credit losses	(220 438 843)	(5 444 677)	(220 438 843)	(1 212 624)
Other receivables - net	906 456 429	667 187 697	906 456 429	148 594 142
Prepayments	149 836 262	438 599 068	138 274 139	69 377 051
Allowance for credit losses	-	(6 244 544)	-	(987 754)
Prepayments- net	149 836 262	432 354 524	138 274 139	68 389 297
Total trade and other receivables	**2 517 046 395**	**1 720 616 806**	**2 335 850 825**	**355 307 400**

Impairment of trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar credit risk and their aging.

The expected loss rates are based on the Company's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's clients.

			Historical cost		
	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 90 days past due ZWL	More than 120 days past due ZWL
Expected credit loss rate	1%	2%	2%	2%	100%
Gross carrying amount	71 692 048	122 741 908	93 835 570	90 403 269	388 686 597
Loss provision	**881 812**	**1 841 129**	**1 689 040**	**1 726 702**	**388 686 597**

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8. TRADE AND OTHER RECEIVABLES (continued)

	Inflation adjusted				
	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 90 days past due ZWL	More than 120 days past due ZWL
Expected credit loss rate	1%	2%	2%	2%	100%
Gross carrying amount	71 692 048	122 741 908	93 835 570	90 403 269	388 686 597
Loss provision	881 812	1 841 129	1 689 040	1 726 702	388 686 597

Movements in the impairment allowance for trade receivables are as follows:

	Inflation adjusted		Historical Cost	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
At 1 January 2020				
Opening provision for impairment of trade receivables	(55 006 077)	(132 707 236)	(76 759 955)	(24 058 599)
Movement during the year	(178 802 231)	77 701 159	(311 926 642)	(52 701 356)
As at 31 December 2020	(233 808 308)	(55 006 077)	(388 686 597)	(76 759 955)

The movement in allowances for credit losses has been included in administration expenses line item in the statement of profit or loss.

	Inflation adjusted		Historical Cost	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
9. CASH AND BANK BALANCES				
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:				
Bank and cash balances	1 208 690 196	3 192 323 520	1 208 690 196	710 985 194
	1 208 690 196	3 192 323 520	1 208 690 196	710 985 194
10 SHARE CAPITAL				
Authorised share capital				
32,000 ordinary shares @ ZWL 0.01	320	320	320	320
Issued share capital				
2 ordinary shares @ ZWL 0.01	-	-	-	-

The unissued shares are under the control of the directors subject to the limitations imposed by the Companies & Other Business Entities [Act (Chapter 24:31).

11. BORROWINGS				
11.1 Long term				
Opening balance	18 110 926 945	5 611 641 036	4 033 614 019	226 578 806
Foreign exchange(gain)/ loss	16 975 643 409	17 093 588 106	16 975 643 409	3 807 035 213
Repayments	(89 081 609)	-	(87 024 525)	-
Inflation adjustment	(14 075 255 842)	(4 594 302 197)	-	-
Balance at end of year	20 922 232 903	18 110 926 945	20 922 232 903	4 033 614 019

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. BORROWINGS (continued)

11.2 Short term loans

Opening balance	2 585 582 907	1 261 492 063	575 853 653	50 934 720
Additions	1 742 054 580	30 117 762	1 742 054 580	3 000 000
Repayments	(7 729 220)	(67 649 586)	(6 044 620)	(2 574 027)
Foreign exchange (gain)/ loss	2 271 984 230	2 137 321 534	2 271 984 230	476 018 159
Interest	441 392 741	(380 096 240)	265 252 386	48 474 801
Inflation adjustment	(2 184 185 009)	(395 602 626)	-	-
Balance at end of year	**4 849 100 229**	**2 585 582 907**	**4 849 100 229**	**575 853 653**
Total borrowings	25 771 333 132	20 696 509 852	25 771 333 132	4 609 467 672

11.3 Analysis of Interest bearing borrowings as at 31 December 2020:

	Interest rate	Short term	Long term	Total
	%	ZWL	ZWL	ZWL
The Export Import Bank of China	2.0	1 587 097 773	20 143 450 130	21 730 547 903
KFW Development Bank	7.5	1 485 306 463	635 719 355	2 121 025 818
Huawei Technologies	3.0	1 757 799 802	161 959 610	1919 759 411
Total borrowings		**4 830 204 038**	**20 941 129 095**	**25 771 333 132**

11.4 Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's statement of cash flows from financing activities.

	Opening balance 1 January 2020	Financing Cash flows	Effect of foreign exchange losses	Interest expense	Interest Paid	Closing balance 31 December 2020
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Borrowings	4 609 467 672	1 648 985 435	19 247 627 639	266 961 890	(1 709 504)	25 771 333 132

The Export Import Bank of China

NetOne accessed two loans guaranteed by the Zimbabwean Government. The total facilities amount to USD 255 978 144.17. The repayment period is 180 months for each loan with a grace period of 60 months. Principal loan repayments for the first loan commenced in March 2016. The last drawdown on the USD 218 million Mobile Broadband Phase 2 were made in December 2018. The interest is charged at a fixed rate of 2% per annum.

KFW Development Bank

KFW loan is made up of two facilities, KFW7 and KFW8. KFW7 was repayable over 14 semi-annual instalments of USD 325 000 commencing 30 June 1999. The interest is charged at a fixed rate of 7.57% per annum plus 2% per annum on unpaid interest. KFW8 was repayable over 14 semi-annual instalments of USD380 900 commencing 1 June 1997. The interest is charged at fixed rate of 5.45% per annum plus 2% per annum on unpaid interest. Both facilities are guaranteed by the Government of Zimbabwe. The loan went into default during Zimbabwe's hyperinflationary period that ended in 2009. The Company is working with the RBZ and the Ministry of Finance to restructure the loan and erase the outstanding sum.

Huawei Technologies

The loan of USD2 165 652.47 from Huawei is unsecured. It is repayable over 10 years starting in May 2017 with a fixed interest rate of 3% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
12. DEFERRED TAX				
Analysis of temporary differences				
Property and equipment	1 399 904 755	227 403 701	1 224 833 942	50 646 704
Unrealised foreign exchange gains	(9 602 149 143)	(3 751 879 305)	606 503 052	(886 758 142)
Leave pay provision	(11 750 156)	(9 911 823)	(11 750 156)	(1 319 519)
Revaluation of PPE	(7 614 571)	3 833 074 763	3 527 235 658	853 691 485
Currency Conversion	-	2 503 598 726	-	96 585 612
Bonus provision	-	14 497 361	-	-
Translation loss	(2 454 845 675)	-	(2 454 845 675)	
Assessed losses	-	(45 264 664)	-	(10 081 217)
	(10 676 454 790)	**2 771 518 759**	**2 891 976 821**	**102 764 923**
Reconciliation				
Opening balance	2 771 518 759	1 684 363 415	102 764 923	33 053 773
Movement through profit or loss	(13 447 973 549)	(5 249 518 145)	(738 023 760)	(880 576 879)
Movement through other comprehensive income	-	6 336 673 489	3 527 235 658	950 288 029
Closing balance	**(10 676 454 790)**	**2 771 518 759**	**2 891 976 821**	**102 764 923**
Ageing of the tax asset				
Assessed loss: 2020	-	-	-	-
: 2019	-	-	-	-
: 2018	-	(45 264 664)	10 081 217	22 357 610
: 2017	-		-	-
: 2016	-		-	-
	-	**(45 264 664)**	**10 081 217**	**22 357 610**

13. Leases

Lease liabilities are presented in the statement of financial position as follows:

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Current	276 268 356	25 345 426	276 268 356	5 644 861
Non-current	1 377 356 839	238 734 270	1 377 356 839	53 170 216
	1 653 625 195	**264 079 696**	**1 653 625 195**	**58 815 077**

The Company has leases for bandwidth and related facilities, Office and retail buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (see Note 4).

Each lease generally imposes a restriction that, unless there is a contractual right for the company to sublet the asset to another party, the right-of-use asset can only be used by the company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and retail shops the company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Leases (continued)

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of Remaing Term	Average Remaining term	No of leases with extension options	No of leases with options to purchase
Office Building	12	16-36 months	7 months	12	None
Retail Shops	25	10-16 months	12 months	25	None
Bandwidth	3	63 months	51 months	3	None
Fuel Tanks	2	18-19 months	7 months	2	None

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2020 were as follows:

Description	Intial present value	Finance costs	Lease payments	Closing present value
	ZWL	ZWL	ZWL	ZWL
Flagshops	1 219 423	959 442	(666 982)	1 511 883
Telone offices	284 083	164 962	(288 120)	160 925
Bandwidth lease	1843 124 675	43 222 458	(239 430 573)	1646 916 560
PTC –Pensions (CAIPF)- HQ	5 840 994	399 589	(1 204 846)	5 035 737
	1850 469 175	44 746 451	(241 590 521)	1653 625 105

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Historical Cost 2020 ZWL	Historical Cost 2019 ZWL
14. TRADE AND OTHER PAYABLES				
Short term payables				
Trade	1 108 932 567	1 629 029 346	1 108 932 567	362 812 772
Other	-	614 127 302		136 776 682
Total short term payables	1 108 932 568	2 243 156 648	1 108 932 568	499 589 454
Long term payables	9 839 372 949	594 027 000	9 839 372 949	132 300 001
Total trade and other payables	10 948 305 517	2 837 183 648 -	10 948 305 517	631 889 455

The carrying values of trade and other payables classified as financial liabilities measured at amortised cost approximate their fair values.

	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Historical Cost 2020 ZWL	Historical Cost 2019 ZWL
15. DEFERRED REVENUE				
Opening balance	11 123 156	-	11 123 156	-
Utilised airtime	(4 185 526 594)	49 942 970	(4 185 526 594)	11 123 156
Unutilised airtime	4 780 886 502	-	4 780 886 502	-
Deferred revenue	606 483 064	49 942 970	606 483 064	11 123 156

Deferred revenue relates to airtime bought and not yet used by subscribers at the reporting date. The amount is recognised as a liability in the statement of financial position and only as revenue once it is utilized. Deferred revenue will be recognised within the next 12 months.

	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Historical Cost 2020 ZWL	Historical Cost 2019 ZWL
16. REVENUE				
Revenue is made up of :				
Voice services	2 119 219 555	1 504 148 891	1 533 198 755	156 278 154
Data services	2 592 447 602	1 702 343 552	1 817 111 164	174 635 293
SMS	168 930 752	104 031 549	119 523 846	10 003 427
Interconnection fees	735 839 875	760 931 184	489 234 599	84 990 158
Roaming	77 394 988	168 445 134	44 107 419	19 689 660
Simcards and devices	65 629 480	50 687 695	47 679 764	5 966 553
Other revenues	139 381 493	70 638 014	94 419 639	6 065 055
	5 898 843 745	4 361 226 019	4 145 275 186	457 628 300

	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Historical Cost 2020 ZWL	Historical Cost 2019 ZWL
17. COST OF SALES				
Simcards and devices	46 416 216	33 460 939	28 333 861	3 738 113
Recharge cards	109 973 596	42 575 558	69 249 999	5 467 420
Interconnection fees	761 696 071	575 726 451	527 982 858	58 449 989
Roaming fees	31 197 505	59 123 045	20 487 505	6 930 177
Potraz licence fees	242 682 001	154 446 598	194 310 532	15 645 107
One Money Commissions	17 653 897	16 004 336	7 593 458	1 318 034
Other costs	21 019 296	99 327 098	8 608 633	4 382 278
	1 230 638 582	980 664 025	856 566 846	95 931 118

Other cost of sales comprise cost of value added services.

NOTES TO THE FINANCIAL STATEMENTS
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18. OTHER INCOME

Sundry income	99 984 792	60 835 715	91 851 538	5 174 944

Sundry income comprise of interest on postpaid receivable, site rentals, tender application fees and commission received on electricity sales.

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
19. NET FINANCE COSTS				
Interest receivable	(13 766 858)	(11 741 797)	(11 690 955)	(13 460 525)
Interest payable - Borrowings	441 392 741	212 321 423	266 961 890	49 524 375
Interest payable - Finance lease	66 930 819	38 948 817	44 746 452	5 503 371
Interest payable - Creditors	27 061 509	1 031 107	24 099 675	166 572
Bank Charges and IMTT	43 087 398	22 342 482	31 320 003	4 098 055
	564 705 609	**262 902 032**	**355 437 065**	**45 831 848**
20. LOSS BEFORE TAX				
Loss before tax has been arrived at after accounting for the following items:				
Income:-				
Rent received	638 219	5 048 875	310 930	577 235
Expenses:-				
Auditors' remuneration	5 319 763	5 411 065	3 288 626	751 531
Depreciation of property, plant and equipment	813 540 518	661 041 503	527 974 522	63 850 052
Amortisation of intangible assets	216 394 870	101 302 159	115 317 125	6 875 000
Site rentals	59 766 927	62 737 715	40 685 843	4 852 299
Security expenses	124 356 243	81 676 890	90 383 720	8 034 159
Licence fees	242 682 001	154 446 598	194 310 532	15 645 107
Allowance for credit losses	157 048 352	1 062 464 610	311 926 642	52 701 356
Fines and penalties	137 520 403	1 726 845	108 736 029	187 729
Directors' fees	3 650 921	3 250 527	2 995 506	404 866
Employee benefits **(see note 20.1)**	892 408 781	637 439 247	659 394 598	61 422 100
20.1 Employee benefits				
Basic salaries	454 279 236	64 732 705	321 603 520	27 898 918
Allowances	174 915 332	42 175 625	139 357 604	16 283 351
Bonus provision	110 251 230	13 061 534	88 287 693	7 156 810
Leave provision	74 237 603	8 930 150	55 941 613	5 337 860
Pension contribution	26 341 990	7 121 554	17 478 338	2 329 904
Medical aid contribution	42 548 983	3 568 678	30 065 899	1 483 334
NSSA	8 962 913	2 023 166	6 050 904	795 952
Night shift allowance	255 768	171 839	98 057	77 934
Overtime	356 400	58 124	356 400	6 865
Contract wages	259 326	125 277	154 570	51 172
	892 408 781	**141 968 652**	**659 394 598**	**61 422 100**
21. INCOME TAX EXPENSE				
Current tax	297 533 123	-	297 533 123	-
Deferred tax	(13 447 973 549)	(5 249 518 145)	(738 023 760)	(880 576 879)
Withholding tax	-	(78 993)	-	(10 933)
Tax expense credit	(13 150 440 426)	(5 249 597 137)	(440 490 637)-	(880 587 812)

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NOTES TO THE FINANCIAL STATEMENTS
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	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
21. INCOME TAX EXPENSE (continued)				
The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate as follows:				
Tax rate reconciliation				
Accounting (Loss) /Profit before tax	(12 409 102 343)	(24 212 525 468)	(26 623 512 879)	(3 779 310 211)
Tax calculated at a tax rate of 24.72% (2019: 25.75%)	**(3 067 530 099)**	**(6 234 725 308)**	**(6 581 332 384)**	**(934 245 484)**
Tax effects of:				
Net of income not subject to tax or expenses not deductible for tax purposes	16 217 970 525	11 416 947 908	7 021 823 021	1 813 484 209
Effect of Change in tax rate	-	67 374 538	-	1 349 087
Tax expense	13 150 440 426	5 249 597 138	440 490 637	880 587 812

22. RELATED PARTY INFORMATION

22.1 RELATED PARTIES

Name	Nature of relationship	Nature of relationshipNature of transactions
Raphael Mushanawani	Acting Chief Executive Officer	Salaries and employment benefits
Kudakwashe Nyashanu	Chief Human Resources Officer	Salaries and employment benefits
Tichaona Chipunga	Acting Chief Technical Officer	Salaries and employment benefits
Timothy .T Hama	Acting Chief Finance Officer	Salaries and employment benefits
Nyaradzai .M Shoko	Acting Chief Operating Officer	Salaries and employment benefits
Chipo Jaisson	Head Management Accounting (Ex Acting Chief Executive Officer)	Salaries and employment benefits

The principal shareholder of the company is the Government of Zimbabwe through the Ministry of Information Communication Technology and Courier Services.

NOTES TO THE FINANCIAL STATEMENTS
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22. RELATED PARTY INFORMATION (continued)

22.2 Compensation to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The compensation to key management is as follows:-

	Inflation adjusted		Historical cost	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Short term benefits	22 998 490	5 154 654	22 998 490	5 154 654
Long term benefits	2 157 955	466 963	2 157 955	466 963
	25 156 445	5 621 617	25 156 445	5 621 617

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

1.  Credit risk
2.  Liquidity risk
3.  Interest rate risk
4.  Foreign exchange risk

Principal financial instruments

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:-

a)  Available for sale investments

b)  Trade and other receivables

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

c) Bank and cash balances

d) Trade and other payables

e) Borrowings

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

General objectives, policies and processes

The Company's management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function.

Financial instruments by category

A summary of the financial instruments held by category is provided below:

	Inflation adjusted		Historical cost	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Financial assets at fair value				
Bank and cash balances	1 208 690 196	3 192 323 520	1 208 690 196	710 985 194
Trade and other receivables	2 517 046 395	1 720 616 806	2 335 850 825	355 307 400
	3 725 736 591	4 912 940 326	3 544 541 021	1 066 292 594
Financial assets at amortised cost				
Treasury bill	3 153 130 888	270 087	3 153 130 888	270 087
Financial liabilities at amortised cost				
Borrowings	25 771 333 132	20 696 509 852	25 771 333 132	20 696 509 852
Trade and other payables	10 948 305 517	2 837 183 648	10 948 305 517	2 837 183 648
	36 719 638 649	23 533 693 500	36 719 638 649	23 533 693 500

Financial instruments not measured at fair value

Financial instruments not measured at fair value include bank and cash balances, trade and other receivables, borrowings, bank overdraft, trade and other payables. Due to their short-term nature, the carrying value approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

23.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from trade, other receivables and treasury bills held as available for sale investments. The credit risk with respect to trade and other receivables is managed through credit worthiness checks which are performed on new clients before entering contracts. Credit risk also arises from bank balances . The Company's cash and cash equivalents are placed with high quality financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position. In addition, the company has guaranteed a loan advanced by China Exim Bank to Telone (Private) Limited . The maximum exposure to credit risk relating to a financial gaurantee is the maximum amount the company would have to pay if the guarantee is called upon.

23.2 Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Company faces, the company's strategy has been, throughout the year ended 31 December 2020, to negotiate favourable payment terms with suppliers. The liquidity risk on foreign creditors and lenders has increased due to delays to effect foreign payments. Refer to note 20 for additional disclosures under cash and cash equivalents note. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. The liquidity risk exposure in relation to financial liabilities are set out below.

Historical Cost		Up to 3 months ZWL	Between 3 and ZWL	Between 1 and 12 months ZWL	Over 2 years 2 years ZWL	Total Total ZWL
As at 31 December 2020						
Borrowings		8 071 315 504	701 113 834	1 388 737 360	15 610 166 434	25 771 333 132
Trade and other payables	1	108 932 568	-	9 839 372 949	-	10 948 305 517
		9 180 248 072	701 113 834	11 228 110 309	15 610 166 434	36 719 638 649
As at 31 December 2019						
Borrowings		667 491 045	29 627 402	292 237 698	3620 111 526	4 609 467 671
Trade and other payables		499 589 454	-	132 300 000	-	631 889 454
		1 167 080 499	29 627 402	424 537 698	3 620 111 526	5 241 357 125

Inflation adjusted	Up to 3 months ZWL	Between 3 and ZWL	Between 1 and 12 months ZWL	Over 2 years 2 years ZWL	Total Total ZWL
As at 31 December 2020					
Borrowings	8 071 315 504	701 113 834	1 388 737 360	15 610 166 434	25 771 333 132
Trade and other payables	1 108 932 568	-	-	-	1 108 932 568
	9 180 248 072	701 113 834	1 388 737 360	15 610 166 434	26 880 265 700
As at 31 December 2019					
Borrowings	196 840 440	17 046 823	9 889 669	1 306 987 677	20 696 509 852
Trade and other payables	2 837 183 648	-	-	-	2 837 183 648
	3 034 024 088	17 046 822	9 889 669	1 306 987 677	23 533 693 500

23.3 Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavorably affect the company's earnings and the value of its assets, liabilities and capital. The Company's interest bearing borrowings have a fixed rate, except for the bank overdraft which is disclosed on note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

23.4 Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than their functional currency. The Company has outstanding loans from foreign financial institutions amounting to ZWL 25 771 333 132 and operational obligations for its network support and maintenance.

Sensitivity analysis	% Change	Liability ZWL	Change ZWL
KFW Loan	35%	2 121 025 818	742 359 03
Huawei Loan	35%	1 919 759 411	671 915
China Exim Loan	35%	21 730 547 903	7 605 691 766
		25 771 333 132	9 019 966 596

The effect of a 35% strengthening of the USD against the ZWL at the reporting date would have resulted in a decrease in post tax profit by ZWL 9 019 966 596 and an increase in the net liability position by the same amount. The Company does not have any forward exchange contracts to offset the losses.

24. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The Company is financed through the following:

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Borrowings	25 771 333 132	20 696 509 852	25 771 333 132	4 609 467 672
Less: cash and cash equivalents	(1 208 690 196)	(3 192 323 520)	(1 208 690 196)	(710 985 194)
Net debt	24 562 642 936	17 504 186 332	24 562 642 936	3 898 482 478
Total equity	7 047 515 643	5 910 248 971	(6 704 015 498)	1 735 003 338

25 CAPITAL EXPENDITURE

Authorised and contracted for	-	9 111 191	-	9 111 191
Authorised and not contracted for	7 262 777 831	2328 593 134	7 262 777 831	2 328 593 134
Capital expenditure will be financed from internal cash generation and loans.	7 262 777 831	2 337 704 325	7 262 777 831	2 337 704 325

26 OPERATING LEASE ARRANGEMENTS

26.1 Leasing arrangements

Operating leases include leases of certain buildings and sites where the Company's base stations are located. The remaining lease terms vary between 1 month and 10 years. Various options exist for the company to renew the leasing arrangements on expiry.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

26. OPERATING LEASE ARRANGEMENTS (continued)

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
26.2 Payments recognised as an expense				
Minimum lease payments	59 766 927	62 737 714	40 685 843	4 852 299

27. POST EMPLOYMENT BENEFIT LIABILITY

27.1 National Social Security Authority

All eligible employees are members of the National Social Security Scheme to which the employees and the company contribute. The scheme was promulgated under the National Social Security Authority Act 1989. The company's obligations under this scheme are limited to specific contributions legislated from time to time. Contributions by the company amount to 3.5% of pensionable emoluments. During the year ended 31 December 2020, the Company contributed ZWL 6 050 904 (2019: ZWL 2 023 166) towards National Social Security Scheme.

27.2 Communication Industry Allied Pension Fund

Permanent employees are eligible to be members of the Communication Industry Allied Pension Fund. Under this pension scheme the company contribution amounts to 22.5% of pensionable emoluments.

	Inflation adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Total contributions for the year were as follows	26 341 990	24 978 611	17 478 338	2 329 904

28 CONTINGENT LIABILITIES

28.1 Loan guarantee

The Company has guaranteed a loan advanced to TelOne (Private) Limited from China Exim Bank of USD 98 617 848. As at 31 December 2020, the balance drawn down from this facility was USD 98 495 973 (ZWL 8 055 650 754).

28.2 Pending litigation

The Company is named in various claims and legal actions before the courts by ex-employees. The probable outcome and level of liability at reporting date, if any, could not be determined.

29. GOING CONCERN CONSIDERATIONS

The company made a profit for the year of ZWL 741 Million and the ability of the Company to continue operating as a Going Concern is dependent on its return to profitable operations.

Exchange losses of $27 billion are emanating from the foreign loans that the company has. However, the business has greatly improved on its revenues as witnessed by the increase in revenues from ZWL 4.36 Billion in 2019 to ZWL 5.9 Billion in 2020.

In the coming year the business continues to embark on various initiatives to bring improve the company profitability such as:

Profitability review and initiatives ahead

- "Loan restructuring initiatives particularly on the legacy loans to KFW and on the loan to China Exim Bank.
- Initiatives to increase the subscriber base and to reduce customer churn (the success thereof is evidenced by the increase in subscribers from 3.2 million in 2019 to 3.7million in 2020).
- The Company embarked on the Mobile Broad Band Expansion Phase 3 Project worth USD$71 million and this will increase network coverage from the current 75% to 85% in terms of population.
- The company is in the process of procuring a new billing system and this will enable the company to have various products and value added services as it will be able to properly bill.
- The purchase of the Revenue Assurance and Fraud Management system penciled for 2021 will also reduce revenue leakages thereby increasing revenues.
- Continued promotion of the electronic channels of recharging has made it convenient to the customers to recharge especially in the Covid-19 era where mobility of people is difficult.
- During the year the company has had foreign currency allocated for the repayment of the loans. The business anticipate that the central bank will continue to allocate the company foreign currency to service its foreign debt. This will reduce the company exposure to exchange rate risk.
- The Company has assessed the impact of COVID-19 pandemic on the business and doesn't envisage the pandemic having an impact on the going concern of the company."

OUR GOVERNANCE & REMUNERATION

Accountability is key when it comes to corporate governance. As a business, we are dedicated to delivering sustainable value to our shareholders, thereby ensuring all duties are carried out diligently.

CORPORATE GOVERNANCE

Corporate Governance Section

NetOne Cellular (Pvt) Ltd is a company registered in terms of the Companies and other Business Entities Act [Chapter 24: 31]. It is one of the successor companies that was formed following the unbundling of the Postal and Telecommunication Corporation. The Company is wholly owned by the Government of Zimbabwe and reports through the Ministry of ICT, Postal and Courier Services. The company is registered as a mobile telecommunications operator providing mobile telecommunications services and other value added services including mobile financial services.

The Board recognizes and remains committed to good and best corporate governance practices. The Board is well aware that the way it manages the affairs of the company sets the tone in which Management and Staff conduct themselves. As such, the Board is exemplary in upholding the principles of honesty, integrity and professionalism through compliance with all legislation, regulations and Directives issued by Regulators of the telecommunications industry from time to time.

Board Composition and Conduct

The Board Comprises of five non-executive directors, drawn from various backgrounds, bringing in-depth diversity in experience, expertise and perspectives to the company's business operations. The Board is chaired by a non-executive Director and meets quarterly. Directors are required to declare their interests at each Board meeting.

The Board determines overall policies, plans and strategies and ensures that these are implemented through the Chief Executive Officer (CEO) and Management.

Signal & branch footprint
NetOne has state-of-the-art infrastructure, dealer outlets, 34 NetOne owned shops and franchise shops countrywide.

Internet
A world without internet is a world without advancement. NetOne offers affordable and seamless internet connectivity, thereby connecting everyone to the world.

Speed
NetOne is committed to growing the best quality network with the fastest speeds. Because most people spend most of their time on their phones, 3G and 4G network provides a stable and secure connection.

Mobile Money Services
The expansion of our network has necessitated the need to ensure mobile money services are not just for a new but for everyone. Through OneMoney, everyone has unlimited access to their money directly on the phone.

Network
A great network results in excellent customer experience and enables customers to access products and services with ease.

Technology
Through digital transformation, everything around us keeps changing, from education, connectivity, banking to everyday applications that make life so much easier.

Traffic
Transforming the lives of our consumers and improving service delivery is our main priority. Through IoT and data traffic optimisation, giving corporates and SMEs business solutions that work.

The Board

Ms. S. Mutangadura

(Non- Executive Member)
- Acting Board Chairman

Dr. B. Chirume

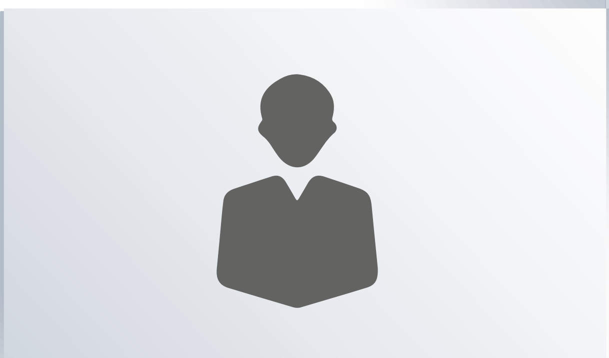
(Non-Executive Member)
- Chairperson of the Human Resources & Remuneration Committee
- Chairperson of the Business
- Development, Marketing and MFS Committee

Mr. P. S. Mupfiga

(Non- Executive Member)
- Chairperson of the ICT and Procurement Committee
- Chairperson of the Audit Committee

Ms. C. Boka

(Non -Executive Member)
- Chairperson of the Finance Committee



Mrs. T. Dzvetero

(Non-Executive Member)
- Chairperson of the Risk Governance and Compliance Committee.

The Board

Ms. S. Mutangadura

Susan Mutangadura is an internationally certified Arbitrator. She holds an Arbitration degree of the University of Lucerne and the University of Neuchatel in cooperation with the Swiss Arbitration Academy; a master of Laws (LLM) in International Commercial and Business Law (Distinction) from Bangor University, Wales; Master of Business Administration (MBA) from the University of Surrey, United Kingdom and a Bachelor of Laws (LLB Hons) from the university of Zimbabwe. She is an Associate of the Chartered Institute of Arbitrators (UK).

Susan became the first female partner in one of the Zimbabwe's leading law firms, Danziger & Partners. She was the inaugural Company Secretary and Legal Advisor for the Zimbabwe Revenue Authority and subsequently Managing Director and Country Manage in a multinational corporation. She is a former Chairman of the Institute of Directors Zimbabwe. Susan has served as a non-executive director in various industries including cement manufacturing, banking, insurance, real estate and not-for-profit organizations.

She is the Acting Board Chairman of the Board of Directors of NetOne Cellular (Pvt) Ltd.

Chido Boka-Nyakudya

An analytical, social scientist with an interest in marketing and business strategy with a focus on sustainable results. Currently she is the Managing Director at Boka Tobacco Floors (Pvt) Ltd, a post she has held since 2017. She holds a Bachelor of Social Science (Hons) in Economics and Psychology from Africa University. She has vast experience in Marketing and Business Development in the tobacco industry. She has successfully started and run Gold Leaf Services - the contracting subsidiary of Boka Floors which has produced more than 40 million kilograms of tobacco and empowered thousands of farmers since 2013. She is also a candidate for Master of Business Administration with the Institute of International Business Relations Steinbeis University Germany. She also sits on the Zimbabwe Posts (Pvt) Ltd board and Hamilton Insurance (Pvt) Ltd Zimbabwe board. She is a founding Partner of the Climate Smart bees, an organisation spearheading sustainable apiculture that supports local apiarists in Chimanimani. She is also a trustee for British American Tobacco Zimbabwe Tobacco Empowerment Trust, a trust that promotes sustainability and quality tobacco production in Zimbabwe.

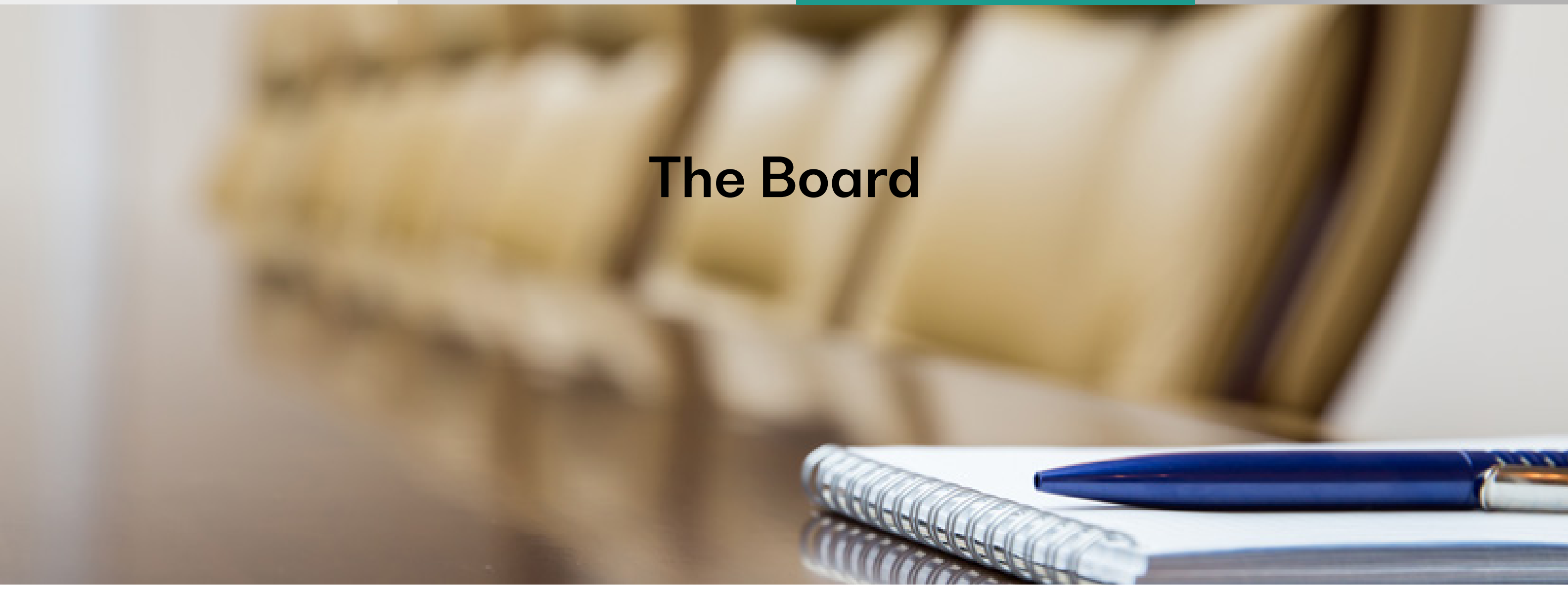
Mr. Winston Makamure

Winston Makamure is an established Information Technology professional with a career spanning over a period of over twenty-eight years. He holds an MBA (Executive) from the University of Hertfordshire, United Kingdom; BSc Information Technology from the University of Hertfordshire, United Kingdom; HND Information Technology from Hatfield Polytechnic, United Kingdom; Project Management-KPMG South Africa among other several other qualifications.
Having started as an Infantry, Logistics Army Officer to a Military Computer Programmer/Analyst and rising to be Managing Director of an IT Support Company, Mr. W. Makamure worked for an IT consulting firm as the Managing Consultant. His experience in the military has molded him into a disciplined methodical and meticulous Business Executive. He has held several senior positions in a number of companies over the years and has been appointed to several boards where he has gained much valued experience and knowledge.

Dr. R.M. Mavhunga

Rangarirai Mathias Mavhunga is an entrepreneur and is a guru in the financial and microfinance field with a career spanning over thirty-three years in various senior management positions in both local and regional financial institutions. He holds a Doctorate in Business Administration (DBA) from the Commonwealth University; BSC Economics Honors Degree; various post graduate diplomas including Post Graduate Diploma in Business Management from University of Natal where he was inducted into the Golden Key International Society for academic excellence in 2002. He has completed several Executive Development courses at Oxford University's SAID Business School.

He is the founder and Group Chief Executive Officer of FMC Finance Holdings, A Pan-African financial services Company which has operations in Zimbabwe (where it is a leading microfinance institution) and in Zambia. Dr. R. M. Mavhunga has won numerous accolades and gained local and regional recognition for his business expertise.



The Board

Dr. B. Chirume

Dr Beaullah Chirume is a holder of a PHD in ICT and Multi Media Studies and a Master's Degree in Business Administration (ICT) from the Open University of Zimbabwe. She also attained a National Diploma in Personnel Management with IPMZ, Data Communications and Networking Certificate from the University of Zimbabwe. She has a Higher National Diploma in Systems Analysis and Design, National Diploma in Business Computer Programming and National Intermediate Diploma in Information Processing from Harare Polytechnic.

She has more than 30 years' experience in the ICT industry and has led multiple business ICT Applications and infrastructure projects and programmes. She championed ICT literacy and utilization through leading the implementation of the Presidential E-Learning programme and providing ICT training to civil servants and citizens. She also participated in a number of ICT cooperation initiatives with organizations such as UNESCO, ITU, UNECA, SADC, COMESA and ETRI (Republic of Korea) among others. She has demonstrated a strong entrepreneurial spirit through a number of Board-advisory roles and active participation in ICT professional bodies.

Beaullah Chirume worked in the private sector for 12 years in various portfolios such as ICT consultant, Systems Analyst/Developer and ICT training officer. She served in organizations such as TA Computers, Unitech(IBM), Systems Development Foundation, Courseware Development Centre and Cresta Hospitality. In 1998, she joined the Ministry of Finance, Central Computing Services (CCS) as a Computer Programmer and was subsequently promoted to the positions of Systems Analyst and Deputy Director Operations respectively. Currently, she is the Director of ICT Applications Development and Management in the Ministry of ICT, Postal and Courier Services. She is overally in charge of Central Computing Services for general administration including all applications and infrastructure. She is a member of the Midlands State University Council. She was Zimposts and Courier Connect Non-Executive Member from 2014 to 2018.

Beaullah Chirume

Dr Beaullah Chirume is a holder of a PHD in ICT and Multi Media Studies and a Master's Degree in Business Administration (ICT) from the Open University of Zimbabwe. She also attained a National Diploma in Personnel Management with IPMZ, Data Communications and Networking Certificate from the University of Zimbabwe. She has a Higher National Diploma in Systems Analysis and Design, National Diploma in Business Computer Programming and National Intermediate Diploma in Information Processing from Harare Polytechnic.

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Mr. P. S. Mupfiga

Paul Simbarashe Mupfiga is a Tenured Lecturer in the Department of Computer Science under the Faculty of Science and Technology at Midlands State University (MSU). He is a candidate for PhD in Information Systems and Technology at University of Kwazulu-Natal in the Republic of South Africa. He is a holder of a Masters of Science (MSc) in Information Systems Management from Midlands State University, He holds a Bachelor of Science (BSc) in Computer Science from Midlands State University and a Post Graduate Diploma in Tertiary Education from Midlands University. He is also an accomplished researcher who has researched on the challenges in the implementation of IT Governance in Parastatals in Zimbabwe, Information Security Governance Issues in the State Owned Enterprises (SOEs) In Zimbabwe, the role of artificial intelligence and expert systems in the implementation of ZIMASSET. He has strong research interests in Artificial Intelligence, Robotics, Computer Graphics, Java-Technologies, IT Risk Management, IT Governance, Cloud Computing and Information Security. He is also an ICT Research Consultant and has worked on UNESCO Projects.

He is a Senate Member of Midlands State University representing the Faculty of Science and Technology. He is a member and reviewer of Zimbabwe Council for Higher Education (ZIMCHE) Computer Science, Computer Systems Engineering and Software Engineering MBKs. He is also a Fellow Member of the Institute of Directors Zimbabwe. He is also a member of the Zimbabwe National Chamber of Commerce, the Institute of Corporate Directors Zimbabwe, Zimbabwe Youth Council and Lions Club International. He is also the founder and patron of the MSU LEOs Club, Co-Patron and Co-Founder MSU Tech Hub Club. He sits on the MSU Faculty of Science and Technology Board and on the Computer Science and Computer Systems Engineering Departmental Board. He chairs the MSU Computer Science and Information Systems Projects Committee. He also sits on the MSU Computer Science and Information Systems Quality Assurance Committee. He also sits on the Board of Lucid Energy (Pvt) Limited, Oakridge Mineral Resources (Pvt) Ltd and BonFravong New Concept Technologies as the Vice-Board Chairperson.

Board Committees

Responsibilities of the Board

The main responsibilities of the Board are;

1. Reviewing and approving the strategies, budgets and business plans prepared by Management and recommended as appropriate by relevant Board Committees;
2. Overseeing performance against set targets and objectives;
3. Overseeing reporting to the Shareholder and other stakeholders on the strategic direction, governance and performance of the company.
4. Assuring itself of the effectiveness of arrangements for the governance of the company including;

a) The quality of the Executive team.
b) The appropriateness of organizational arrangements and structure and
c) The adequacy of internal controls, policies, procedures and processes.

27%

Woman in Management

30%

Woman in Executive Roles

39%

Woman in Promotions 2018

65%

Promotions where getting into Supervisory & Management Roles

40%

Of the Department/ Units are Headed by Woman

Board Committees

Finance Committee

Audit Committee

Human Resources and Remuneration Committee

ICT and Procurement Committee

Risk, Governance and Compliance Committee

Business Development, Marketing, PR and MFS

Board Committees

Finance Committee

The Committee is chaired by a non- executive Director and comprises of two other independent non-executive Directors. The Committee meets quarterly with the company's internal auditors, external auditors and Management to review accounting, internal control and financial reporting matters. It examines the Company's financial statements quarterly and recommends for approval the Board.

The Audit Committee

The Committee is chaired by a non- executive Director and comprises of two other independent non-executive Directors. The Committee meets quarterly with the company's internal auditors, external auditors and Management. The principal functions of the Audit Committee are to oversee the integrity of the financial statements in compliance with legal, regulatory requirements and relevant International Financial Reporting Standards (IFRSs), and to assess the effectiveness of the company's internal control framework as well as internal and external audit functions.

Risk, Governance and Compliance Committee

The Risk Committee is chaired by a non-executive Director and consists of two other independent non-executive Directors. The Committee oversees the establishment and implementation of the risk management systems and recommends for approval of risk management policies and practices to the Board and reviews periodic reports on risk management and risk mitigation recommendations that will be presented to the Board.

Human Resources and Remuneration Committee

The Human Resources Committee is chaired by a non- executive Director and consists of two other non- executive Directors. The Committee's mandate includes but is not limited to;

- Reviewing Human Resources Development, Remuneration and Organizational Structure and recommending any significant changes to the Board.
- Ensuring that human resources policies are developed and implemented to comply with all human resources related standards, laws and regulations.
- Approving the design of and determining targets, for any performance related pay salaries operated by the company and recommending for approval the total annual payments made under such schemes.
- Overseeing any major changes in employee benefits structures throughout the company.
- Overseeing the implementation of a performance driven culture across the organization; and
- Considering any matters that may be delegated to it by the Board.

ICT and Procurement Committee

The ICT Procurement Committee is chaired by a

non- executive Director and consists of two other non- executive Directors. The Committee's mandate is to ensure that all procurement activities at NetOne Cellular (Private) Limited is in compliance with the Procurement legislation and the relevant subsidiary legislation as amended from time to time, Government Policy Directions and any legislation applicable to procurement in Zimbabwe. The Committee also considers any other matters that may be delegated to it by the Board of Directors.

Business Development, Marketing, Public Relations and Mobile Financial Services Committee

The Business Development, Marketing, Public Relations and Mobile Financial Services Committee is chaired by a non- executive Director and consists of three other non- executive Directors. The Committee was established;

- To give strategic and high level focus on Business Development, Marketing, Public Relations and Public Relations issues. The Committee oversees the implementation of the approved business plans and business strategies and to make investments for the purpose of improving financial performance of the Company to the economy in line with its mandate for the Shareholder.
- Reviewing tactical investment and business development plans to achieve set strategic objectives.
- Recommending to the Board for approval, investment and business development projects that meet the appropriate investment metrics including but not limited to the appropriate operating structure of such investments.
- Monitoring and reporting to the Board on investments and business development projects being undertaken by the company.
- When requested by the Board, consider new business development and investment opportunities using approval corporate business plan matrics.
- Oversees the transition of Mobile Financial Services as a department within the broader mobile network business to a separate legal entity which will be a subsidiary of NetOne Cellular (Pvt) Ltd which focuses on Mobile Financial Services.
- Participate in the development of the Company's marketing policy and strategy
- Monitor the performance of the Company's Marketing Strategy
- Review the Marketing strategy and provide guidance and direction for the company's marketing strategy.
- Receive Reports on PR activities, media and brand image.
- Receiving Reports on Stakeholder management and CSI activities.
- It has delegated authority to refine the strategic focus of the business.

Who leads us?

Executive Committee (ExCo)

The Executive Committee comprises of the Executive Management namely the Chief Executive Officer, the Chief Finance Officer, Chief Technology Officer, Chief Commercial Officer, Chief Mobile Financial Services Officer, Chief Human Resources Officer, Head Revenue Assurance, Head Supply Chain, Head Public Relations Officer and Head Legal and Regulatory Compliance.

It meets once every week and is charged with implementing with policies, plans and strategies of the Company as approved by the Board. To this end, the ExCo is seized with;

- Overseeing the day to day operational activities of the business.
- Prioritizing and allocating the company's capital, technical and human resources.
- Establishing best management practices and functional standards.
- Developing and implementing strategies and business plans, policies, procedures and budgets that have been recommended and approved by the Board.
- Monitoring the operating and financial performance of the company
- Maintaining a system of internal controls to manage the risk profile of the business. This system supports the Board in discharging its responsibility for ensuring that the risks associated with the Company's operations are effectively managed.
- Maintaining a companywide legal compliance structure
- Making recommendations to the Board relating to matters beyond the scope of its authority; and
- Of its own motion or at the request of the Board, promptly giving or making available to the Board and its committees such information, reports and other documents to enable the Board to carry out its duties.

Executive Management

Mr. R. Mushanawani

Acting Chief Executive Officer

Mr. T. Chipunga

Acting Chief Technical Officer

Mr. N. Shoko

Acting Chief Commercial Officer

Executive Management

Ms. G. Kariri

Acting Head Human Resources Officer

Ms. P. Chikutu

Acting Head Legal, Regulatory and Compliance/Company Secretary

Mr. L. Toro

Head Revenue Assurance

Ms. M. Zvina

Acting Chief Mobile Financial Services

Mr. R. Bareyi

Head Internal Audit

Mr. T. Hama

Acting Chief Finance Officer

NetOne
The World in One

Man in Management

27%
Man in Management

30%
Man in Executive Roles

39%
Man in Promotions 2018

65%
Promotions where getting into Supervisory & Management Roles

40%
Of the Department/Units are Headed by Man

Governing Laws

The day to day operations of the business are governed by Zimbabwe laws. The following but not limited to, statutes govern the day to day operations of the business;

- The Companies and Other Business Entities Act [Chapter 24:31]
- The Postal and Telecommunications Act [Chapter 12:05] and relevant subsidiary legislation.
- The Public Entities Corporate Governance Act [Chapter 10:31]
- The Public Entities Corporate Governance Regulations SI 168 of 2018.
- The Public Finance Management Act [Chapter 22:19]
- Labour Act [Chapter 28:01]
- Environmental Management Act [Chapter 20:27]
- Finance Act [Chapter 23:04]
- RBZ Act [Chapter 22:15]
- Exchange Control Act [Chapter 22:05]
- Exchange Control Regulations SI 109 of 1996
- Revenue Authority Act [Chapter 23:11]
- Public Procurement and Disposal of Public Assets Act [Chapter 22:23
- Public Procurement and Disposal of Public Assets (General) Regulation 2018 SI 5 of 2018.
- Public Procurement and Disposal of Public Assets (General) Amendment) Regulations 20:20 No.1) S.I 49 of 2020.
- Urban Councils Act [Chapter 29:15]
- Rural District Councils Act [Chapter 29:13]
- Civil Aviation Act [Chapter 13:16]
- National Museums and Monument Act [Chapter 25:11]
- Insolvency Act [Chapter 6:07]
- Act [Chapter 24:23]
- Guidelines for Retail Payment Systems and Instruments.

Regulatory Authorities

The following Regulatory Authorities regulate the day to day operations of NetOne Cellular (Pvt) Ltd.

- Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ).
- Reserve Bank of Zimbabwe
- Zimbabwe Revenue Authority of Zimbabwe
- Environmental Management Agency
- Civil Aviation Authority of Zimbabwe
- National Museums and Monuments of Zimbabwe.
- Lotteries and Gaming Board of Zimbabwe.

Board Committee Membership

Audit Com.	Finance Com.	ICT & Procurement Com.	Business Dev, Marketing, PR & MFS Com.	Business Dev, Marketing, PR & MFS Com.
*Mr. P. S. Mupfiga	*Ms. C. Boka	*Mr. P.S. Mupfiga	*Dr B. Chirume	*Dr B. Chirume
Dr B. Chirume	Ms. S. Mutangadura	Dr B. Chirume	Ms. C. Boka	Ms. S. Mutangadura
				Mrs. T. Dzvetero

	O/Board	Special Board	RG&CC	Co F &A	FINANCE	ICT & PROC	Bus Dev. Mar, PR. & MFS	AUDIT	HR&RC
Number of Meetings Held	4	14	4	3	1	3	3	1	4
Ms.S.Mutangadura	4	13	4	3	1	N/A	N/A	N/A	4
B.Chirume	4	7	N/A	3	N/A	3	3	1	4
Mr.P.S.Mupfiga	2	1	1	1	N/A	1	N/A	1	1
Mrs.T.Dzvetero	2	1	3	1	N/A	N/A	N/A	N/A	4
Ms.C.Boka	2	1	1	1	1	N/A	1	N/A	1
Mr.W.Makamure	3	12	1	1	N/A	2	2	N/A	N/A
Dr.R.M.Mavhunga	3	13	N/A	2	N/A	N/A	2	N/A	N/A

BOARD REMUNERATION

RETAINER FEE	FEE
Chairman	January to March 2020- ZWL 15 000.00 per quarter, 1 April 2020 to date ZWL75 600.00
Deputy Chairman	January to March 2020- ZWL 12 000.00 per quarter, 1 April 2020 to date ZWL60 480.00
Board Member	January to March 2020- ZWL 10 500.00 per quarter, 1 April 2020 to date ZWL 52 920.00
Board Sitting Fees	
Board Chairman	January to March 2020-ZWL 2 500 per sitting, 1 April 2020 to date ZWL 12 600.00
Deputy Chairman	January to March 2020- ZWL 2000 per sitting, 1 April 2020 to date ZWL 10 080.00
Board Member	January to March 2020- ZWL 1 750 per sitting, 1 April 2020 to date ZWL 8 820.20
Committee Sitting Fees	
Committee Chairperson	January to March 2020- ZWL 1 250 per sitting, 1 April 2020 to date ZWL 6 300.00
Committee Member	January to March 2020- ZWL 1000 per sitting, 1 April 2020 to date ZWL 5040.00

The remuneration of the Board of Directors is set in terms of the Circulars issued by the Secretary, State Enterprises Reform, Corporate Governance and Procurement, Office of the President and Cabinet from time to time.

Our Administration

NetOne Cellular's administration is run by a very effective Board, overseeing performance and steering the business forward.

OUR ADMINISTRATION

CORPORATE INFORMATION

Registered Office
16th Floor Kopje Plaza
1 Jason Moyo Avenue Harare
Auditors

Grant Thornton
Camelsa Business Park
135 Enterprise Road,
Highlands P.O Box CY2619
Causeway, Harare
Zimbabwe

Lawyers
Coghlan, Welsh and Guest
2 Central Avenue
Harare

Matsikidze Attorneys-At-Law 7 Frank
Johnson
Eastlea
Harare

Mhishi Nkomo Legal Practice
86 McChlery Avenue
Eastlea
Harare

Acting Company Secretary
Mr. Tinashe Severa
16th Floor Kopje Plaza
1 Jason Moyo Avenue Harare

Main Bankers
Standard Chartered Bank
68 Nelson Mandela Avenue
Harare,
Zimbabwe

Stanbic Bank
59 Samora Machel Avenue
Harare,
Zimbabwe

CABS
Northridge Close Northridge Park
Harare,
Zimbabwe

FBC
FBC Centre
45 Nelson Mandela Avenue
Harare,
Zimbabwe

Ecobank
2 Piers Road Borrowdale
Harare,
Zimbabwe

CBZ
60 Kwame Nkrumah Avenue
Harare,
Zimbabwe

NetOne

The World in One

NOTICE OF ANNUAL GENERAL MEETING 2021

NOTICE IS HEREBY GIVEN THAT THE FIFTH Annual General Meeting (AGM) of Shareholders of NetOne Cellular (Private) Limited will be held virtually, on Thursday **5 August 2021, at 1000 hours** for the purposes of transacting the following business:

AGENDA

1. To receive, consider, and if deemed fit, to adopt the Audited Financial Statements for the year ended 31 December 2020 and the Reports of the Directors and Auditors.
2. To confirm the remuneration of the Directors for the year ended 31 December 2020.
3. To note the Auditors remuneration for the year 31 December 2020.
4. To transact all such other business as may be transacted at any Annual General Meeting.

REGISTRATION OF THE AGM

In light of the measures that have been put in place to minimize the spread of COVID-19, the Annual General Meeting will be held virtually. Members will participate using a link. For the details of the link and assistance with registration for the Annual General Meeting, please contact **pchikutu@netone.co.zw**.

By order of the Board

P. CHIKUTU
ACTING COMPANY SECRETARY
1 July 2021

The World in One

NOTES

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