

EcoCash

HOLDINGS ZIMBABABWE 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

Reviewed Abridged Consolidated Financial Statements

For the half year ended 31 August 2022

*Your diversified digital
solutions group*



H I G H L I G H T S

| Key Performance Indicators

Revenue

↑ ZW\$45.4 billion

from ZW\$42.5 billion (31 August 2021)

Profit before tax

↑ ZW\$911.1 million

from ZW\$-106.2 million (31 August 2021)

Total equity

↑ ZW\$38.7 billion

from ZW\$31.8 billion (28 February 2022)



Your diversified digital solutions group

Pioneering cutting edge technology in business operations throughout Zimbabwe and beyond



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For the half year ended 31 August 2022

Chairperson's statement

Introduction

For the half year ended 31st August 2022, Ecocash Holdings has continued to make positive economic and social impact on the lives of people in Zimbabwe through financial inclusion. We have accelerated our digital transformation, disrupting ourselves to positively impact the lives of people. Despite the challenging operating environment during the period under review, we have continued to identify and pursue new opportunities, formulating winning strategies to drive business performance and positive socio-economic impact.

Business Highlights

Our mandate is to transform the lives of people in Zimbabwe through digital technology, and we are pleased to report on some key innovations we launched over the period. Through the mobile money business, we launched EcoCash Bill Manager, a platform that aggregates service providers and allows customers to conveniently pay their bills. This product is transforming the payments space as we make further enhancements to cater for the various use-cases. We have, to date, over 200 000 customers onboarded on the platform. We launched the EcoCash chatbot, an AI driven customer experience solution to improve efficiencies in query resolution as well as improve the overall mobile money experience. Through this innovation, we have started to record positive gains on our customer effort scores from the 250 000 registered customers. We are happy to harness these new technologies to enhance our value proposition, reduce customer pain points and improve financial services adoption.

Building on the success of the first phase of our digital transformation “Purple Ark,” Steward Bank continued the journey with the commencement of the second phase of the upgrade. The second phase will see an increased automation and digitalization of the Bank's systems and processes as well as enhanced capacity to launch new banking innovations. The Bank also further enhanced its digital products offering through the revamp of the low Know-Your-Customer (KYC) iSave accounts platform. Following the revamp, we managed to onboard 234 000 customers on iSave accounts and achieved a 10% reduction in mobile banking registration queries.

We have continued to build around the core life and short-term insurance products for the Insurtech business focusing on expanding our channel network to enhance service delivery and experience across all our insurance products. The group also continues to develop the value proposition of our nascent businesses, which have exhibited potential for growth and scale, going into the future.

Inflation adjusted financial Performance

EcoCash Holdings recorded revenue of ZW\$45.4 billion for the period, compared to ZW\$42.5 billion in 2021. Most of our revenue was driven by the Fintech business followed by Insurtech and lastly Digital Platforms. The Fintech business, anchored by EcoCash and Steward Bank, remains the largest contributor with performance being driven by new product innovations, and growth in the banks' forex revenue, a result of the deliberate growth in the USD loan book and foreign currency accounts. The Group achieved a profit before tax of ZW\$911.1 million, an improvement from the prior period's loss before tax position of ZW\$ 106.2 million. This positive development reflects the benefits of our ongoing digital transformation journey which has seen an improvement in operational efficiencies, as well as the support of all our stakeholders. We will continue to build on this business strategy to ensure we deliver value for our shareholders.

Dividend

The Directors resolved not to declare an interim dividend.

Social Responsibility

In everything we do at EcoCash Holdings, we are mindful of the responsibility we have to the communities in which we operate. Through the work of the HigherLife Foundation, we continue to promote sustainable development for marginalized communities, anchored on three main pillars, Education, Global Health as well as Rural Transformation and Sustainable Livelihoods. The foundation equipped 421 000 people in hotspot districts with disaster risk management knowledge and supported 16 hospitals on maternal health, with 4 of the hospitals recording a 40% reduction in maternal deaths. We remain dedicated to investing in our community in line with the values we hold.

Outlook

EcoCash Holdings continues to see exciting opportunities in the market for social and financial inclusion through technology. We are making a lasting difference by empowering people through reliable and resilient digital solutions that enhance people's ability to be economically active. We look forward to contributing towards sustained innovations in the Fintech, Insurtech, Healthtech, Agritech and On Demand Services space, which we believe we can accelerate, spurred by the gains recorded in the current period. Despite the environmental headwinds and volatile operating environment, EcoCash Holdings is committed to build upon the successes of the past and to continue delivering value for all our stakeholders. We see opportunities in the market, and we are excited about the new and transformational innovations in our pipeline.

Acknowledgements

I am grateful to our valued customers for the trust and support they have extended to us in good and challenging times; our gratitude cannot be expressed enough. To all our partners, regulators, shareholders, I thank you for your support and confidence, which we continue to rely on as we advance on this transformation journey. Lastly, I would like to express my gratitude to our staff, management and my fellow directors for the focus, hard work and resilience in driving our vision.

On behalf of the Board

Sherree Shereni
Board Chairperson

10 November 2022

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 August 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST*	
		Reviewed 31 August 2022	Reviewed 31 August 2021	Unreviewed 31 August 2022	Unreviewed 31 August 2021
		ZW\$ '000	ZW\$ '000	ZW\$ '000	ZW\$ '000
Revenue	6.1	45,356,168	42,529,695	27,216,065	10,307,851
- Interest revenue calculated using the effective interest method		5,957,545	2,716,429	3,108,910	647,845
- Non-interest revenue		39,398,623	39,813,266	24,107,155	9,660,006
Cost of sales and external services rendered		(6,797,547)	(11,793,627)	(4,527,090)	(2,821,910)
Impairment on financial assets charge: expected credit loss allowances on loans and advances to bank customers		(218,607)	(1,125,838)	(218,607)	(311,438)
Gross profit		38,340,014	29,610,230	22,470,368	7,174,503
Other income		2,787,860	2,446,648	10,774,197	730,055
Other expenses		(10,009,581)	(605,114)	(695,173)	(11,950)
General administrative expenses:		(26,071,165)	(22,690,539)	(16,053,984)	(5,618,787)
- Administration expenses		(28,649,250)	(18,975,239)	(17,222,272)	(4,641,798)
- Impairment on financial assets charge: expected credit loss allowances on items other than loans and advances		(501,867)	(615,278)	(379,273)	(163,990)
- Depreciation, amortisation and impairment		(3,093,764)	(2,994,068)	(1,121,484)	(583,028)
- Foreign exchange gains / (losses) arising from items other than debenture related liabilities		6,173,716	(105,954)	2,669,045	(229,971)
Marketing and sales expenses		(4,431,185)	(2,122,592)	(2,553,332)	(504,595)
Foreign exchange losses arising from debenture related liabilities		(17,002,508)	(276,950)	(11,397,777)	(66,202)
Gain/ (loss) on net monetary position		18,010,827	(5,882,637)	-	-
Profit before net finance costs		1,624,262	479,046	2,544,299	1,703,024
Finance income		80,037	69,074	51,735	16,883
Finance costs		(793,181)	(654,306)	(636,277)	(156,651)
Profit / (loss) before taxation		911,118	(106,186)	1,959,757	1,563,256
Income tax expense		(1,402,398)	(2,443,972)	(1,136,353)	(625,583)
(Loss) / profit for the period		(491,280)	(2,550,158)	823,404	937,673
(Loss) / profit for the half year attributable to:		(491,280)	(2,550,158)	823,404	937,673
Equity holders of EcoCash Holdings Zimbabwe Limited		15,431	(2,059,360)	729,657	928,885
Non-controlling interest		(506,711)	(490,798)	93,747	8,788
Items that may not be reclassified to profit or loss:					
Gain arising on revaluation of property and equipment and intangible assets		9,204,105	-	19,519,176	-
Taxation effect of other comprehensive income		(2,306,655)	-	(4,801,934)	-
		6,897,450	-	14,717,242	-
Total comprehensive income/ (loss) for the period		6,406,170	(2,550,158)	15,540,646	937,673
Other comprehensive income attributable to:					
Equity holders of EcoCash Holdings Zimbabwe Limited		6,919,506	-	14,700,933	-
Non-controlling interest		(22,056)	-	16,309	-
		6,897,450	-	14,717,242	-
Total comprehensive income / (loss) for the period attributable to:					
Equity holders of EcoCash Holdings Zimbabwe Limited		6,934,937	(2,059,360)	15,430,590	928,885
Non-controlling interest		(528,767)	(490,798)	110,056	8,788
Total comprehensive income /(loss) for the period		6,406,170	(2,550,158)	15,540,646	937,673
Earnings / (loss) per share					
Basic and diluted earnings / (loss) per share (ZW\$ cents)	6.2	0.60	(79.49)	28.17	35.86

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

EcoCash HOLDINGS

(formerly Cassava Smartech Zimbabwe Limited)

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Reviewed Abridged Consolidated Financial Statements For the half year ended 31 August 2022

Abridged Consolidated Statement of Financial Position As at 31 August 2022

		INFLATION ADJUSTED		HISTORICAL COST*	
		Reviewed 31 August 2022 ZW\$ '000	Audited 28 February 2022 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000	Unaudited 28 February 2022 ZW\$ '000
	Notes				
Assets					
Intangible assets		7,966,925	8,144,019	784,454	684,994
Property and equipment		31,572,190	26,524,648	26,246,994	8,490,288
Right of use assets		297,303	393,446	128,201	43,306
Investment properties		12,831,372	5,176,327	12,831,372	1,888,757
Inventory		1,077,320	2,166,688	230,476	115,592
Current tax assets		398,915	-	398,915	-
Amounts owed by related party companies		9,437	329,650	9,437	120,284
Trade and other receivables		15,571,872	18,872,897	11,261,919	5,953,961
Loans and advances to bank customers		15,343,531	18,311,327	15,343,531	6,681,503
Treasury bills and government bonds		5,447,223	16,015,411	5,447,223	5,843,761
Financial assets at fair value through profit and loss	7	6,361,435	16,742,045	6,361,435	6,108,898
Assets held for sale		23,599	1,431	23,599	522
Mobile money trust bank balances - restricted balances	8	11,979,199	14,837,021	11,979,199	5,413,786
Cash and cash equivalents		8,605,968	3,321,330	8,605,968	1,211,899
Total assets		117,486,289	130,836,240	99,652,723	42,557,551
Equity and Liabilities					
Capital and reserves					
Share capital and share premium		390,770	390,770	2,591	2,591
(Accumulated losses) / retained earnings		(8,120,029)	(8,421,400)	2,013,450	1,229,712
Other reserves		47,037,181	39,925,153	20,690,561	5,902,755
Equity attributable to owners of EcoCash Holdings Zimbabwe Limited		39,307,922	31,894,523	22,706,602	7,135,058
Non-controlling interest		(613,416)	(84,649)	510,488	400,432
Total equity		38,694,506	31,809,874	23,217,090	7,535,490
Liabilities					
Lease Liabilities		320,761	6,095,272	320,761	1,498,199
Provisions		2,450,351	167,505	2,406,138	61,120
Current tax liability		-	4,064,216	-	1,470,349
Deferred tax Liabilities		8,070,823	284,022	6,364,624	96,625
Loans and Borrowings		4,187,057	11,142,591	4,187,057	4,065,749
Amounts owed to related party companies	10	15,532,366	11,641,356	15,532,366	4,247,740
Trade and other payables		17,123,245	15,797,355	16,517,507	5,398,652
Mobile money trust liabilities	8	11,979,199	14,837,021	11,979,199	5,413,786
Deposits due to banks and customers		19,127,981	34,997,028	19,127,981	12,769,841
Total liabilities		78,791,783	99,026,366	76,435,633	35,022,061
Total equity and liabilities		117,486,289	130,836,240	99,652,723	42,557,551

*The historical cost 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 half year ended 31 August 2022

	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2022 ZW\$ '000	Reviewed 31 August 2021 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000	Unreviewed 31 August 2021 ZW\$ '000
Cash generated from operations	20,941,556	22,308,298	17,334,312	6,844,083
Income tax paid	(2,137,784)	(1,675,415)	(1,608,713)	(586,078)
Net cash generated from operations	18,803,772	20,632,883	15,725,599	6,258,005
Investing activities				
Finance income received	2,385	41,577	21,882	9,940
Dividends received	3,237	2,237	1,526	543
Acquisition of intangible assets	(162,648)	(942,341)	(133,701)	(181,872)
Acquisition of a subsidiary	45,433	-	45,433	-
Net acquisition of financial assets at fair value through profit or loss	(755,239)	(732,828)	(478,214)	22,399
Net (acquisition) / disposal of held-to-maturity investments	(10,615,643)	(28,462,708)	682,195	(6,813,041)
Net (acquisition) of right of use assets	(23,252)	-	(101,283)	-
Purchase of property and equipment	(4,940,823)	(1,076,750)	(2,050,165)	(237,757)
Proceeds on disposal of property and equipment	5,873	6,741	25,585	-
Net cash used in investing activities	(16,440,677)	(31,164,072)	(1,986,742)	(7,199,788)
Cash flows from financing activities				
Finance costs paid	(793,181)	(654,310)	(636,277)	(156,651)
Proceeds from loans and borrowings	856,902	-	856,902	-
Purchase of treasury shares	-	(258,851)	-	(67,233)
Net cash flows from / (used in) financing activities	63,721	(913,161)	220,625	(223,884)
Net increase / (decrease) in cash and cash equivalents	2,426,816	(11,444,349)	13,959,482	(1,165,667)
Cash and cash equivalents at the beginning of the period	18,158,351	45,093,199	6,625,685	9,905,492
Cash and cash equivalents at end of period	20,585,167	33,648,850	20,585,167	8,739,825
Comprising:				
Cash and cash equivalents restricted	11,979,199	21,416,413	11,979,199	5,562,618
Cash and cash equivalents non-restricted	8,605,968	12,232,437	8,605,968	3,177,207
Cash and cash equivalents at end of period	20,585,167	33,648,850	20,585,167	8,739,825

*The historical cost 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 half year ended 31 August 2022

	INFLATION ADJUSTED				
	Share capital and share premium ZW\$'000	Retained earnings / (Accumulated losses) ZW\$ '000	Other reserves ZW\$ '000	Attributable to equity holders of the entity ZW\$'000	Non-controlling interest ZW\$'000
Balance at 1 March 2021 (Audited)	390,770	(8,086,396)	36,908,137	29,212,511	(655,723)
Profit for the period	-	(2,059,359)	-	(2,059,359)	(490,798)
Total comprehensive income	-	(2,059,359)	-	(2,059,359)	(490,798)
Transfer out of reserves	-	-	(258,851)	(258,851)	-
Balance at 31 August 2021 (Reviewed)	390,770	(10,145,755)	36,649,286	26,894,301	(1,146,521)
Balance at 1 March 2022 (Audited)	390,770	(8,421,400)	39,925,153	31,894,523	(84,649)
Profit/ (loss) for the period	-	15,431	-	15,431	(506,711)
Other comprehensive income	-	-	6,919,506	6,919,506	(22,056)
Total comprehensive income	-	15,431	6,919,506	6,934,937	(528,767)
Acquisition of subsidiaries	-	285,940	195,825	481,765	-
Transfer out of reserves	-	-	(3,303)	(3,303)	-
Balance at 31 August 2022 (Reviewed)	390,770	(8,120,029)	47,037,181	39,307,922	(613,416)

	HISTORICAL COST*				
	Share capital and share premium ZW\$'000	Retained earnings / (Accumulated losses) ZW\$ '000	Other reserves ZW\$ '000	Attributable to equity holders of the entity ZW\$'000	Non-controlling interest ZW\$'000
Balance at 1 March 2021 (Unaudited)	2,591	(465,081)	3,116,902	2,654,412	150,462
Profit for the year	-	928,886	-	928,886	8,788
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss) / income for the year	-	928,886	-	928,886	8,788
Purchase of Treasury Shares	-	-	(67,233)	(67,233)	-
Balance at 31 August 2021 (Unreviewed)	2,591	463,805	3,049,669	3,516,065	159,250
Balance at 1 March 2022 (Unaudited)	2,591	1,229,712	5,902,755	7,135,058	400,432
Profit for the period	-	729,657	-	729,657	93,747
Other comprehensive income	-	-	14,700,933	14,700,933	16,309
Total comprehensive income	-	729,657	14,700,933	15,430,590	110,056
Acquisition of subsidiaries	-	55,333	89,651	144,984	-
Transfer out of reserves	-	(1,252)	(2,778)	(4,030)	-
Balance at 31 August 2022 (Unreviewed)	2,591	2,013,450	20,690,561	22,706,602	510,488

*The historical cost financial results have been presented as supplementary information, in line with the PAAB's recommendation set out in Pronouncement 01/2019. The reviewed inflation adjusted results represent the primary financial information required by IAS 29.

Abridged Consolidated Segment Information For the half year ended 31 August 2022

	INFLATION ADJUSTED				
	Mobile Money ZW\$'000	Digital Bank ZW\$'000	InsurTech ZW\$'000	Other Segments ZW\$'000	Eliminations ZW\$ '000
Half year ended 31 August 2022 (Reviewed)					
Revenue	20,420,916	17,316,883	6,825,716	2,643,829	(1,851,176)
Depreciation, amortisation and impairment	(1,729,412)	(639,422)	(173,194)	(551,575)	(161)
Segment profit	(4,863,603)	5,781,207	(4,881,500)	5,362,362	(1,889,746)
Segment assets	38,146,552	72,079,419	12,388,177	57,310,345	(62,438,204)
Segment liabilities	22,483,027	40,767,464	7,494,527	23,938,851	(15,892,086)
Half year ended 31 August 2021 (Reviewed)					
Revenue	24,242,784	11,114,338	6,397,733	2,254,229	(1,479,389)
Depreciation, amortisation and impairment	(1,340,482)	(681,611)	(460,552)	(511,423)	-
Segment profit	4,916,692	1,366,479	(4,575,250)	(535,216)	(3,722,863)
Segment assets	49,156,071	97,276,476	13,100,129	51,717,455	(65,616,198)
Segment liabilities	32,398,993	83,633,774	9,243,805	17,236,976	(22,627,395)
Year ended 28 February 2022 (Audited)					
Segment assets	43,674,770	78,795,032	17,715,715	55,092,776	(64,442,053)
Segment liabilities	24,255,885	54,605,612	7,668,558	28,375,974	(15,879,663)

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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Reviewed Abridged Consolidated Financial Statements For the half year ended 31 August 2022

Abridged Consolidated Segment Information (continued)
For the half year ended 31 August 2022

	HISTORICAL COST*					
	Mobile Money ZW\$'000	Digital Bank ZW\$'000	InsurTech ZW\$'000	Other Segments ZW\$'000	Eliminations ZW\$ '000	Total ZW\$'000
Half year ended 31 August 2022 (Unreviewed)						
Revenue	13,429,997	7,947,776	4,925,592	1,728,259	(815,559)	27,216,065
Depreciation, amortisation and impairment	(632,846)	(364,103)	(62,914)	(61,621)	-	(1,121,484)
Segment profit/ (loss)	417,535	12,728,067	477,116	(10,051,280)	(2,748,035)	823,404
Segment assets	33,317,997	63,728,595	11,178,546	9,983,286	(18,555,701)	99,652,723
Segment liabilities	21,534,015	39,326,786	7,036,020	24,430,896	(15,892,084)	76,435,633
Half year ended 31 August 2021 (Unreviewed)						
Revenue	5,821,615	2,765,408	1,536,761	547,690	(363,623)	10,307,851
Depreciation, amortisation and impairment	(295,007)	(150,670)	(89,332)	(48,019)	-	(583,028)
Segment profit	1,204,230	263,561	202,257	(572,950)	(159,425)	937,673
Segment assets	11,627,551	23,906,188	3,250,152	2,130,000	(7,120,463)	33,793,428
Segment liabilities	8,291,987	21,674,817	1,733,561	4,350,256	(5,932,508)	30,118,113
Year ended 28 February 2022 (Unaudited)						
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

*The historical cost 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 half year ended 31 August 2022

1. GENERAL INFORMATION

Corporate 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 interim 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);
- Econet Insurance (Private) Limited – (short-term insurance);
- Econet Services (Private) Limited – (on-demand services, e-commerce, farming technology and digital education services);
- Maisha Health Fund (Private) Limited – (medical aid services provider); and
- MARS (Private) Limited – (medical air and road rescue service provider);

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.

These interim 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 cost 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 IAS 29 and these have been reviewed by the auditors.

2. STATEMENT OF COMPLIANCE

The Group prepares consolidated financial statements with the aim to fully comply with International Financial Reporting Standards ("IFRSs"), which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC"). Compliance with IFRSs is intended to achieve consistency and comparability of financial statements.

Given the impact of non-compliances with IFRS13, 'Fair value measurement' and IAS1, 'Presentation of financial statements' only partial compliance has been achieved for the 6 months ended 31 August 2022. Consequently, the Directors advise users of these half year abridged consolidated financial statements to exercise caution.

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 6 months ended 31 August 2022.

These interim 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

3.1 Basis of preparation and consolidation

The underlying interim consolidated financial statements have been prepared, to the extent legally possible, in accordance with IFRSs applicable to interim financial reporting and 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. They are based on accounting policies which have been consistently applied and modified where necessary by the impact of new and revised IFRSs, unless otherwise stated. The condensed consolidated financial statements comprise the financial results of the Company and its subsidiaries as at 31 August 2022.

Notes to the abridged consolidated financial statements (continued)
For the half year ended 31 August 2022

3. ACCOUNTING POLICIES (CONTINUED)

3.2 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 as a result the auditors have not reviewed the historical cost information.

The conversion factors used to restate the underlying historical cost numbers for the consolidated financial statements for the 6 months period ended 31 August 2022 are as follows;

	CPI Index	Conversion Factor
31 August 2022	12,286.26	1.0000
28 February 2022	4,483.06	2.7406
31 August 2021	3,191.19	3.8501

Non-monetary assets and liabilities carried at historical 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.

4. INDEPENDENT AUDITOR'S REVIEW CONCLUSION

The interim consolidated financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A qualified review conclusion has been issued thereon, with respect to the following matters:

- Non-compliance with IFRS 13 (Fair value measurement) impacting valuation of property and equipment, investment property and unquoted shares;
- Non-compliance with IAS 1 (Presentation of Financial Statements) impacting separate disclosure of exchange gains and losses.

The auditor's review conclusion is available for inspection at the Ecocash Holdings Zimbabwe Limited's registered offices. The engagement partner responsible for the review was Mr Gilbert Gwatiringa PAAB Practice Certificate number 0475.

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 interim consolidated 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.

6 OTHER INFORMATION

	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2022 ZW\$ '000	Reviewed 31 August 2021 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000	Unreviewed 31 August 2021 ZW\$ '000
6.1 Revenue				
Revenue	47,207,344	44,009,084	28,031,624	10,671,474
Inter-segment revenue	(1,851,176)	(1,479,389)	(815,559)	(363,623)
Revenue from external customers	45,356,168	42,529,695	27,216,065	10,307,851
6.2 Earnings per share				
Weighted number of ordinary shares for the purposes of calculating basic, diluted and headline earnings per share ('000s)	2,590,577	2,590,577	2,590,577	2,590,577
Basic and diluted earnings per share (ZW\$ cents)	0.60	(79.49)	28.17	35.86
Headline earnings per share (ZW\$ cents)	(8.28)	(73.63)	15.85	35.91
Reconciliation of profit / (loss) used to calculate headline profit / (loss) per share:				
Profit / (loss) for the period attributable to ordinary shareholders of the parent	15,431	(2,059,360)	729,657	928,885
Adjustment for capital items, net of tax: (Loss)/ profit on disposal of property and equipment	(234,478)	151,776	(323,559)	1,336
Write off of property and equipment	4,594	-	4,594	-
Headline (loss) / earnings attributable to ordinary shareholders of the parent	(214,453)	(1,907,584)	410,692	930,221

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

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



Reviewed Abridged Consolidated Financial Statements For the half year ended 31 August 2022

Notes to the abridged consolidated financial statements (continued) For the half year ended 31 August 2022

7. FINANCIAL INSTRUMENTS

Financial instruments in the condensed consolidated statement of financial position include equity investments that are measured at 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
At 31 August 2022				
Investment in Financial Assets	6,361,435	5,795,679	-	565,756
	6,361,435	5,795,679	-	565,756
At 28 February 2022				
Investment in Financial Assets	16,742,045	16,287,445	-	454,600
	16,742,045	16,287,445	-	454,600

	HISTORICAL COST*			
	Total ZW\$ '000	Level 1 ZW\$ '000	Level 2 ZW\$ '000	Level 3 ZW\$ '000
At 31 August 2022				
Investment in Financial Assets	6,361,435	5,795,679	-	565,756
	6,361,435	5,795,679	-	565,756
At 28 February 2022				
Investment in Financial Assets	6,108,898	5,943,022	-	165,876
	6,108,898	5,943,022	-	165,876

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

8. MOBILE MONEY TRUST 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.

Notes to the abridged consolidated financial statements (continued) For the half year ended 31 August 2022

9. 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.

Macroeconomic uncertainties characterised by hyperinflation, rapid changes in policies and challenges in accessing foreign currency 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.

The Directors have assessed the ability of the Group to continue operating as a going concern subsequent to the date of authorisation of the half year interim consolidated financial statements. The Directors believe that the preparation of these financial statements on a going concern basis remains appropriate.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Balances

	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2022 ZW\$ '000	Audited 28 February 2022 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000	Unaudited 28 February 2022 ZW\$ '000
Amounts owed to related party companies comprise of the following:				
Long-term payables	14,897,640	9,003,381	14,897,640	3,285,186
Inter-company trade payables	634,726	2,637,975	634,726	962,554
	15,532,366	11,641,356	15,532,366	4,247,740

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

11. EVENTS AFTER REPORTING DATE

There were no significant events subsequent to the period end requiring adjustment or disclosure.



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED

REPORT ON THE REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the interim consolidated financial statements of EcoCash Holdings Zimbabwe Limited (the "Company") and its subsidiaries (together the "Group"), contained in the accompanying report which comprise the interim consolidated statement of financial position as at 31 August 2022, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six months then ended, and the explanatory information to the interim consolidated financial statements (together, "the interim financial information"). The Directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards and Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019 requirements.

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

(i) Non-compliance with IFRS 13: "Fair value measurement"

(a) Valuation of property & equipment and investment property

At the reporting date, the carrying amount of the Group's property & equipment and investment property was ZWL26 246 993 635 (February 2022: ZWL 26 524 647 705) and ZWL12 831 372 137 (February 2022: ZWL 5 176 327 434) respectively. In prior and current periods, the Group engaged an external valuer who valued property & equipment and investment property in USD and converted values to ZWL using the Reserve Bank of Zimbabwe (RBZ) auction exchange rates.

The use of the RBZ auction exchange rates might not give a reasonable indication of fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", ("IFRS 13"). IFRS 13 paragraph 2 defines fair value as 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 (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the RBZ auction exchange rates would be the price at which a ZWL denominated transaction would occur.

Consequently, we were unable to determine whether adjustments to the carrying amounts of property and equipment, investment property, revaluation surplus, fair value gains and related deferred tax balances and movements were appropriate in these circumstances. However, the misstatements are likely to be material to the interim financial information.

(b) Valuation of unquoted investments

The Group had unquoted investments measured at fair value through profit or loss with a carrying amount of ZWL565 418 627 (February 2022: ZWL586 488 400) at the reporting date. The fair values were determined in USD and translated to ZWL using internally determined exchange rates. The use of the internally determined exchange rates results in inconsistencies as all other foreign denominated transactions and balances were converted using the RBZ auction exchange rates.

We were also unable to obtain adequate and appropriate audit evidence that the ZWL equivalent after translating from USD using the internally generated exchange rates represents fair value as defined in IFRS 13. Consequently, we could not quantify the extent of the resultant misstatements in fair value gains, unquoted investments and the related deferred tax movements and closing deferred tax balances. However, the misstatements are likely to be material to the interim financial information.

(ii) Non-compliance with IAS 1: Presentation of financial statements

The interim consolidated statement of profit or loss and other comprehensive income and related notes include net exchange gains of ZWL10,031,870,000 (August 2021: exchange loss of ZWL283,392,000) which are presented on a net basis. Presentation of this account on a net basis is a non-compliance with IAS 1 which requires exchange gains and losses to be disaggregated and disclosed separately, when material. The net exchange gains and losses are material and hence should not have been presented on a net basis.

Qualified Conclusion

Based on our review, with the exception of the matters described in paragraphs (i) and (ii) above, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not give a true and fair view of the financial position of the Group as at 31 August 2022, and of its financial performance and its cash flows for the six month then ended in accordance with International Financial Reporting Standards and the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019 requirements.

The engagement partner on the review resulting in this review conclusion is Gilbert Gwatiringa.

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BDO Zimbabwe Chartered Accountants
3 Baines Avenue
Harare

Gilbert Gwatiringa CA(Z)
Partner
PAAB No. 0475
Registered Public Auditor

10 November 2022