

# EcoCash

HOLDINGS ZIMBABWE LIMITED

(formerly Cassava Smartech Zimbabwe Limited)

(Incorporated in Zimbabwe on 29 March 2012 under Company Registration Number 2487/2012)

ZSE Alpha Code: EHZL.zw ISIN ZW0009012437

## Audited Abridged Consolidated Financial Statements

For the year ended 28 February 2022

Digitally empowering people



### H I G H L I G H T S

#### Key Performance Indicators

Revenue

**ZW\$29.9 billion**

**↑ 26%**

EBITDA

**ZW\$5.4 billion**

**↑ 50%**

Profit before tax

**ZW\$3.7 billion**

**↑ 405%**

Total assets

**ZW\$47.7 billion**

**↑ 12%**

**DIRECTORS:** Mrs S.G. Shereni (Chairperson), Mr M.L. Bennett, Dr Z. Dillon, Miss E.T. Masiyiwa, Mr C. Maswi, Mr D. Musengi, Mr H. Pemhiwa, Mr D.T. Mandivenga, Mr E. Chibi\*, Mrs T. Nyemba\*. \* Executive.

**COMPANY SECRETARY:** Mrs C.R. Daniels

**REGISTERED OFFICE:** 1906 Liberation Legacy Way, Borrowdale, Harare.

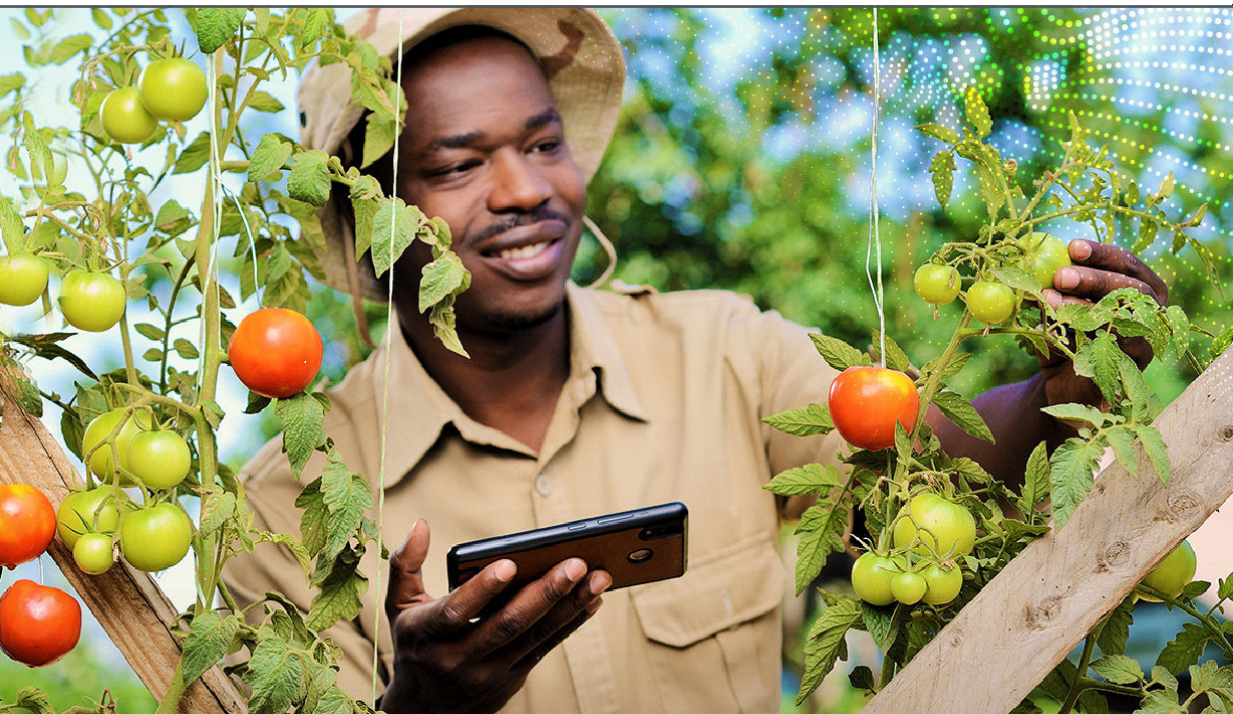
[www.ecocashholdings.co.zw](http://www.ecocashholdings.co.zw)



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You are the  
reason we are  
in business

As we unveil our new group identity, we remain committed to providing platforms that will enable one and all to participate in the mainstream economy. #ShiftingGears



Your diversified digital solutions group

www.ecocashholdings.co.zw

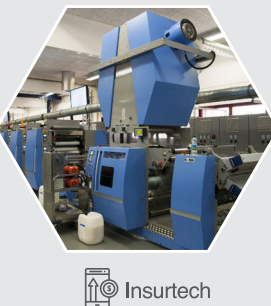
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Fintech



On-Demand Services



Insurtech



Healthtech



Edutech



eCommerce



Agritech

## Audited Abridged Consolidated Financial Statements For the year ended 28 February 2022

### Chairperson's statement

#### INTRODUCTION

The financial year 2022 was yet another turbulent year for the global and local economy on account of the Covid-19 pandemic. Though the severity of the pandemic was curtailed through widespread vaccinations, lockdowns, decongestion of offices, and other mitigatory measures, many of our staff, customers, and families were and continue to be impacted. Our business has had to navigate an increasingly difficult local operating environment for the greater part of the year with the depreciation of the local currency, rising inflation, and the re-emergence of the parallel market all creating a cocktail of challenges that are impacting almost every business in the country.

The resilience of our strategy, the commitment of our staff, the support of our stakeholders, and the relevance of our products and services has allowed us to navigate these operational difficulties. We remain committed to providing digital solutions to the evolving needs of our diverse client base by bringing them the convenience they need.

#### REGULATORY ENVIRONMENT

The Board has oversight over the regulatory compliance of the Group. The Group continued to comply with all regulatory pronouncements issued throughout the financial year. The growth of our Mobile Money business has been severely constrained due to regulated transaction limits, regulated tariffs, and the continued suspension of some of our revenue-generating services.

#### OPERATIONS REVIEW

Product innovation remained a key priority and has allowed us to provide relevant digital solutions that address consumer needs. With the continued support of our stakeholders, we have launched several exciting products and solutions that include the automation of merchant settlements, self-care portal for EcoCash reset pin-reset, MARS laboratory tests for Covid-19, Vaya Services Fuel Monitoring, Vaya Smart Security, and improved KaShagi digital loans.

To drive our digital banking model, Steward Bank successfully deployed a new core banking system with enhanced features. Leveraging on the upgrade, our Square banking App was also upgraded as well as the online banking offer. The Bank also complied with the minimum capital requirement set by the regulator within the set timeline of 31 December 2021.

Our drive towards a superior customer experience and service culture saw us continuously invest in products and services designed to bring convenience, especially during the Covid-19 lockdowns and restrictions. Following these initiatives, our call centres saw a reduction in call-in traffic by over 90%.

#### FINANCIAL PERFORMANCE

The Group's financial results and the commentary have been prepared on an inflation-adjusted basis as required by IAS 29 "Financial Reporting in Hyperinflationary Economies". Financial statements prepared under the historical cost convention have only been presented as supplementary information. The Directors would like to advise users to exercise caution on their use of these audited abridged consolidated financial statements, due to the material and pervasive impact of the technical difficulties of reporting under International Accounting Standard (IAS) 29.

Despite the challenges prevalent in FY2022, EcoCash Holdings Zimbabwe Limited delivered a commendable performance once again, with the Group's revenue closing at ZWL29.9bn, 26% above the financial year 2021 performance of ZWL23.8 billion. The Fintech businesses remained the largest contributor to revenue, at 80% (2021: 77%). The contribution by the Insurtech business was at 14%, a slight decrease from the prior year's 15%, and Vaya Technologies closed the year at a contribution of 6%. Management will continue to adapt business units' operating models to both grow and diversify sources of revenue.

The Group's EBITDA margin improved from 15% to 18% because of the relentless focus on cost optimization. The Group will remain focused on revenue growth, operational efficiencies, and optimization of the balance sheet. During the year, 22% of the debenture holders exercised their option to redeem their debentures early in line with our balance sheet optimization strategy. Foreign currency exchange losses reduced from ZW\$6.3 billion in 2021 to ZW\$1.2 billion during the current year.

#### DIVIDEND DECLARATION

The Directors have decided not to declare a dividend for the period under review as they continue to assess the economic environment.

#### CORPORATE SOCIAL INVESTMENT CAPITAL

Investing in the communities in which we operate and promoting social transformation remains of paramount importance to us. The Group's vision of unlocking digital possibilities for community benefit was executed through the provision of access to world-class education materials through Higher Life Foundation in the past year. Consistent with our aim to provide support for essential health services, we invested in the provision of critical basic and large-scale, high-tech equipment, personal protective equipment, and training of healthcare workers through MARS and Higher Life Foundation.

#### OUTLOOK

The change in our name from Cassava Smartech to EcoCash Holdings reinforces our desire to use the Ecocash brand, our flagship brand as our primary identity.

The Group is optimistic about the future and will drive financial inclusion by leveraging the power of our digital platforms and partnerships. Our diversified group will continue to produce cutting-edge inclusive solutions and will expand our fintech solutions to agriculture, education, healthcare, and financial services, through the adoption of artificial intelligence (AI), big data, blockchain, and machine learning.

#### APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude and appreciation to our customers, business partners, and our valued shareholders for their confidence in us, which will be deservedly rewarded over time. I would also like to extend my gratitude to the EcoCash Holdings Board of Directors, employees, management, and executive team for their passion, commitment, and dedication to achieving a high-performance culture and ensuring EcoCash Holdings thrives and continues to grow.

On behalf of the Board

Sherree Shereni  
Board Chairperson

7 July 2022

### Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 28 February 2022

	INFLATION ADJUSTED		HISTORICAL*	
	2022 ZW\$'000	2021 ZW\$'000	2022 ZW\$'000	2021 ZW\$'000
Notes				
<b>Revenue</b>	<b>29,929,399</b>	<b>23,750,299</b>	<b>22,719,851</b>	<b>10,146,386</b>
- Interest revenue calculated using the effective interest method	2,644,448	855,913	2,079,540	386,701
- Non-interest revenue	27,284,951	22,894,386	20,640,311	9,759,685
Cost of sales and external services rendered	(8,362,976)	(7,358,171)	(6,404,430)	(3,276,720)
Impairment on financial assets charge: expected credit loss allowances on loans and advances to bank customers	(80,323)	(217,876)	(54,681)	(79,516)
<b>Gross profit</b>	<b>21,486,100</b>	<b>16,174,252</b>	<b>16,260,740</b>	<b>6,790,150</b>
Other income	4,208,620	1,145,694	5,352,888	1,765,868
Other expenses	(1,939,918)	(151,288)	(1,939,918)	(64,787)
General administrative expenses:	(18,487,519)	(17,357,127)	(13,362,273)	(5,814,443)
- Administration expenses	(15,611,883)	(11,752,274)	(12,196,505)	(5,220,465)
- Impairment on financial assets charge: expected credit loss allowances on items other than loans and advances	(816,608)	(265,234)	(595,617)	(99,827)
- Depreciation, amortisation and impairment	(2,568,116)	(3,999,055)	(1,210,737)	(345,431)
- Foreign exchange gains / (losses) arising from items other than debenture related liabilities	509,088	(1,340,564)	640,586	(148,720)
Marketing and sales expenses	(1,927,823)	(1,557,256)	(1,498,765)	(663,577)
Foreign exchange losses arising from debenture related liabilities	(1,239,791)	(6,306,249)	(1,061,072)	(2,050,580)
Gain on net monetary position	1,946,604	7,257,608	-	-
<b>Profit / (loss) before net finance costs</b>	<b>4,046,273</b>	<b>(794,366)</b>	<b>3,751,600</b>	<b>(37,369)</b>
Finance income	15,826	13,859	12,800	8,250
Finance costs	(387,917)	(424,045)	(285,470)	(190,506)
<b>Profit / (loss) before taxation</b>	<b>3,674,182</b>	<b>(1,204,552)</b>	<b>3,478,930</b>	<b>(219,625)</b>
Income tax (expense) / credit	(2,344,721)	(527,005)	(1,568,775)	93,280
<b>Profit / (loss) for the year</b>	<b>1,329,461</b>	<b>(1,731,557)</b>	<b>1,910,155</b>	<b>(126,345)</b>
<b>Profit / (loss) for the year attributable to:</b>	<b>1,329,461</b>	<b>(1,731,557)</b>	<b>1,910,155</b>	<b>(126,345)</b>
Equity holders of EcoCash Holdings Zimbabwe Limited	1,123,436	(1,488,633)	1,671,487	(227,977)
Non-controlling interest	206,025	(242,924)	238,668	101,632
<b>Other comprehensive income for the year</b>				
<b>Items that may not be reclassified to profit or loss</b>				
Gain arising on revaluation of property and equipment	2,115,464	353,509	4,113,592	3,033,510
Taxation effect of other comprehensive income	(525,779)	(82,507)	(1,000,917)	(729,159)
<b>Other comprehensive income for the year, net of tax</b>	<b>1,589,685</b>	<b>271,002</b>	<b>3,112,675</b>	<b>2,304,351</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>2,919,146</b>	<b>(1,460,555)</b>	<b>5,022,830</b>	<b>2,178,006</b>
<b>Other comprehensive income attributable to:</b>				
Equity holders of EcoCash Holdings Zimbabwe Limited	1,587,324	266,693	3,101,373	2,281,953
Non-controlling interest	2,361	4,309	11,302	22,398
<b>Total comprehensive income / (loss) attributable to:</b>	<b>1,589,685</b>	<b>271,002</b>	<b>3,112,675</b>	<b>2,304,351</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of EcoCash Holdings Zimbabwe Limited	2,710,760	(1,221,940)	4,772,860	2,053,976
Non-controlling interest	208,386	(238,615)	249,970	124,030
<b>Basic and diluted earnings / (loss) per share (ZW\$)</b>	<b>0.434</b>	<b>(0.575)</b>	<b>0.645</b>	<b>(0.088)</b>

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019.

**DIRECTORS:** Mrs S.G. Shereni (Chairperson), Mr M.L. Bennett, Dr Z. Dillon, Miss E.T. Masiyiwa, Mr C. Maswi, Mr D. Musengi, Mr H. Pemhiwa, Mr D.T. Mandivenga, Mr E. Chibi\*, Mrs T. Nyemba\*. \* *Executive*. | **REGISTERED OFFICE:** 1906 Liberation Legacy Way, Borrowdale, Harare.

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Audited Abridged Consolidated Financial Statements

For the year ended 28 February 2022

Abridged Consolidated Statement of Financial Position

As at 28 February 2022

Notes	INFLATION ADJUSTED		HISTORICAL*	
	2022 ZW\$ '000	2021 ZW\$ '000	2022 ZW\$ '000	2021 ZW\$ '000
<b>ASSETS</b>				
Intangible assets	2,971,619	2,224,627	684,994	639,883
Property and equipment	9,678,409	7,616,656	8,490,288	3,966,786
Right of use assets	143,562	367,637	43,306	37,162
Investment properties	1,888,757	1,819,560	1,888,757	1,095,410
Inventory	790,589	1,501,181	115,592	372,613
Current tax assets	-	108,428	-	65,276
Amounts owed by related party companies	120,284	137,271	120,284	82,640
Trade and other receivables	6,886,411	6,458,190	5,953,961	3,174,773
Loans and advances to bank customers	6,681,503	2,653,500	6,681,503	1,597,458
Treasury bills and government bonds	5,843,761	1,666,286	5,843,761	1,003,136
Financial assets at fair value through profit and loss	8 6,108,898	1,802,898	6,108,898	1,085,379
Assets held for sale	522	2,443	522	1,471
Mobile money trust bank balances - restricted balances	7 5,413,786	7,033,279	5,413,786	4,234,169
Cash and cash equivalents	1,211,899	9,420,502	1,211,899	5,671,323
<b>Total assets</b>	<b>47,740,000</b>	<b>42,812,458</b>	<b>42,557,551</b>	<b>23,027,479</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital and share premium (Accumulated losses) / retained earnings	142,586	142,586	2,591	2,591
	(3,072,831)	(5,109,682)	1,229,712	(465,081)
Other reserves	14,568,034	13,357,727	5,902,755	3,116,902
Equity attributable to owners of EcoCash Holdings Zimbabwe Limited	11,637,789	8,390,631	7,135,058	2,654,412
Non-controlling interest	(30,887)	(239,273)	400,432	150,462
<b>Total equity</b>	<b>11,606,902</b>	<b>8,151,358</b>	<b>7,535,490</b>	<b>2,804,874</b>
<b>Liabilities</b>				
Deferred tax liabilities	2,224,065	1,154,873	1,498,199	458,672
Lease liabilities	61,120	73,943	61,120	44,515
Provisions	1,482,966	502,545	1,470,349	299,492
Current tax liability	103,635	-	96,625	-
Loans and borrowings	9 4,065,749	-	4,065,749	-
Amounts owed to related party companies	4,247,740	8,664,173	4,247,740	5,215,998
Trade and other payables	5,764,196	5,267,907	5,398,652	2,766,973
Mobile money trust liabilities	7 5,413,786	7,033,279	5,413,786	4,234,169
Deposits due to banks and customers	12,769,841	11,964,380	12,769,841	7,202,786
<b>Total liabilities</b>	<b>36,133,098</b>	<b>34,661,100</b>	<b>35,022,061</b>	<b>20,222,605</b>
<b>Total equity and liabilities</b>	<b>47,740,000</b>	<b>42,812,458</b>	<b>42,557,551</b>	<b>23,027,479</b>

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019.

Abridged Consolidated Statement of Cashflows

For the year ended 28 February 2022

Notes	INFLATION ADJUSTED		HISTORICAL*	
	2022 ZW\$ '000	2021 ZW\$ '000	2022 ZW\$ '000	2021 ZW\$ '000
<b>Operating activities</b>				
Cash generated from operations	27.2 4,596,175	1,193,178	6,211,288	9,161,668
Income tax paid	27.3 (1,977,836)	(778,489)	(1,295,399)	(434,015)
<b>Net cash flows generated from operating activities</b>	<b>2,618,339</b>	<b>414,689</b>	<b>4,915,889</b>	<b>8,727,653</b>
<b>Investing activities</b>				
Finance income received	4 15,826	13,859	12,800	8,250
Acquisition of intangible assets	13 (455,459)	(71,614)	(397,774)	(147,797)
Net acquisition of financial assets at fair value through profit or loss	16 (1,035,202)	(439,394)	(790,417)	(165,977)
Net (acquisition) / disposal of treasury bill and government bonds	15.1 (8,696,473)	2,118,192	(5,086,146)	(64,704)
Proceeds from disposal of assets held for sale	2,045	10,074	1,372	2,610
Purchase of property and equipment	10 (1,787,045)	(879,392)	(1,552,550)	(489,468)
Proceeds on disposal of property and equipment	9,655	362	321	162
<b>Net cash (utilised in) / generated from investing activities</b>	<b>(11,946,653)</b>	<b>752,087</b>	<b>(7,812,394)</b>	<b>(856,924)</b>
<b>Financing activities</b>				
Finance costs paid	5 (387,917)	(424,045)	(285,470)	(190,506)
Repayment of lease liabilities	32.1 (37,633)	(33,163)	(27,162)	(20,112)
Purchase of treasury shares	(74,232)	(7,192)	(70,670)	(3,856)
<b>Net cashflows utilised in financing activities</b>	<b>(499,782)</b>	<b>(464,400)</b>	<b>(383,302)</b>	<b>(214,474)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(9,828,096)</b>	<b>702,376</b>	<b>(3,279,807)</b>	<b>7,656,255</b>
Cash and cash equivalents at the beginning of the year	16,453,781	15,751,405	9,905,492	2,249,237
<b>Cash and cash equivalents at the end of the year</b>	<b>27.4 6,625,685</b>	<b>16,453,781</b>	<b>6,625,685</b>	<b>9,905,492</b>
<b>Comprising:</b>				
Cash and cash equivalents - restricted	5,413,786	7,033,279	5,413,786	4,234,169
Cash and cash equivalents - unrestricted	1,211,899	9,420,502	1,211,899	5,671,323
<b>Cash and cash equivalents at the end of the year</b>	<b>6,625,685</b>	<b>16,453,781</b>	<b>6,625,685</b>	<b>9,905,492</b>

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019.

Abridged Consolidated Statement of Changes in Equity

For the year ended 28 February 2022

	INFLATION ADJUSTED					
	Share capital and share premium ZW\$'000	Retained earnings ZW\$ '000	Other reserves (Note 23) ZW\$ '000	Attributable to equity holders of the entity ZW\$'000	Non-controlling interest ZW\$'000	Total ZW\$'000
<b>Balance at 1 March 2020</b>	<b>116,159</b>	<b>843,672</b>	<b>8,285,372</b>	<b>9,245,203</b>	<b>(658)</b>	<b>9,244,545</b>
Loss for the year	-	(1,488,633)	-	(1,488,633)	(242,924)	(1,731,557)
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>266,693</b>	<b>266,693</b>	<b>4,309</b>	<b>271,002</b>
Revaluation of property and equipment and intangible assets	-	-	349,200	349,200	4,309	353,509
Taxation effect of other comprehensive income	-	-	(82,507)	(82,507)	-	(82,507)
<b>Total comprehensive income</b>	<b>-</b>	<b>(1,488,633)</b>	<b>266,693</b>	<b>(1,221,940)</b>	<b>(238,615)</b>	<b>(1,460,555)</b>
<b>Transfers within and out of reserves</b>	<b>26,427</b>	<b>(4,464,721)</b>	<b>4,805,662</b>	<b>367,368</b>	<b>-</b>	<b>367,368</b>
Purchase of treasury shares	-	-	(7,192)	(7,192)	-	(7,192)
Reclassification	-	-	(14,136)	(14,136)	-	(14,136)
Restatement of ECL & right of use asset opening balances	-	171,033	-	171,033	-	171,033
Impact of change in IAS 29 applicable start date	26,427	(4,635,754)	4,826,990	217,663	-	217,663
<b>Balance at 28 February 2021</b>	<b>142,586</b>	<b>(5,109,682)</b>	<b>13,357,727</b>	<b>8,390,631</b>	<b>(239,273)</b>	<b>8,151,358</b>
Profit for the year	-	1,123,436	-	1,123,436	206,025	1,329,461
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,587,324</b>	<b>1,587,324</b>	<b>2,361</b>	<b>1,589,685</b>
Revaluation of property and equipment	-	-	2,113,103	2,113,103	2,361	2,115,464
Taxation effect of other comprehensive income	-	-	(525,779)	(525,779)	-	(525,779)
<b>Total comprehensive income</b>	<b>-</b>	<b>1,123,436</b>	<b>1,587,324</b>	<b>2,710,760</b>	<b>208,386</b>	<b>2,919,146</b>
<b>Transfers within and out of reserves</b>	<b>-</b>	<b>913,415</b>	<b>(377,017)</b>	<b>536,398</b>	<b>-</b>	<b>536,398</b>
Purchase of treasury shares	-	-	(74,232)	(74,232)	-	(74,232)
Impact of change in measurement model of intangible assets to cost model (Note 12)	-	901,467	(302,785)	598,682	-	598,682
Restatement of equities at fair value through profit or loss	-	11,948	-	11,948	-	11,948
<b>Balance at 28 February 2022</b>	<b>142,586</b>	<b>(3,072,831)</b>	<b>14,568,034</b>	<b>11,637,789</b>	<b>(30,887)</b>	<b>11,606,902</b>

	HISTORICAL*					
	Share capital and share premium ZW\$'000	Retained earnings ZW\$ '000	Other reserves (Note 23) ZW\$ '000	Attributable to equity holders of the entity ZW\$'000	Non-controlling interest ZW\$'000	Total ZW\$'000
<b>Balance at 1 March 2020</b>	<b>2,591</b>	<b>(251,127)</b>	<b>839,591</b>	<b>591,055</b>	<b>26,432</b>	<b>617,487</b>
(Loss) / profit for the year	-	(227,977)	-	(227,977)	101,632	(126,345)
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>2,281,953</b>	<b>2,281,953</b>	<b>22,398</b>	<b>2,304,351</b>
Revaluation of property and equipment and intangible assets	-	-	3,011,112	3,011,112	22,398	3,033,510
Taxation effect of other comprehensive income	-	-	(729,159)	(729,159)	-	(729,159)
<b>Total comprehensive income</b>	<b>-</b>	<b>(227,977)</b>	<b>2,281,953</b>	<b>2,053,976</b>	<b>124,030</b>	<b>2,178,006</b>
<b>Transfers within and out of reserves</b>	<b>-</b>	<b>14,023</b>	<b>(4,642)</b>	<b>9,381</b>	<b>-</b>	<b>9,381</b>
Purchase of treasury shares	-	-	(3,856)	(3,856)	-	(3,856)
Reclassification	-	(1,021)	(786)	(1,807)	-	(1,807)
Restatement of ECL & right of use asset opening balances	-	15,044	-	15,044	-	15,044
<b>Balance at 28 February 2021</b>	<b>2,591</b>	<b>(465,081)</b>	<b>3,116,902</b>	<b>2,654,412</b>	<b>150,462</b>	<b>2,804,874</b>
Profit for the year	-	1,671,487	-	1,671,487	238,668	1,910,155
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3,101,373</b>	<b>3,101,373</b>	<b>11,302</b>	<b>3,112,675</b>
Revaluation of property and equipment	-	-	4,102,290	4,102,290	11,302	4,113,592
Taxation effect of other comprehensive income	-	-	(1,000,917)	(1,000,917)	-	(1,000,917)
<b>Total comprehensive income</b>	<b>-</b>	<b>1,671,487</b>	<b>3,101,373</b>	<b>4,772,860</b>	<b>249,970</b>	<b>5,022,830</b>
<b>Transfers within and out of reserves</b>	<b>-</b>	<b>23,306</b>	<b>(315,520)</b>	<b>(292,214)</b>	<b>-</b>	<b>(292,214)</b>
Purchase of treasury shares	-	-	(70,670)	(70,670)	-	(70,670)
Impact of change in measurement model of intangible assets to cost model (Note 12)	-	11,383	(244,850)	(233,467)	-	(233,467)
Restatement of equities at fair value through profit or loss	-	11,923	-	11,923	-	11,923
<b>Balance at 28 February 2022</b>	<b>2,591</b>	<b>1,229,712</b>	<b>5,902,755</b>	<b>7,135,058</b>	<b>400,432</b>	<b>7,535,490</b>

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019.

Audited Abridged Consolidated Financial Statements

For the year ended 28 February 2022

Abridged Consolidated Segment Information

For the year ended 28 February 2022

INFLATION ADJUSTED						
	Mobile Money ZW\$'000	Digital Banking ZW\$'000	InsurTech ZW\$'000	Other ZW\$'000	Adjustment Journal & Eliminations ZW\$ '000	Total ZW\$'000
<b>For the year ended 28 February 2022</b>						
Revenue	17,312,761	5,158,497	4,206,553	1,672,994	(1,065,854)	27,284,951
Interest income from banking operations	-	2,644,448	-	-	-	2,644,448
Finance costs	(171,875)	(8,218)	(96,393)	(532,987)	421,556	(387,917)
Fair value adjustments on financial assets	1,341,203	465,542	2,470,375	190,617	(789,468)	3,678,269
Depreciation, amortisation and impairment	(1,033,903)	(918,611)	(289,552)	(326,050)	-	(2,568,116)
Segment profit / (loss)	2,230,192	976,155	1,765,695	(3,642,581)	-	1,329,461
Segment assets	15,936,208	28,751,016	6,464,174	20,102,451	(23,513,849)	47,740,000
Segment liabilities	8,850,575	19,924,693	2,798,131	10,353,928	(5,794,229)	36,133,098
<b>Analysis of additions during the year</b>						
Additions to property and equipment	342,173	1,384,094	40,759	20,019	-	1,787,045
Additions to intangible assets	-	416,414	39,045	-	-	455,459
Additions to investment properties	-	53,494	-	-	-	53,494
<b>For the year ended 28 February 2021</b>						
Revenue	14,281,351	4,148,428	3,668,742	1,705,962	(910,097)	22,894,386
Interest income from banking operations	-	855,913	-	-	-	855,913
Finance costs	(160,051)	(13,360)	(25,619)	(317,536)	92,521	(424,045)
Fair value adjustments on financial assets	76,089	-	983,169	-	(146,538)	912,720
Depreciation, amortisation and impairment	(606,934)	(2,817,256)	(239,760)	(335,105)	-	(3,999,055)
Segment profit / (loss)	968,715	(1,500,532)	(2,209,961)	1,010,221	-	(1,731,557)
Segment assets	16,631,557	22,877,491	4,308,562	19,477,578	(20,482,730)	42,812,458
Segment liabilities	12,288,086	19,042,974	2,431,308	6,635,709	(5,736,977)	34,661,100
<b>Analysis of additions during the year</b>						
Additions to property and equipment	346,524	367,106	18,934	146,828	-	879,392
Additions to intangible assets	-	62,925	-	8,689	-	71,614
Additions to investment properties	-	781,213	-	-	-	781,213

HISTORICAL*						
	Mobile Money ZW\$'000	Digital Banking ZW\$'000	InsurTech ZW\$'000	Other ZW\$'000	Adjustment Journal & Eliminations ZW\$ '000	Total ZW\$'000
<b>For the year ended 28 February 2022</b>						
Revenue	13,086,617	3,957,047	3,114,557	1,285,480	(803,390)	20,640,311
Interest income from banking operations	-	2,079,540	-	-	-	2,079,540
Finance costs	(124,552)	(5,938)	(73,158)	(407,090)	325,268	(285,470)
Fair value adjustments on financial assets	1,562,061	579,780	2,651,356	167,626	(739,790)	4,221,033
Depreciation, amortisation and impairment	(603,239)	(359,257)	(174,779)	(73,462)	-	(1,210,737)
Segment profit / (loss)	3,123,049	2,041,994	1,971,077	(5,225,965)	-	1,910,155
Segment assets	15,070,757	26,118,059	3,304,128	6,974,117	(8,909,510)	42,557,551
Segment liabilities	8,551,725	19,184,442	2,390,109	10,690,015	(5,794,230)	35,022,061
<b>Analysis of additions during the year</b>						
Additions to property and equipment	267,178	1,238,040	32,464	14,868	-	1,552,550
Additions to intangible assets	-	365,797	31,977	-	-	397,774
Additions to investment properties	-	40,792	-	-	-	40,792
<b>For the year ended 28 February 2021</b>						
Revenue	5,886,788	1,835,170	1,649,673	758,881	(370,827)	9,759,685
Interest income from banking operations	-	386,701	-	-	-	386,701
Finance costs	(73,323)	(4,394)	(11,456)	(142,320)	40,987	(190,506)
Fair value adjustments on financial assets	45,807	-	799,113	-	(61,933)	782,987
Depreciation, amortisation and impairment	(87,392)	(187,686)	(38,522)	(31,831)	-	(345,431)
Segment profit / (loss)	583,185	386,423	884,372	(1,980,325)	-	(126,345)
Segment assets	9,452,375	12,688,621	2,390,587	2,283,217	(3,787,321)	23,027,479
Segment liabilities	7,321,041	11,348,555	1,076,252	3,930,524	(3,453,767)	20,222,605
<b>Analysis of additions during the year</b>						
Additions to property and equipment	257,366	175,246	7,124	49,732	-	489,468
Additions to intangible assets	-	146,222	-	1,575	-	147,797
Additions to investment properties	-	36,192	-	-	-	36,192

\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019.

Notes to the abridged consolidated financial statements

For the year ended 28 February 2022

1. GENERAL INFORMATION

EcoCash Holdings Zimbabwe Limited (“EHZL” or “the Company”) and its subsidiaries were demerged from Econet Wireless Zimbabwe Limited (“EWZL”), effective 1 November 2018.

These consolidated financial statements comprise the Company and its subsidiaries (collectively “the Group” and individually the “Group companies”). The Group’s subsidiaries and main activities are as follows:

- EcoCash (Private) Limited - (mobile money transfer and payments services);
- Steward Bank Limited - (digital commercial bank);
- Econet Life (Private) Limited - (mobile based funeral and life assurance company)
- Econet Insurance (Private) Limited - (short-term insurance company);
- Econet Services (Private) Limited - (On-demand services, e-commerce, farming technology and digital education services);
- Maisha Health Fund (Private) Limited - (medical aid service provider); and
- MARS (Private) Limited - (medical air and road rescue services).

EHZL and its subsidiaries are incorporated in Zimbabwe. EHZL’s registered office is 1906 Liberation Legacy Way (formerly Borrowdale Road), Harare. The ultimate holding company for the Group is Econet Global Limited, which is registered in Mauritius.

Notes to the abridged consolidated financial statements (continued)

1. GENERAL INFORMATION (CONTINUED)

These abridged consolidated financial statements are presented in Zimbabwe Dollars (“ZW\$”), which is the functional and presentation currency of the primary economic environment in which the Group’s entities operate.

The historical results have been presented as supplementary information, in line with the Public Accountants and Auditors Board (“PAAB”) recommendation set out in Pronouncement 01/2019. The inflation adjusted results represent the primary financial information required by International Accounting Standard (IAS) 29 and these have been subjected to an audit by the auditors.

2. STATEMENT OF COMPLIANCE

The abridged consolidated financial statements have been prepared in compliance with the recognition and measurement criteria of International Financial Reporting Standards (“IFRSs”), as issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Standards Interpretations Committee (“IFRS IC”) except for non-compliance with IAS 21, *‘The effects of foreign exchange rates’* and IAS 16, *‘Property, plant and equipment’* and current year non-compliances with IAS 29, *‘Financial reporting in hyperinflationary economies’* and IFRS 13, *‘Fair value measurement’*. Consequently, the Directors advise users of these abridged consolidated financial statements to exercise caution.

The underlying consolidated financial statements have been prepared in accordance with the disclosure requirements of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019, the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Medical Services Act (Chapter 15:13), and related regulations.

These abridged consolidated financial statements do not include all of the information and disclosures required to fully comply with IFRSs and should be read in conjunction with the Group’s complete consolidated financial statements for the year ended 28 February 2022, which are available for inspection at the Company’s registered office.

3. ACCOUNTING POLICIES

The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous period, unless otherwise stated and except for the adoption of new standards and amendments that became effective for the year ended 28 February 2022.

3.1 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

In the current year, because it is still reporting in the currency of a hyperinflationary environment, the Group has applied the requirements of IAS 29 and is presenting inflation adjusted consolidated financial statements as its primary financial statements.

The PAAB issued Pronouncement 01/2019 in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019. Historical cost financial results have been presented as supplementary information, and the auditors have not expressed an opinion on those historical results.

The conversion factors used to restate the underlying historical numbers for the consolidated financial statements for the year ended 28 February 2022 are as follows;

	CPI Index	Conversion Factor
28 February 2022	4,483.06	1.00
28 February 2021	2,698.89	1.66
1 March 2021 to 28 February 2022 Average	3,415.67	1.31
1 March 2020 to 28 February 2021 Average	1,921.05	1.40

Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. Monetary assets and liabilities, and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the statement of profit or loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognised in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. This prospective change in IAS 29 application start date has been detailed in Note 10.

4. AUDIT OPINION

The abridged consolidated financial statements should be read in conjunction with the complete set of audited consolidated financial statements for the year ended 28 February 2022 which have been audited by Deloitte & Touche in accordance with International Standards on Auditing and a modified opinion has been issued thereon. This opinion carries an adverse opinion with respect to;

- Unresolved matters from the prior year ended 28 February 2021 with carryover effects on the year ended 28 February 2022 and impact on comparability.
- Non-compliance with IFRS 13, *‘Fair value measurement’* in determining of the value of Investment property, the property and equipment and unquoted investments measured at fair value through profit or loss.
- Non-compliance with IAS 8, *‘Accounting Policies, Changes in Accounting Estimates and Errors’* on comparative information; prospective restatement in the current year of a prior period error on measurement of intangible assets.
- Non-compliance with IAS 1, *‘Presentation of Financial Statements’* due to inability to separately present gross exchange gains and gross exchange losses for the banking subsidiary.

The auditor’s report contains the following key audit matters;

- Valuation of suspense accounts.
- Interest and non-interest income recognition.

The Auditors’ report on the consolidated financial statements is available for inspection at the Company’s registered office and on the Zimbabwe Stock Exchange website. The engagement partner responsible for the audit was Mr Lawrence Nyajeka, PAAB Practice Certificate number 0598.

5. INTERPRETATION OF FINANCIAL STATEMENTS PREPARED UNDER HYPERINFLATIONARY CONDITIONS

In as much as all reasonable care and attention has been taken by the Directors to present information that is meaningful and relevant to the users of the financial statements, it is not always possible to present this information in a way that is not contradictory to International Financial Reporting Standards when reporting is impacted by multiple factors in the environment, including but not limited to the legislative framework and economic variables affecting companies operating in Zimbabwe. This has resulted in certain qualifications to these financial statements. Economic variables changed at an extremely fast pace during the period under consideration. These circumstances require care and attention by users of financial statements in their interpretation of financial information presented under such conditions.



# EcoCash HOLDINGS

(formerly Cassava Smartech Zimbabwe Limited)

(Incorporated in Zimbabwe on 29 March 2012 under Company Registration Number 2487/2012) ZSE Alpha Code: EHZL.zw ISIN ZW0009012437

ECOCASH HOLDINGS ZIMBABWE LIMITED - 2045/PAGE 5

## Notes to the abridged consolidated financial statements (continued)

### 6 OTHER INFORMATION

	INFLATION ADJUSTED		HISTORICAL*	
	2022 ZW\$'000	2021 ZW\$'000	2022 ZW\$'000	2021 ZW\$'000
<b>6.1 Depreciation, impairment and amortisation of property, equipment and intangible assets</b>	(2,568,116)	(3,999,055)	(1,210,737)	(345,431)
<b>6.2 Earnings / (losses) per share</b>				
Weighted number of ordinary shares for the purposes of basic and diluted earnings per share calculation ('000)	2,590,577	2,590,577	2,590,577	2,590,577
Basic and diluted earnings / (loss) per share (ZW\$)	0.434	(0.575)	0.645	(0.088)
Headline earnings / (loss) per share (ZW\$)	0.509	0.242	0.649	(0.081)
<b>Reconciliation of profits / losses for headline earnings per share</b>				
Profit / (loss) for the year attributable to ordinary shareholders	1,123,436	(1,488,633)	1,671,487	(227,977)
<i>Adjustment for capital items (net of taxation):</i>				
Loss on disposal of property and equipment	1,941	8	1,402	2,153
Impairment of property and equipment	17,653	10,621	5,638	11,470
Impairment of intangible assets	174,295	11,209	2,820	3,351
<b>Headline earnings / (loss) attributable to ordinary shareholders</b>	<b>1,317,325</b>	<b>(1,466,796)</b>	<b>1,681,347</b>	<b>(211,003)</b>
<b>6.3 Commitments for capital expenditure</b>				
Authorised and contracted for	2,242,504	4,462,767	1,950,324	637,265
Authorised and not contracted for	171,338	6,744,461	103,149	963,082

*\*The historical financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019.*

The capital expenditure is to be financed from internal cash generation, extended supplier credits and bank credit.

### 7 FINANCIAL INSTRUMENTS – Mobile Money Trust Bank and Liabilities Balances

“Mobile money trust bank balances - restricted balances” and “Mobile money trust liabilities” represent restricted and reserved cash balances held in trust for the EcoCash customers.

### 8 FINANCIAL INSTRUMENTS

Financial instruments are disclosed in the abridged consolidated statement of financial position at their carrying amount which approximates their respective fair value.

#### Fair value hierarchy

The Group is guided by the following hierarchy as fair value measurement criteria for assets measured using the fair value model. The hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	INFLATION ADJUSTED			
	Total ZW\$ '000	Level 1 ZW\$ '000	Level 2 ZW\$ '000	Level 3 ZW\$ '000
<b>At 28 February 2022</b>				
Investment in financial assets	6,108,898	5,943,022	-	165,876
	<b>6,108,898</b>	<b>5,943,022</b>	<b>-</b>	<b>165,876</b>
<b>At 28 February 2021</b>				
Investment in financial assets	1,802,898	1,684,318	-	118,580
	<b>1,802,898</b>	<b>1,684,318</b>	<b>-</b>	<b>118,580</b>

	HISTORICAL*			
	Total ZW\$ '000	Level 1 ZW\$ '000	Level 2 ZW\$ '000	Level 3 ZW\$ '000
<b>At 28 February 2022</b>				
Investment in financial assets	6,108,898	5,943,022	-	165,876
	<b>6,108,898</b>	<b>5,943,022</b>	<b>-</b>	<b>165,876</b>
<b>At 28 February 2021</b>				
Investment in financial assets	1,085,379	1,013,992	-	71,387
	<b>1,085,379</b>	<b>1,013,992</b>	<b>-</b>	<b>71,387</b>

### 9. LOANS AND BORROWINGS

The Group entered into a scrip loan agreement during the year and the loan matures in two years. The loan was received as equities in a listed entity and are repayable in equal number of the same equities received. The fair value movements on the equities are reported as other expenses. This loan is unsecured.

### 10. GOING CONCERN

The Board regularly considers and records the facts and assumptions on which it relies to conclude that EcoCash Holdings will continue in operational existence into the foreseeable future at each reporting date.

We continually evaluate the impact of the pandemic on our business over the short to medium term. The going concern assessment has been extended for the 12-month period commencing from the date of approval of these consolidated financial statements for issue and incorporated all available information on the operating environment and future risks and uncertainties on which sensitivity analysis were also made.

## Notes to the abridged consolidated financial statements (continued)

### 10. GOING CONCERN (CONTINUED)

The fintech business unit, which is the Group's largest operating unit, constitutes about 80% of the total Group revenue. Within the fintech business unit, 72% of the revenue comes from the mobile money business unit, Ecocash and an analysis has been made on both the ability of the Group and the biggest cash generating unit, Ecocash, to continue as going concerns.

Macroeconomic uncertainties characterised by hyperinflation, rapid changes in policies and challenges in accessing foreign currency as well as global and local uncertainties created by the rollover impact of COVID-19 have resulted in a challenging operating environment for the Group. The Group will continue to adopt mitigatory measures, within the bounds of the country's laws, to minimise the adverse impacts of the challenging operating environment.

ZW\$3.3 billion of the related party payables relate to debentures balances which were assumed pursuant to the demerger of the Group from Econet Wireless Zimbabwe Limited on 1 November 2018. The Group's 50% share of the 904 778 710 (2021: 1 166 906 618) unsecured redeemable debentures with an annual compounding coupon rate of 5% were issued at a subscription price of 4.665 US cents per debenture and these are accounted for as a long-term related party payable. The obligation is denominated in United States dollar and as such subject to exchange rate revaluation. Significant exchange rate movements have been experienced in the economy during the reporting period under review. As at 28 February 2022 the Group recorded exchange losses amounting to ZW\$1.2 billion (2021: ZW\$6.3 billion). The related party payable together with the accrued interest will mature in April 2023. Given the impact of the exchange rate fluctuations on the business performance, during the current financial year, a call was made to debenture holders for early redemption and 22% of debenture holders exercised the option. The Group will continue to implement measures to mitigate against exchange risk and strengthen performance.

The Directors have assessed the ability of the Group to continue operating as a going concern for the 12 months period subsequent to the date of authorisation of the financial statements. The Directors believe that the preparation of these financial statements on a going concern basis remains appropriate as the Group's largest operating unit will continue to deliver positive results, comply with all capital ratios and the current capital requirements have been met.

### 11. CHANGE IN APPLICATION DATE OF IAS 29 – FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

In February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019 which, among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar / ZW dollar as currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for prior years to comply with statutory requirements were contrary to the provisions of IAS 21, ‘*The effects of changes in foreign exchange rates*’.

In financial year 2020, the factors and characteristics to apply IAS 29, ‘*Financial reporting in hyperinflationary economies*’ were met in Zimbabwe. As a result, the Public Accountants and Auditors Board (PAAB) pronounced that entities reporting in Zimbabwe were required to apply the requirements of IAS 29 for reporting periods ended on or after 1 July 2019. Consequently, 2020 consolidated financial statements were prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 March 2019. The Group adopted 1 March 2019 to apply IAS 29 as it was the commencement date of the prior year financial year and the immediate date after the adoption of the Zimbabwe dollar as the functional and reporting currency by the Group in accordance with S.I. 33. However, there was a general consensus amongst market participants that the date of change in functional currency should have been 1 October 2018. Based on the consensus, the changes in the general pricing power of the functional currency ought to apply from 1 October 2018. The Directors, however, chose to strictly comply with S.I. 33 in 2020.

The Directors in the prior year assessed that the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 which all could not be accurately ascertained in prior years were in material respects recycled to retained earnings. As a result of the inability to accurately determine the prior year aforementioned specific effects, the cumulative effect arising from applying 1 March 2019 instead of 1 October 2018 as the IAS 29 application date were adjusted against opening equity components as disclosed on the statement of changes in equity prior period numbers.

### 12. PROSPECTIVE RESTATEMENT IN THE CURRENT YEAR OF A PRIOR PERIOD ERROR ON MEASUREMENT OF INTANGIBLE ASSETS

In prior years, computer software was carried at revalued amounts after initial recognition. However, as per current year assessment, this was noted as an error due to absence of an active market for the computer software from prior years.

The cumulative effects of the prior year revaluations have been corrected prospectively by including the necessary restatement adjustments as part of the current year movements between the opening and closing balances of the affected intangible assets, and related revaluation reserve, deferred tax and retained earnings. Equity component adjustments are disclosed on the statement of changes in equity.

The opening cost and accumulated amortisation for computer software had been overstated by an inflation adjusted amount of ZW\$62 million and ZW\$835 million respectively. The revaluation reserve thereof had been overstated by ZW\$303 million and retained earnings had been understated by ZW\$901 million.

### 13. EVENTS AFTER REPORTING DATE

Subsequent to year-end, the government introduced various measures to restore confidence, preserve value and restore macroeconomic stability. The measures included directives to banks on lending and interest rate guidelines, introduced the willing-buyer-willing seller exchange rate and also introduced higher capital gains taxation on short-term investments to curb speculative investments.

There has been a significant decline in the ZW\$/USD foreign exchange rate from 124:1 as at 28 February 2022 compared to 403:1 as at 19 July 2022.

The above issues are considered to be non-adjusting events for purposes of IAS 10, ‘*Events after the reporting period*’ on the basis that the changes were substantially enacted after the end of the 28 February 2022 reporting period.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS**

**Adverse Opinion**

The abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and its subsidiaries (the "Group") which comprise the abridged inflation-adjusted consolidated statement of financial position as at 28 February 2022, the abridged inflation-adjusted consolidated statement of profit or loss and other comprehensive income, the abridged inflation-adjusted consolidated statement of changes in equity, and abridged inflation-adjusted consolidated inflation adjusted cash flows for the year then ended and related notes, are derived from the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and its subsidiaries (the "Group") for the year ended 28 February 2022.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the accompanying abridged inflation-adjusted consolidated financial statements do not present fairly, the abridged inflation-adjusted consolidated financial position of EcoCash Holdings Zimbabwe Limited and its subsidiaries as at 28 February 2022, and its abridged inflation-adjusted consolidated financial performance, and its abridged inflation-adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Medical Services Act (Chapter 15:13), and related regulations.

**1. Unresolved matters from the prior year ended 28 February 2021 with carryover effects on the year ended 28 February 2022 and impact on comparability**

For the year ended 28 February 2021, an adverse opinion was issued on the inflation-adjusted consolidated financial statements, with the following matters being set out as the bases for adverse opinion:

- i. Valuation of property and equipment, investment property and intangible assets; and
- ii. Inappropriate application of International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8") on current year and comparative information: Prospective Corrections of Prior Period Errors, as related to;
  - a. Prospective application of the change in the start date for the application of IAS 29 'Financial Reporting in Hyperinflationary Economies' (IAS 29");
  - b. Prospective restatement in the current year of a prior period error on the closing balance of expected credit losses in respect of loans and advances; and
  - c. Prospective restatement in the current year of a prior period error on the amortisation charge on right of use assets.

Readers may refer to the full audit report, which is available on the Group and Zimbabwe Stock Exchange's ("ZSE's") website for the pertinent details as regards these qualifications.

The above matters have remained unresolved with respect to the year ended 28 February 2021, and thus impacting the comparability of the current year's figures and the corresponding figures.

In addition to this, because certain closing balances in the statement of financial position for the year ended 28 February 2021 impact the measurement of other transactions and balances for the year ended 28 February 2022, those current year amounts are also materially misstated by amounts whose actual or possible effects we have been unable to quantify. The impacted balances include depreciation and amortisation expenses, deferred tax movements, gains on revaluations of property and equipment, fair value adjustments on investment property and the gains on net monetary position.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Basis for Adverse Opinion (continued)**

**2. Valuation of property and equipment, investment property and intangible assets**

**2.1 Non-compliance with IFRS 3 Fair Value Measurements**

Similar to the prior year, the Group performed a revaluation of property and equipment and a fair valuation of investment properties as at 28 February 2022, valued at ZW\$ 9.7 billion and ZW\$ 1.9 billion, respectively (2021: ZW\$ 7.6 billion and ZW\$ 1.8 billion, respectively). The Group engaged professional valuers to determine fair values in United States Dollars ("USD"), which were subsequently translated to Zimbabwe Dollars ("ZW\$") using the closing ZW\$/USD auction exchange rate as at 28 February 2022. Whereas the determined USD values are reflective of fair value in that currency, the conversion to ZW\$, for purposes of reporting in the Group's functional currency, is not in compliance with International Financial Reporting Standard 13 'Fair Value Measurement' ("IFRS 13"), for the reasons stated below.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable and appropriate in determining fair value in USD, we were unable, however, to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZW\$/USD auction exchange rate in the determination of the final ZW\$ fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZW\$/USD auction exchange rate in determining the ZW\$ fair value of property and equipment and investment property, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of property and equipment and investment properties in ZW\$. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZW\$ valuations of property and equipment and investment properties to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property and equipment and investment properties reflects the implications on market dynamics of the auction exchange rate.

In addition, included within property and equipment is a building valued at ZW\$ 1.4 billion that was acquired during the year by the Group whose revaluation was done using ZW\$ inputs. The assumptions on capitalisation rates used were not supported by any observable market data and rental rates applied were not comparable to those of similar commercial properties obtained from other market sources.

Consequently, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the valuation in ZW\$ of the property and equipment and investment property balances, fair value gains on investment properties, the revaluation surplus movement and related reserve, as well as deferred tax closing balances and its related movement for the year which were also impacted.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Basis for Adverse Opinion (continued)**

**2. Valuation of property and equipment, investment property and intangible assets (continued)**

**2.2 Non-compliance with International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8")**

As explained in Note 12, in the prior years the Group's intangible assets were carried at revalued amounts after initial recognition. In the current year, the measurement model for the Group's intangible assets was changed prospectively from revaluation to cost. This change in the measurement model was made in order to comply with the requirements of International Accounting Standard 38 'Intangible Assets' ("IAS 38") which state that the revaluation model can only apply to intangible assets in an active market. The Directors have concluded that there is no active market in Zimbabwe for the Group's intangible assets. The prospective change in the accounting policy is not in compliance with the requirements of IAS 8 which would have required such change to be done retrospectively. These financial statements have not been restated to reflect this change as required by IAS 8. Had the correction been done retrospectively, the prior year comparatives for retained earnings, revaluation reserve, movement in revaluation reserve, amortisation, accumulated amortisation, and opening and closing cost of intangible assets would have been affected. In addition, the current year amounts of amortisation and deferred tax movements attributable to intangible assets for the year have also been affected as they were determined from incorrect opening balances.

**3. Valuation of USD denominated unquoted investments measured at fair value through profit or loss**

The Group has financial assets measured at fair value through profit or loss amounting to ZW\$ 6.1 billion (2021: ZW\$ 1.8 billion). Included within these financial assets as unquoted investments, are investments denominated in United States Dollars ("USD") with a value of ZW\$ 214 million (2021: ZW\$ nil). The Group engaged its investment managers to determine fair values in USD, which were subsequently translated to Zimbabwe Dollars ("ZW\$") using the investment manager's internally determined exchange rate as at 28 February 2022. We could not obtain sufficient and appropriate audit evidence to support the internally determined exchange rate utilised in the conversion to ZW\$. As a result, we were unable to quantify the extent of the misstatements on the recorded fair value gains on financial assets included in other income and the recorded value of the USD denominated portion of financial assets at fair value through profit or loss. This has also resulted in misstatements to the related deferred tax movements and closing deferred tax balances for the year attributable to these USD denominated investments.

**4. Inability to separately present gross exchange gains and gross exchange losses for the banking subsidiary**

Included within the statement of profit or loss and other comprehensive income are net foreign exchange gains arising from trade related and other payables amounting to ZW\$ 509 million (2021: exchange loss of ZW\$ 1.3 billion). The Group has not been able to present gross exchange gains and gross exchange losses separately as would be required by International Accounting Standard ("IAS") 1 Presentation of Financial Statements because of system limitations with determining the separate gross exchange loss and gross exchange gains numbers for its banking subsidiary.

While the above matter has no impact on the reported profit and total comprehensive income for the year, it has an impact on the presentation required by IAS 1. We were therefore unable to determine the correct split of gross exchange gains and gross exchange losses to be presented either on the face of the statement of profit or loss and other comprehensive income or in the notes.

The above matters are both material and pervasive and impact the statement of financial position, the statement of comprehensive income, the statement of changes in equity and related notes, including the notes to the statement of cashflows.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Abridged Consolidated Inflation Adjusted Financial Statements of EcoCash Holdings Zimbabwe Limited**

The abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) as applicable to inflation-adjusted consolidated financial statements. Reading the abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and the auditor's report thereon, therefore, is not a substitute for reading the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and the auditor's report thereon.

**The Audited Inflation-Adjusted Consolidated Financial Statements and Our Report Thereon**

In our report dated 20 July 2022, we expressed an adverse audit opinion on the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited for the year ended 28 February 2022. The report also includes the communication of key audit matters as reported in the auditor's report of the audited inflation-adjusted consolidated financial statements.

**Responsibilities of the Directors for the Abridged Inflation-Adjusted Consolidated Financial Statements**

The directors are responsible for the preparation of the abridged inflation-adjusted consolidated financial statements, in accordance with Zimbabwe Stock Exchange (ZSE) Listings Requirements Rules and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31).

**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited are consistent, in all material respects, with the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised), Engagements to Report on Summary Financial Statements.



**DELOITTE & TOUCHE**  
**Chartered Accountants (Zimbabwe)**  
**Per Lawrence Nyajeka**  
**Partner**  
**PAAB Practice Certificate 0598**  
**Harare, Zimbabwe**

**Date: 20 July 2022**

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS**

**Adverse Opinion**

The abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and its subsidiaries (the "Group") which comprise the abridged inflation-adjusted consolidated statement of financial position as at 28 February 2022, the abridged inflation-adjusted consolidated statement of profit or loss and other comprehensive income, the abridged inflation-adjusted consolidated statement of changes in equity, and abridged inflation-adjusted consolidated inflation adjusted cash flows for the year then ended and related notes, are derived from the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and its subsidiaries (the "Group") for the year ended 28 February 2022.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the accompanying abridged inflation-adjusted consolidated financial statements do not present fairly, the abridged inflation-adjusted consolidated financial position of EcoCash Holdings Zimbabwe Limited and its subsidiaries as at 28 February 2022, and its abridged inflation-adjusted consolidated financial performance, and its abridged inflation-adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Medical Services Act (Chapter 15:13), and related regulations.

**1. Unresolved matters from the prior year ended 28 February 2021 with carryover effects on the year ended 28 February 2022 and impact on comparability**

For the year ended 28 February 2021, an adverse opinion was issued on the inflation-adjusted consolidated financial statements, with the following matters being set out as the bases for adverse opinion:

- i. Valuation of property and equipment, investment property and intangible assets; and
- ii. Inappropriate application of International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8") on current year and comparative information: Prospective Corrections of Prior Period Errors, as related to;
  - a. Prospective application of the change in the start date for the application of IAS 29 'Financial Reporting in Hyperinflationary Economies' (IAS 29");
  - b. Prospective restatement in the current year of a prior period error on the closing balance of expected credit losses in respect of loans and advances; and
  - c. Prospective restatement in the current year of a prior period error on the amortisation charge on right of use assets.

Readers may refer to the full audit report, which is available on the Group and Zimbabwe Stock Exchange's ("ZSE's") website for the pertinent details as regards these qualifications.

The above matters have remained unresolved with respect to the year ended 28 February 2021, and thus impacting the comparability of the current year's figures and the corresponding figures.

In addition to this, because certain closing balances in the statement of financial position for the year ended 28 February 2021 impact the measurement of other transactions and balances for the year ended 28 February 2022, those current year amounts are also materially misstated by amounts whose actual or possible effects we have been unable to quantify. The impacted balances include depreciation and amortisation expenses, deferred tax movements, gains on revaluations of property and equipment, fair value adjustments on investment property and the gains on net monetary position.





**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Basis for Adverse Opinion (continued)**

**2. Valuation of property and equipment, investment property and intangible assets**

**2.1 Non-compliance with IFRS 13 Fair Value Measurements**

Similar to the prior year, the Group performed a revaluation of property and equipment and a fair valuation of investment properties as at 28 February 2022, valued at ZW\$ 9.7 billion and ZW\$ 1.9 billion, respectively (2021: ZW\$ 7.6 billion and ZW\$ 1.8 billion, respectively). The Group engaged professional valuers to determine fair values in United States Dollars ("USD"), which were subsequently translated to Zimbabwe Dollars ("ZW\$") using the closing ZW\$/USD auction exchange rate as at 28 February 2022. Whereas the determined USD values are reflective of fair value in that currency, the conversion to ZW\$, for purposes of reporting in the Group's functional currency, is not in compliance with International Financial Reporting Standard 13 'Fair Value Measurement' ("IFRS 13"), for the reasons stated below.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable and appropriate in determining fair value in USD, we were unable, however, to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZW\$/USD auction exchange rate in the determination of the final ZW\$ fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZW\$/USD auction exchange rate in determining the ZW\$ fair value of property and equipment and investment property, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of property and equipment and investment properties in ZW\$. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZW\$ valuations of property and equipment and investment properties to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property and equipment and investment properties reflects the implications on market dynamics of the auction exchange rate.

In addition, included within property and equipment is a building valued at ZW\$ 1.4 billion that was acquired during the year by the Group whose revaluation was done using ZW\$ inputs. The assumptions on capitalisation rates used were not supported by any observable market data and rental rates applied were not comparable to those of similar commercial properties obtained from other market sources.

Consequently, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the valuation in ZW\$ of the property and equipment and investment property balances, fair value gains on investment properties, the revaluation surplus movement and related reserve, as well as deferred tax closing balances and its related movement for the year which were also impacted.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Basis for Adverse Opinion (continued)**

**2. Valuation of property and equipment, investment property and intangible assets (continued)**

**2.2 Non-compliance with International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8")**

As explained in Note 12, in the prior years the Group's intangible assets were carried at revalued amounts after initial recognition. In the current year, the measurement model for the Group's intangible assets was changed prospectively from revaluation to cost. This change in the measurement model was made in order to comply with the requirements of International Accounting Standard 38 'Intangible Assets' ("IAS 38") which state that the revaluation model can only apply to intangible assets in an active market. The Directors have concluded that there is no active market in Zimbabwe for the Group's intangible assets. The prospective change in the accounting policy is not in compliance with the requirements of IAS 8 which would have required such change to be done retrospectively. These financial statements have not been restated to reflect this change as required by IAS 8. Had the correction been done retrospectively, the prior year comparatives for retained earnings, revaluation reserve, movement in revaluation reserve, amortisation, accumulated amortisation, and opening and closing cost of intangible assets would have been affected. In addition, the current year amounts of amortisation and deferred tax movements attributable to intangible assets for the year have also been affected as they were determined from incorrect opening balances.

**3. Valuation of USD denominated unquoted investments measured at fair value through profit or loss**

The Group has financial assets measured at fair value through profit or loss amounting to ZW\$ 6.1 billion (2021: ZW\$ 1.8 billion). Included within these financial assets as unquoted investments, are investments denominated in United States Dollars ("USD") with a value of ZW\$ 214 million (2021: ZW\$ nil). The Group engaged its investment managers to determine fair values in USD, which were subsequently translated to Zimbabwe Dollars ("ZW\$") using the investment manager's internally determined exchange rate as at 28 February 2022. We could not obtain sufficient and appropriate audit evidence to support the internally determined exchange rate utilised in the conversion to ZW\$. As a result, we were unable to quantify the extent of the misstatements on the recorded fair value gains on financial assets included in other income and the recorded value of the USD denominated portion of financial assets at fair value through profit or loss. This has also resulted in misstatements to the related deferred tax movements and closing deferred tax balances for the year attributable to these USD denominated investments.

**4. Inability to separately present gross exchange gains and gross exchange losses for the banking subsidiary**

Included within the statement of profit or loss and other comprehensive income are net foreign exchange gains arising from trade related and other payables amounting to ZW\$ 509 million (2021: exchange loss of ZW\$ 1.3 billion). The Group has not been able to present gross exchange gains and gross exchange losses separately as would be required by International Accounting Standard ("IAS") 1 Presentation of Financial Statements because of system limitations with determining the separate gross exchange loss and gross exchange gains numbers for its banking subsidiary.

While the above matter has no impact on the reported profit and total comprehensive income for the year, it has an impact on the presentation required by IAS 1. We were therefore unable to determine the correct split of gross exchange gains and gross exchange losses to be presented either on the face of the statement of profit or loss and other comprehensive income or in the notes.

The above matters are both material and pervasive and impact the statement of financial position, the statement of comprehensive income, the statement of changes in equity and related notes, including the notes to the statement of cashflows.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED**

**REPORT ON THE AUDIT OF THE ABRIDGED INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Abridged Consolidated Inflation Adjusted Financial Statements of EcoCash Holdings Zimbabwe Limited**

The abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) as applicable to inflation-adjusted consolidated financial statements. Reading the abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and the auditor's report thereon, therefore, is not a substitute for reading the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited and the auditor's report thereon.

**The Audited Inflation-Adjusted Consolidated Financial Statements and Our Report Thereon**

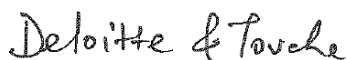
In our report dated 20 July 2022, we expressed an adverse audit opinion on the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited for the year ended 28 February 2022. The report also includes the communication of key audit matters as reported in the auditor's report of the audited inflation-adjusted consolidated financial statements.

**Responsibilities of the Directors for the Abridged Inflation-Adjusted Consolidated Financial Statements**

The directors are responsible for the preparation of the abridged inflation-adjusted consolidated financial statements, in accordance with Zimbabwe Stock Exchange (ZSE) Listings Requirements Rules and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31).

**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the abridged inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited are consistent, in all material respects, with the audited inflation-adjusted consolidated financial statements of EcoCash Holdings Zimbabwe Limited based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised), Engagements to Report on Summary Financial Statements.



**DELOITTE & TOUCHE**  
**Chartered Accountants (Zimbabwe)**  
**Per Lawrence Nyajeka**  
**Partner**  
**PAAB Practice Certificate 0598**  
**Harare, Zimbabwe**

**Date: 20 July 2022**