

SECOND CAUTIONARY ANNOUNCEMENT RELATING TO THE APPROXIMATELY US\$30.3 MILLION RENOUNCEABLE RIGHTS OFFER OF ECOCASH HOLDINGS ZIMBABWE LIMITED SHARES.

EcoCash

HOLDINGS ZIMBABWE LIMITED

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

ZSE Alpha Code: EHZL.zw ISIN ZW0009012437

(EcoCash Holdings or the Company)

1 INTRODUCTION

1.1 This Second Cautionary Announcement contains the details of the proposed Rights Offer referred to in our initial Cautionary Announcement that was published on the 5th of April 2023.

2 PURPOSE OF THE RIGHTS OFFER

2.1 The purpose of the Rights Offer is to raise approximately USD30.3 million required to redeem the Debentures in the Capital of EcoCash Holdings Zimbabwe Limited (“the Company”) that have a Maturity Date of 30 April 2023.

3 RATIONALE OF THE PROPOSED RIGHTS OFFER

3.1 There are competing needs for the foreign currency component of the revenues generated by the Company with the highest priority being given to the financing of the upgrade and maintenance of the digital platforms in use by the Company.

3.2 The Company is not able to secure foreign currency for purposes of redeeming the Debentures from the auction. Therefore, the only available option is to raise the required foreign currency from members through the Rights Offer.

3.3 If the proposed Rights Offer is not made, the Company will be faced with the risk of defaulting on its Debenture maturity obligations. This will damage the Company’s prospects of accessing future loan facilities.

4 TERMS AND CONDITIONS OF THE PROPOSED RIGHTS OFFER

The following is a summary of the principal terms and conditions of the Rights Issue.

Issue Price:	The Rights Offer Price will be based on a 30-day volume weighted average traded price (“VWAP”) of the shares of the Company as at the last practicable date converted to US Dollars using the official rate, less a discount to cushion members from exchange losses arising on the conversion of Zimbabwe Dollars to United States Dollars upon any future disposal of the shares due to the shortage of Foreign Currency. The shortage of foreign currency in Zimbabwe has resulted in a parallel market for United States Dollars that trades at a premium to the official Exchange Rate as acknowledged by the Reserve Bank of Zimbabwe on page 16 of its Monetary Policy Statement dated 2 February 2023. The final discount will be determined at the time of launching the offer based on market conditions at that time.
Amount to be raised:	US\$ 30,319,771
Purpose of the Rights Offer:	The estimated net proceeds from the Rights Issue will be used to redeem the Debentures in terms of the Circular under which the Debentures were created and in terms of the Debenture Trust Deed.
Opening date of Rights Offer:	To be fixed in relation to the timing of the regulatory approvals to which the proposed Rights Offer will be conditional.
Closing date of Rights offer:	To be fixed in terms of the Listing Rules and in relation to the timing of the regulatory approvals to which the proposed Rights Offer will be conditional.
Currency to be used to subscribe for the Rights Offer Shares:	Shareholders are being given the option to subscribe for the Rights Offer Shares in United States Dollars or using the Econet Wireless Zimbabwe Limited Debentures that they hold. The price of the Debentures at the redemption date is US\$0.06252 per each Debenture held in terms of the Debenture Register as of the record date.
Ranking of the shares:	Once issued, the New EcoCash Holdings Shares will rank <i>pari passu</i> in all respects with the existing issued Shares.
Governing Law:	Laws of Zimbabwe

5 UNDERTAKINGS AND UNDERWRITING

5.1 The major shareholders have committed to following their rights, leaving an amount of approximately USD18 million to be raised from the other shareholders.

5.2 To provide certainty regarding the outcome of the Rights Offer, TN Asset Management (Private) Limited has entered into an Underwriting Agreement with the Company (“Underwriting Agreement”) to underwrite the USD18 million.

6 CONDITIONS PRECEDENT

The implementation of the Rights Offer is subject to the following conditions precedent being fulfilled:

6.1 Approval of the Circular to Shareholders referred by the Listing Committee of the ZSE;

6.2 Passing of the necessary Resolutions by EcoCash Holdings Shareholders required to implement the Rights Offer;

6.3 Approval by the ZSE of the listing of the Rights Issue Shares; and

6.4 EcoCash Holdings obtaining necessary Exchange Control approvals from the Reserve Bank of Zimbabwe.

7 POSTING OF CIRCULAR

7.1 The Directors are currently engaging the Regulators to get approvals to publish the Circular and to convene an Extraordinary General Meeting of Members to approve the proposed Rights Offer.

7.2 The Circular incorporating the Notice of the Extraordinary General Meeting and setting out full details of the Rights Offer, will be posted to EcoCash Holdings shareholders of record in due course.

7.3 The form of instructions in respect of the Letters of Allocation to be attached to the Rights Offer Circular shall include the number of new ordinary shares to which Shareholders are entitled to subscribe, based on the ordinary shares already owned by Shareholders and a detailed explanation of the options available to Shareholders.

7.4 Shareholders will also be notified in the press about the important dates and times relating to the Rights Offer.

8 MATURITY OF DEBENTURES BEFORE CLOSURE OF THE RIGHTS OFFER

8.1 Any Debentures that will mature prior to the closure of the Rights Offer may be presented to the Company for settlement by the Underwriter. The Debenture Holders who choose to wait for the closure of the Rights Offer shall be paid interest at the rate that applies to the Debentures from the Maturity Date to the date of payment.

By Order of the Board



Mrs. C R Daniels
Group Company Secretary

27 April 2023

Lead-Financial Advisors



Transfer Secretaries



Legal Advisor



Sponsoring Broker



Independent Financial Advisor



Reporting Accountants & Auditors



Exchange Control Advisor



Underwriter



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.