

# EcoCash

HOLDINGS 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 2023



*Digitally  
Empowering People*

### HIGHLIGHTS

#### Key Performance Indicators

**Revenue**

**ZW\$101.25 billion**

**↑ 5%**

**Loss before tax**

**(ZW\$2.82 billion)**

**Total assets**

**ZW\$198.11 billion**

**↑ 28%**

**Total Equity**

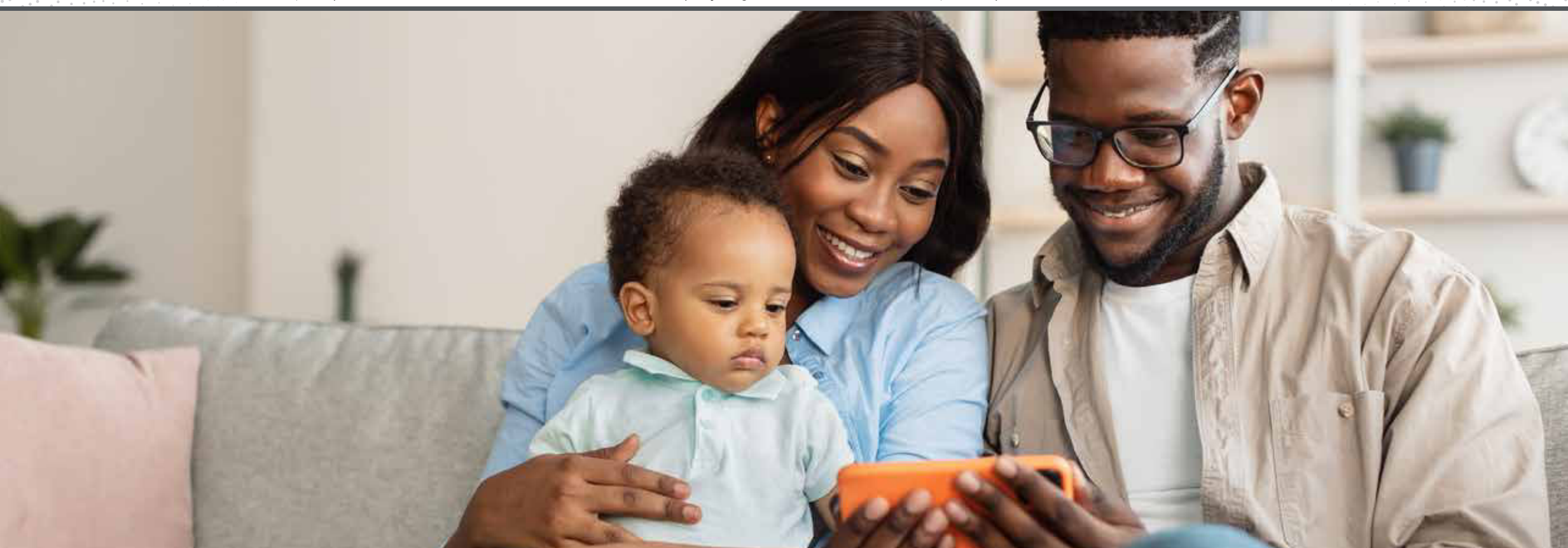
**ZW\$53.03 billion**

**↑ 41%**



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## Audited Abridged Consolidated Financial Statements For the year ended 28 February 2023

### Chairperson's statement

#### INTRODUCTION

The Group continued to focus on innovation and deployment of digital solutions to drive its strategy of meeting the ever-changing customer needs. The operating environment remains challenging but, we continue to leverage on our wide product base and digital solutions for the convenience of our customers.

#### OPERATIONS REVIEW

##### Mobile Money Services

We introduced the EcoCash United States Dollar (USD) wallet during the year as we consolidated our participation in the USD economy which, according to official reports as of January 2023, accounted for 76% of expenditure. We are encouraged by the growth in customers, volume and value transacted. The reduction of Intermediated Money Transfer Tax (IMTT) on USD domestic money transfer transactions from 4% to 2% effective 1 January 2023, has helped in the adoption and use of USD on digital money transfer services. We are continuously improving access and convenience for our customers by growing our distribution footprint across the country.

We launched the EcoCash Junior wallet, a mobile wallet for children between the ages of 9 and 18, aimed at improving financial literacy and financial inclusion. This product is experiencing steady growth and will be key in the growth of our subscriber base in the future. Over the period, we launched the EcoCash Chatbot, an Artificial Intelligence (AI) powered virtual assistant that handles customer service queries. To date, this AI powered virtual assistant has provided services to over 381,000 customers. We also launched Bill Manager, an integrated bill payments platform for all major billers. Bill Manager has helped to improve our customers' experience and real time account settlement to regular billers through EcoCash. We have integrated with local municipalities, insurance players for premium collections, universities, credit stores, retailers and utilities. This is part of our plan to implement digital solutions to enhance our value proposition, reduce customer pain points, and improve financial inclusion.

##### Banking Services

Steward Bank has continued to grow its USD interest earning assets particularly in the corporate sector. This was coupled with an increase in FCA accounts which grew by 34%. Our bank moved to capture a share of the growing domestic and international remittance market with the opening of The Eastgate Remittance Centre, a dedicated remittance facility for our customers to access funds sent to them from within and outside of Zimbabwe. The bank is now focused on phase 2 of our digital transformation journey which will see increased automation of systems and processes as well as enhanced capacity to launch innovative products. We are also expanding our Point-Of-Sale (POS) network through the deployment of multicurrency POS solutions to our merchant partners nationwide.

##### Insurtech Services

In our life insurance business, EcoSure, we have also continued to innovate and add new value adding products to remain relevant to our customers in the fast-changing operating climate. During the year, we launched the 'Dura Pension Scheme', aimed at the informal sector to ensure broad-based inclusion of all workers in retirement planning. We also launched 'Data Life Cover', a new product that allows customers to get funeral cover as they purchase Econet data products. Bundled services with strategic partners will be key in driving growth in the future. The adoption of the USD packages has allowed the business to enhance life cover through assured USD benefits.

Moovah, the short-term insurance business, embarked on a distribution network expansion project which to date has seen the business expanding to over 250 locations. This has further improved access and convenience for our customers across the country. We are happy with the improvements in the claims process and overall service delivery as evidenced by growth in total policyholders.

Through the health insurance business, Maisha Health Fund, we launched a micro insurance product, MaishaCare, an affordable healthcare package for those that previously had no health cover. The product is riding on digital rails to onboard customers, with no requirement to complete physical forms.

##### Other business segments

Our digital platforms business, Vaya Technologies, continues to focus on and drive the anchor units in Healthtech, Agritech and On Demand Services. We continue to develop and refine our products in these sectors to fully harness and realize the potential we see in them. As we progress into the next year and beyond, we believe we will be able to increase contribution from these emergent businesses to the broader EcoCash Holdings Group performance.

#### FINANCIAL PERFORMANCE

The financial review is based on inflation adjusted financial statements which are the primary financial statements. Historical cost financial statements have been presented as supplementary information. In order to comply with International Financial Reporting Standard 29 - "Financial Reporting in Hyperinflationary Economies" in the preparation of its consolidated financial statements, the Group estimated and applied Inflation Rates for February 2023 based on the Total Consumption Poverty Line published by ZIMSTAT. The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. The Directors caution users of the financial statements on the usefulness of these reported financial statements, considering distortions that arise when reporting in a hyperinflationary economy.

EcoCash Holdings recorded revenue of ZW\$101.3b for the period, compared to ZW\$96.8b in FY22, a 5% increase from prior year. Whilst the regulatory restrictive limits on the Mobile Money business, as well as the general cash economy on the USD transactions put pressure on the revenue numbers, significant

growth has been noted in transaction volumes and values following the reduction in IMTT from 4% to 2% in January 2023. 78% of our revenue was driven by the Fintech business followed by Insurtech at 17% and lastly Digital Platforms at 5%, in line with the prior year's performance. The Group achieved an EBITDA margin of 7% against 18% in the prior year mainly due to the pressure on costs due to the prevailing operating environment. The exchange losses related to the debentures amounted to \$30.1 billion for the year under review.

The Board initiated a capital raising process to facilitate redemption of the Company's debentures which matured at the end of April 2023. A Renounceable rights offer of US\$30.3 million of new ordinary shares in the Capital of the Company is under consideration.

The business has competing needs for the limited foreign currency generated by the Company with priority being given to the financing of the upgrade and maintenance of the digital platforms in use by the Group.

As the Company is unable to secure foreign currency for purposes of redeeming the debentures from the auction, the only available option is to raise the required foreign currency from members through the renounceable rights offer.

#### DIVIDEND DECLARATION

Given the challenging operating environment, the need to conserve capital to support the business recovery efforts and redemption of the Company's debentures, the Directors do not recommend declaration of a dividend for the period under review.

#### SUSTAINABILITY

EcoCash Holdings is dedicated and committed to enhance the positive development of the communities in which we operate. Through community investment focused on three pillars, education; global health; and rural transformation and sustainable livelihoods, the Group seeks to improve the quality of life for the financially excluded and the vulnerable members in our communities. Through our sustainability implementation partners, Higherlife Foundation, we continue to invest in improving the quality of education by providing training programs for educators. As part of efforts to strengthen early childhood development and improve the quality of education for foundation phase learners, we provided literacy and numeracy training to more than 1 300 foundation phase educators across the ten provinces in Zimbabwe. More than 3 400 educators were trained on foundational learning methodologies, positively impacting 173 600 students.

Higherlife Foundation, working closely with the Ministry of Health and Child Welfare, is the implementation partner for key projects dealing in the areas of Maternal & Neonatal Health, Neglected Tropical Diseases, Cholera Elimination, and Disaster Relief and Preparedness under the Global Health Program. Interventions have included technical support, training and provision and maintenance of hospital equipment. Following the placement of critical care equipment in 16 hospitals and the training of maternal health staff in Zimbabwe in prior periods, the year was focused on strengthening the equipment maintenance and systems. To achieve this, technicians were assigned to different hospitals for efficient equipment monitoring and maintenance. Census results indicated a marked decline in maternal and neonatal mortality rates.

Our long-term sustainability is built on strong Environmental, Social and Governance risk management methodology, regulatory compliance, and ethical conduct. The business has adopted the revised Global Reporting Initiative (GRI) sustainability reporting standards that establish a high level of openness for effects on the economy, environment, and people. These changes make reporting more pertinent and consistent, with the full alignment with intergovernmental instruments, as stated by the UN and Organisation for Economic Co-operation and Development (OECD), for due diligence on sustainability impacts, including those on human rights.

#### BUSINESS OUTLOOK

While the business environment remains challenging, the Group is committed to delivering value to all its stakeholders. In line with our growth ambitions, we are actively looking at scaling our various businesses, enhancing the product offering and diversification of our products. The Group continues to scout the local and regional markets for strategic opportunities which complement our vision of a digitally connected future that leaves no Zimbabwean behind.

#### 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.

I would also like to extend my gratitude to the EcoCash Holdings staff, management, executive team and my fellow Directors for their passion, commitment, and dedication to achieving a high-performance and innovative culture in our business.

Finally, to our regulators and the various governmental authorities with whom we continuously consult, I would like to say that we greatly appreciate their support and willingness to engage with us.

#### On behalf of the Board

Sherree Shereni  
Board Chairperson

30 May 2023



# EcoCash HOLDINGS

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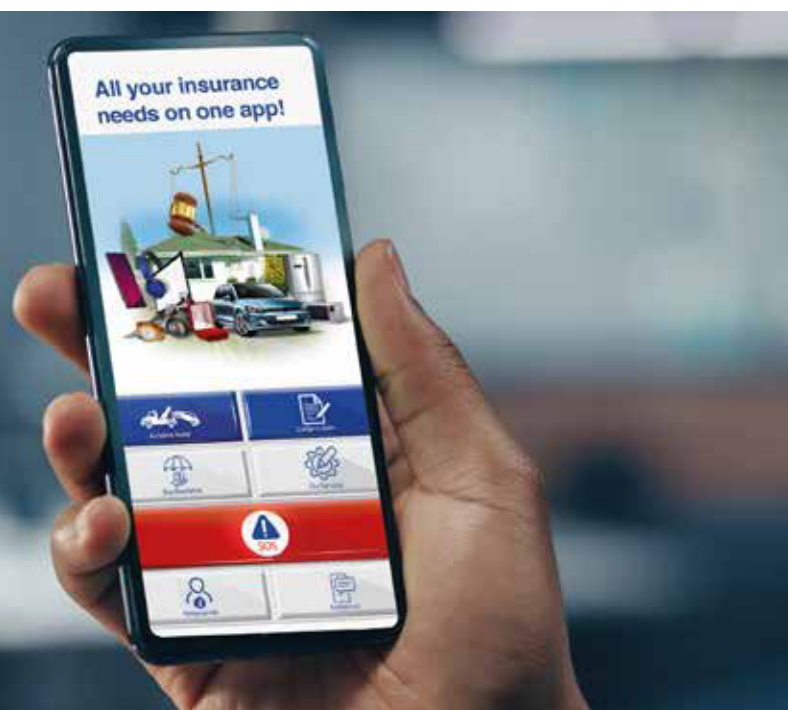
## Audited Abridged Consolidated Financial Statements For the year ended 28 February 2023

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

For the year ended 28 February 2023

| Notes   | INFLATION ADJUSTED |                   | HISTORICAL*       |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | 2023<br>ZW\$'000   | 2022<br>ZW\$'000  | 2023<br>ZW\$'000  | 2022<br>ZW\$'000  |
| <b>Revenue</b>  | <b>101,249,592</b> | <b>96,759,866</b> | <b>77,300,246</b> | <b>22,719,851</b> |
| - Interest revenue calculated using the effective interest method   | 12,649,314         | 8,549,334         | 10,073,284        | 2,079,540         |
| - Non-interest revenue  | 88,600,278         | 88,210,532        | 67,226,962        | 20,640,311        |
| Cost of sales and external services rendered  | (18,543,200)       | (27,036,976)      | (14,263,157)      | (6,404,430)       |
| Impairment on financial assets charge: expected credit loss allowances on loans and advances to bank customers  | (1,241,669)        | (259,679)         | (1,241,669)       | (54,681)          |
| <b>Gross profit</b>   | <b>81,464,723</b>  | <b>69,463,211</b> | <b>61,795,420</b> | <b>16,260,740</b> |
| Other income  | 9,370,641          | 13,606,204        | 23,113,541        | 5,352,888         |
| Other expenses  | (7,069,640)        | (6,271,633)       | (1,223,436)       | (1,939,918)       |
| General administrative expenses:  | (66,971,164)       | (59,768,986)      | (47,362,515)      | (13,362,273)      |
| - Administration expenses   | (58,793,968)       | (50,472,237)      | (45,283,144)      | (12,196,505)      |
| - Impairment on financial assets charge: expected credit loss allowances on items other than loans and advances | (5,447,754)        | (2,640,042)       | (6,142,598)       | (595,617)         |
| - Depreciation, amortisation and impairment   | (12,492,539)       | (8,302,557)       | (4,680,821)       | (1,210,737)       |
| - Foreign exchange gains / (losses) arising from items other than debenture related liabilities                 | 9,763,097          | 1,645,850         | 8,744,048         | 640,586           |
| Marketing and sales expenses  | (12,468,428)       | (6,232,531)       | (9,299,913)       | (1,498,765)       |
| Foreign exchange losses arising from debenture related liabilities  | (30,091,242)       | (4,008,166)       | (20,884,364)      | (1,061,072)       |
| Gain on net monetary position   | 25,886,560         | 6,293,248         | -                 | -                 |
| <b>Profit before net finance costs</b>  | <b>121,450</b>     | <b>13,081,347</b> | <b>6,138,733</b>  | <b>3,751,600</b>  |
| Finance income  | 52,125             | 51,164            | 46,860            | 12,800            |
| Finance costs   | (2,992,170)        | (1,254,111)       | (2,538,079)       | (285,470)         |
| <b>(Loss) / profit before taxation</b>  | <b>(2,818,595)</b> | <b>11,878,400</b> | <b>3,647,514</b>  | <b>3,478,930</b>  |
| Income tax expense  | (1,942,856)        | (7,580,336)       | (2,694,001)       | (1,568,775)       |
| <b>(Loss) / profit for the year</b>   | <b>(4,761,451)</b> | <b>4,298,064</b>  | <b>953,513</b>    | <b>1,910,155</b>  |
| <b>(Loss) / profit for the year attributable to:</b>  | <b>(4,761,451)</b> | <b>4,298,064</b>  | <b>953,513</b>    | <b>1,910,155</b>  |
| Equity holders of EcoCash Holdings Zimbabwe Limited   | (3,859,038)        | 3,631,998         | 866,650           | 1,671,487         |
| Non-controlling interest  | (902,413)          | 666,066           | 86,863            | 238,668           |
| <b>Other comprehensive income for the year</b>  |                    |                   |                   |                   |
| <b>Items that may not to be reclassified to profit or loss</b>  |                    |                   |                   |                   |
| Gain arising on revaluation of property and equipment   | 26,668,419         | 6,839,162         | 38,750,465        | 4,113,592         |
| Taxation effect of other comprehensive income   | (6,575,923)        | (1,699,810)       | (9,495,353)       | (1,000,917)       |
| <b>Other comprehensive income for the year, net of tax</b>  | <b>20,092,496</b>  | <b>5,139,352</b>  | <b>29,255,112</b> | <b>3,112,675</b>  |
| <b>Total comprehensive income for the year</b>  | <b>15,331,045</b>  | <b>9,437,416</b>  | <b>30,208,625</b> | <b>5,022,830</b>  |
| <b>Other comprehensive income attributable to:</b>  |                    |                   |                   |                   |
| Equity holders of EcoCash Holdings Zimbabwe Limited   | 19,923,961         | 5,131,719         | 28,973,204        | 3,101,373         |
| Non-controlling interest  | 168,535            | 7,633             | 281,908           | 11,302            |
| <b>Total comprehensive income attributable to:</b>  | <b>15,331,045</b>  | <b>9,437,416</b>  | <b>30,208,625</b> | <b>5,022,830</b>  |
| Equity holders of EcoCash Holdings Zimbabwe Limited   | 16,064,923         | 8,763,717         | 29,839,854        | 4,772,860         |
| Non-controlling interest  | (733,878)          | 673,699           | 368,771           | 249,970           |
| <b>Basic and diluted (loss) / earnings per share (ZW\$)</b>   | <b>7 (1.490)</b>   | <b>1.402</b>      | <b>0.335</b>      | <b>0.645</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 Financial Position

As at 28 February 2023

| Notes  | INFLATION ADJUSTED |                    | HISTORICAL*        |                   |
|--|--------------------|--------------------|--------------------|-------------------|
|  | 2023<br>ZW\$'000   | 2022<br>ZW\$'000   | 2023<br>ZW\$'000   | 2022<br>ZW\$'000  |
| <b>ASSETS</b>  |                    |                    |                    |                   |
| Intangible assets                                      | 9,522,039          | 9,607,057          | 1,181,335          | 684,994           |
| Property and equipment                                 | 45,113,496         | 31,289,688         | 43,232,014         | 8,490,288         |
| Right of use assets                                    | 707,331            | 464,127            | 421,275            | 43,306            |
| Investment properties                                  | 22,100,747         | 6,106,233          | 22,100,747         | 1,888,757         |
| Inventory  | 1,806,188          | 2,555,925          | 730,666            | 115,592           |
| Amounts owed by related party companies                | 151,802            | 388,871            | 151,802            | 120,284           |
| Trade and other receivables                            | 27,538,760         | 22,263,334         | 22,749,189         | 5,953,961         |
| Loans and advances to bank customers                   | 27,948,416         | 21,600,879         | 27,948,416         | 6,681,503         |
| Treasury bills and government bonds                    | 12,227,859         | 18,892,512         | 12,227,859         | 5,843,761         |
| Financial assets at fair value through profit and loss | 8 10,660,257       | 19,749,683         | 10,660,257         | 6,108,898         |
| Assets held for sale                                   | 44,149             | 1,688              | 44,149             | 522               |
| Mobile money trust bank balances - restricted balances | 18,473,663         | 17,502,430         | 18,473,663         | 5,413,786         |
| Cash and cash equivalents                              | 21,812,504         | 3,917,993          | 21,812,504         | 1,211,899         |
| <b>Total assets</b>                                    | <b>198,107,211</b> | <b>154,340,420</b> | <b>181,733,876</b> | <b>42,557,551</b> |
| <b>EQUITY AND LIABILITIES</b>                          |                    |                    |                    |                   |
| <b>Capital and reserves</b>                            |                    |                    |                    |                   |
| Share capital and share premium                        | 460,972            | 460,972            | 2,591              | 2,591             |
| (Accumulated losses) / retained earnings               | (15,879,644)       | (9,934,269)        | 2,023,738          | 1,229,712         |
| Other reserves   | 67,010,323         | 47,097,538         | 34,840,150         | 5,902,755         |
| Non-controlling interest                               | 1,441,948          | (99,856)           | 1,045,718          | 400,432           |
| <b>Total equity</b>                                    | <b>53,033,599</b>  | <b>37,524,385</b>  | <b>37,912,197</b>  | <b>7,535,490</b>  |
| <b>Liabilities</b>                                     |                    |                    |                    |                   |
| Deferred tax liabilities                               | 8,488,447          | 7,190,262          | 7,572,077          | 1,498,199         |
| Lease liabilities                                      | 825,432            | 197,597            | 825,432            | 61,120            |
| Provisions   | 2,125,940          | 4,794,336          | 2,125,940          | 1,324,777         |
| Current tax liability                                  | 3,278,884          | 335,045            | 3,278,884          | 96,625            |
| Loans and borrowings                                   | 6,476,663          | 13,144,311         | 6,476,663          | 4,065,749         |
| Amounts owed to related party companies                | 31,999,814         | 13,732,676         | 31,999,814         | 4,247,740         |
| Trade and other payables                               | 27,297,106         | 18,635,283         | 26,961,543         | 5,544,224         |
| Mobile money trust liabilities                         | 9 18,473,663       | 17,502,430         | 18,473,663         | 5,413,786         |
| Deposits due to banks and customers                    | 46,107,663         | 41,284,095         | 46,107,663         | 12,769,841        |
| <b>Total liabilities</b>                               | <b>145,073,612</b> | <b>116,816,035</b> | <b>143,821,679</b> | <b>35,022,061</b> |
| <b>Total equity and liabilities</b>                    | <b>198,107,211</b> | <b>154,340,420</b> | <b>181,733,876</b> | <b>42,557,551</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 2023

|  | INFLATION ADJUSTED  |                     | HISTORICAL*        |                    |
|--|---------------------|---------------------|--------------------|--------------------|
|  | 2023<br>ZW\$'000    | 2022<br>ZW\$'000    | 2023<br>ZW\$'000   | 2022<br>ZW\$'000   |
| <b>Operating activities</b>  |                     |                     |                    |                    |
| Cash generated from operations   | 33,655,893          | 14,856,615          | 46,660,873         | 6,209,526          |
| Income tax paid  | (4,089,256)         | (6,391,685)         | (2,971,837)        | (1,293,637)        |
| <b>Net cash flows generated from operating activities</b>                | <b>29,566,637</b>   | <b>8,464,930</b>    | <b>43,689,036</b>  | <b>4,915,889</b>   |
| <b>Investing activities</b>  |                     |                     |                    |                    |
| Investment income received   | 1,597               | 51,164              | 1,300              | 12,800             |
| Acquisition of investment property                                       | (1,917,638)         | -                   | (115,607)          | -                  |
| Proceeds on disposal of investment property                              | 244,097             | -                   | 80,270             | -                  |
| Acquisition of intangible assets   | (820,031)           | (1,472,470)         | (592,779)          | (397,774)          |
| Net acquisition of financial assets at fair value through profit or loss | (2,348,658)         | (3,346,743)         | (742,182)          | (790,417)          |
| Net (acquisition) / disposal of treasury bill and government bonds       | (3,377,771)         | (28,115,151)        | (6,691,795)        | (5,086,146)        |
| Proceeds from disposal of assets held for sale                           | 1,689               | 6,611               | 523                | 1,372              |
| Purchase of property and equipment                                       | (2,312,687)         | (5,777,404)         | (1,823,447)        | (1,552,550)        |
| Proceeds on disposal of property and equipment                           | 37,451              | 31,214              | 27,261             | 321                |
| <b>Net cash utilised in investing activities</b>                         | <b>(10,491,951)</b> | <b>(38,622,779)</b> | <b>(9,856,456)</b> | <b>(7,812,394)</b> |
| <b>Financing activities</b>  |                     |                     |                    |                    |
| Interest on lease liability paid   | (129,371)           | (1,254,111)         | (93,680)           | (285,470)          |
| Repayment of lease liabilities   | (145,554)           | (121,665)           | (144,401)          | (27,162)           |
| Proceeds from loans and borrowings                                       | 2,050,264           | -                   | 2,050,264          | -                  |
| Repayment of loans and borrowings  | (1,984,281)         | -                   | (1,984,281)        | -                  |
| Purchase of treasury shares  | -                   | (239,987)           | -                  | (70,670)           |
| <b>Net cashflows utilised in financing activities</b>                    | <b>(208,942)</b>    | <b>(1,615,763)</b>  | <b>(172,098)</b>   | <b>(383,302)</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>            | <b>18,865,744</b>   | <b>(31,773,612)</b> | <b>33,660,482</b>  | <b>(3,279,807)</b> |
| Cash and cash equivalents at the beginning of the year                   | 21,420,423          | 53,194,035          | 6,625,685          | 9,905,492          |
| <b>Cash and cash equivalents at the end of the year</b>                  | <b>40,286,167</b>   | <b>21,420,423</b>   | <b>40,286,167</b>  | <b>6,625,685</b>   |
| <b>Comprising:</b>   |                     |                     |                    |                    |
| Cash and cash equivalents - restricted                                   | 18,473,663          | 17,502,430          | 18,473,663         | 5,413,786          |
| Cash and cash equivalents - unrestricted                                 | 21,812,504          | 3,917,993           | 21,812,504         | 1,211,899          |
| <b>Cash and cash equivalents at the end of the year</b>                  | <b>40,286,167</b>   | <b>21,420,423</b>   | <b>40,286,167</b>  | <b>6,625,685</b>   |

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## Audited Abridged Consolidated Financial Statements For the year ended 28 February 2023

### Abridged Consolidated Statement of Changes in Equity

For the year ended 28 February 2023

|  | INFLATION ADJUSTED                          |                               |                            |  |                                      | Total<br>ZW\$'000  |
|--|---|-------------------------------|----------------------------|--|--------------------------------------|--------------------|
|  | Share capital and share premium<br>ZW\$'000 | Retained earnings<br>ZW\$'000 | Other reserves<br>ZW\$'000 | Attributable to equity holders of the entity<br>ZW\$'000 | Non-controlling interest<br>ZW\$'000 |                    |
| <b>Balance at 1 March 2021</b>   | <b>460,972</b>                              | <b>(16,519,281)</b>           | <b>43,184,692</b>          | <b>27,126,383</b>  | <b>(773,555)</b>                     | <b>26,352,828</b>  |
| Profit for the year  | -   | 3,631,998                     | -                          | 3,631,998  | 666,066                              | <b>4,298,064</b>   |
| <b>Other comprehensive income:</b>                                       | -   | -                             | <b>5,131,719</b>           | <b>5,131,719</b>   | <b>7,633</b>                         | <b>5,139,352</b>   |
| Revaluation of property and equipment                                    | -   | -                             | 6,831,529                  | 6,831,529  | 7,633                                | <b>6,839,162</b>   |
| Taxation effect of other comprehensive income                            | -   | -                             | (1,699,810)                | (1,699,810)  | -                                    | <b>(1,699,810)</b> |
| <b>Total comprehensive income</b>  | -   | <b>3,631,998</b>              | <b>5,131,719</b>           | <b>8,763,717</b>   | <b>673,699</b>                       | <b>9,437,416</b>   |
| <b>Transfers within and out of reserves</b>                              | -   | <b>2,953,014</b>              | <b>(1,218,873)</b>         | <b>1,734,141</b>   | -                                    | <b>1,734,141</b>   |
| Purchase of treasury shares  | -   | -                             | (239,987)                  | (239,988)  | -                                    | <b>(239,988)</b>   |
| Impact of change in measurement model of intangible assets to cost model | -   | 2,914,386                     | (978,886)                  | 1,935,501  | -                                    | <b>1,935,501</b>   |
| Restatement of equities at fair value through profit or loss             | -   | 38,628                        | -                          | 38,628   | -                                    | <b>38,628</b>      |
| <b>Balance at 28 February 2022</b>                                       | <b>460,972</b>                              | <b>(9,934,269)</b>            | <b>47,097,538</b>          | <b>37,624,241</b>  | <b>(99,856)</b>                      | <b>37,524,385</b>  |
| Loss for the year  | -   | (3,859,038)                   | -                          | (3,859,038)  | (902,413)                            | <b>(4,761,451)</b> |
| <b>Other comprehensive income</b>  | -   | -                             | <b>19,923,961</b>          | <b>19,923,961</b>  | <b>168,535</b>                       | <b>20,092,496</b>  |
| Revaluation of property and equipment                                    | -   | -                             | 26,499,884                 | 26,499,884   | 168,535                              | <b>26,668,419</b>  |
| Taxation effect of other comprehensive income                            | -   | -                             | (6,575,923)                | (6,575,923)  | -                                    | <b>(6,575,923)</b> |
| <b>Total comprehensive income</b>  | -   | <b>(3,859,038)</b>            | <b>19,923,961</b>          | <b>16,064,923</b>  | <b>(733,878)</b>                     | <b>15,331,045</b>  |
| <b>Transfers within and out of reserves</b>                              | -   | <b>(2,086,337)</b>            | <b>(11,176)</b>            | <b>(2,097,513)</b>                                       | <b>2,275,682</b>                     | <b>178,169</b>     |
| Non-controlling interests share of capitalisation of a subsidiary        | -   | -                             | -                          | -  | 178,169                              | <b>178,169</b>     |
| Transfer from reserves to non-controlling interests                      | -   | (2,086,337)                   | (11,176)                   | (2,097,513)  | 2,097,513                            | -                  |
| <b>Balance at 28 February 2023</b>                                       | <b>460,972</b>                              | <b>(15,879,644)</b>           | <b>67,010,323</b>          | <b>51,591,651</b>  | <b>1,441,948</b>                     | <b>53,033,599</b>  |
|  | HISTORICAL*                                 |                               |                            |  |                                      | Total<br>ZW\$'000  |
|  | Share capital and share premium<br>ZW\$'000 | Retained earnings<br>ZW\$'000 | Other reserves<br>ZW\$'000 | Attributable to equity holders of the entity<br>ZW\$'000 | Non-controlling interest<br>ZW\$'000 |                    |
| <b>Balance at 1 March 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                              | <b>1,910,155</b>   |
| <b>Other comprehensive income:</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                               | <b>4,113,592</b>   |
| Taxation effect of other comprehensive income                            | -   | -                             | (1,000,917)                | (1,000,917)  | -                                    | <b>(1,000,917)</b> |
| <b>Total comprehensive income</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>23,306</b>                 | <b>(315,520)</b>           | <b>(292,214)</b>   | -                                    | <b>(292,214)</b>   |
| Purchase of treasury shares  | -   | -                             | (70,670)                   | (70,670)   | -                                    | <b>(70,670)</b>    |
| Impact of change in measurement model of intangible assets to cost model | -   | 11,383                        | (244,850)                  | (233,467)  | -                                    | <b>(233,467)</b>   |
| Restatement of equities at fair value through profit or loss             | -   | 11,923                        | -                          | 11,923   | -                                    | <b>11,923</b>      |
| <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>   |
| Profit for the year  | -   | 866,650                       | -                          | 866,650  | 86,863                               | <b>953,513</b>     |
| <b>Other comprehensive income</b>  | -   | -                             | <b>28,973,204</b>          | <b>28,973,204</b>  | <b>281,908</b>                       | <b>29,255,112</b>  |
| Revaluation of property and equipment                                    | -   | -                             | 38,468,557                 | 38,468,557   | 281,908                              | <b>38,750,465</b>  |
| Taxation effect of other comprehensive income                            | -   | -                             | (9,495,353)                | (9,495,353)  | -                                    | <b>(9,495,353)</b> |
| <b>Total comprehensive income</b>  | -   | <b>866,650</b>                | <b>28,973,204</b>          | <b>29,839,854</b>  | <b>368,771</b>                       | <b>30,208,625</b>  |
| <b>Transfers within and out of reserves</b>                              | -   | <b>(72,624)</b>               | <b>(35,809)</b>            | <b>(108,433)</b>   | <b>276,515</b>                       | <b>168,082</b>     |
| Non-controlling interests share of capitalisation of a subsidiary        | -   | -                             | -                          | -  | 168,082                              | <b>168,082</b>     |
| Transfer from reserves to non-controlling interests                      | -   | (72,624)                      | (35,809)                   | (108,433)  | 108,433                              | -                  |
| <b>Balance at 28 February 2023</b>                                       | <b>2,591</b>                                | <b>2,023,738</b>              | <b>34,840,150</b>          | <b>36,866,479</b>  | <b>1,045,718</b>                     | <b>37,912,197</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 Segment Information

For the year ended 28 February 2023

|  | INFLATION ADJUSTED       |                             |                       |                   | Adjustment Journal & Eliminations<br>ZW\$'000 | Total<br>ZW\$'000   |
|--|--------------------------|-----------------------------|-----------------------|-------------------|---|---------------------|
|  | Mobile Money<br>ZW\$'000 | Digital Banking<br>ZW\$'000 | InsurTech<br>ZW\$'000 | Other<br>ZW\$'000 |   |                     |
| <b>For the year ended 28 February 2023</b>   |                          |                             |                       |                   |   |                     |
| Revenue                                      | 50,145,270               | 18,949,925                  | 17,376,507            | 5,162,961         | (3,034,385)                                   | <b>88,600,278</b>   |
| Interest income from banking operations      | -                        | 12,649,314                  | -                     | -                 | -   | <b>12,649,314</b>   |
| Finance costs                                | (97,478)                 | (84,954)                    | (426,518)             | (3,470,159)       | 1,086,939                                     | <b>(2,992,170)</b>  |
| Fair value adjustments on financial assets   | 474,373                  | (2,966,016)                 | (501,097)             | 520,381           | 788,076                                       | <b>(1,684,283)</b>  |
| Depreciation, amortisation and impairment    | (6,694,345)              | (4,027,442)                 | (316,759)             | (1,453,993)       | -   | <b>(12,492,539)</b> |
| Segment (loss) / profit                      | (4,935,211)              | 14,921,224                  | (5,253,366)           | (3,251,045)       | (6,243,053)                                   | <b>(4,761,451)</b>  |
| Segment assets                               | 57,051,116               | 131,841,209                 | 15,830,724            | 74,336,749        | (80,952,587)                                  | <b>198,107,211</b>  |
| Segment liabilities                          | 32,449,613               | 81,295,786                  | 6,459,956             | 44,365,291        | (19,497,034)                                  | <b>145,073,612</b>  |
| <b>Analysis of additions during the year</b> |                          |                             |                       |                   |   |                     |
| Additions to property and equipment          | 594,888                  | 1,446,832                   | 254,067               | 16,901            | -   | <b>2,312,688</b>    |
| Additions to intangible assets               | -                        | 204,473                     | 504,781               | 110,777           | -   | <b>820,031</b>      |
| Additions to investment properties           | -                        | 3,046,560                   | -                     | -                 | (1,128,922)                                   | <b>1,917,638</b>    |
| <b>For the year ended 28 February 2022</b>   |                          |                             |                       |                   |   |                     |
| Revenue                                      | 55,971,068               | 16,677,097                  | 13,599,521            | 5,408,684         | (3,445,838)                                   | <b>88,210,532</b>   |
| Interest income from banking operations      | -                        | 8,549,334                   | -                     | -                 | -   | <b>8,549,334</b>    |
| Finance costs                                | (555,661)                | (26,568)                    | (311,633)             | (1,723,113)       | 1,362,864                                     | <b>(1,254,111)</b>  |
| Fair value adjustments on financial assets   | 4,336,025                | 1,505,068                   | 7,986,567             | 616,253           | (2,552,301)                                   | <b>11,891,612</b>   |
| Depreciation, amortisation and impairment    | (3,342,543)              | (2,969,812)                 | (936,103)             | (1,054,099)       | -   | <b>(8,302,557)</b>  |
| Segment profit / (loss)                      | 7,210,071                | 3,155,848                   | 5,708,381             | (11,776,236)      | -   | <b>4,298,064</b>    |
| Segment assets                               | 51,520,759               | 92,950,228                  | 20,898,268            | 64,989,960        | (76,018,795)                                  | <b>154,340,420</b>  |
| Segment liabilities                          | 28,613,353               | 64,415,280                  | 9,046,182             | 33,473,598        | (18,732,378)                                  | <b>116,816,035</b>  |
| <b>Analysis of additions during the year</b> |                          |                             |                       |                   |   |                     |
| Additions to property and equipment          | 1,106,224                | 4,474,689                   | 131,771               | 64,720            | -   | <b>5,777,404</b>    |
| Additions to intangible assets               | -                        | 1,346,240                   | 126,230               | -                 | -   | <b>1,472,470</b>    |
| Additions to investment properties           | -                        | 172,943                     | -                     | -                 | -   | <b>172,943</b>      |
|  | HISTORICAL*              |                             |                       |                   | Adjustment Journal & Eliminations<br>ZW\$'000 | Total<br>ZW\$'000   |
|  | Mobile Money<br>ZW\$'000 | Digital Banking<br>ZW\$'000 | InsurTech<br>ZW\$'000 | Other<br>ZW\$'000 |   |                     |
| <b>For the year ended 28 February 2023</b>   |                          |                             |                       |                   |   |                     |
| Revenue                                      | 37,755,155               | 14,427,403                  | 13,579,744            | 3,750,486         | (2,285,826)                                   | <b>67,226,962</b>   |
| Interest income from banking operations      | -                        | 10,073,284                  | -                     | -                 | -   | <b>10,073,284</b>   |
| Finance costs                                | (83,838)                 | (49,351)                    | (348,582)             | (2,856,453)       | 800,145                                       | <b>(2,538,079)</b>  |
| Fair value adjustments on financial assets   | 451,359                  | 698,164                     | 2,744,128             | 493,665           | (578,139)                                     | <b>3,809,177</b>    |
| Depreciation, amortisation and impairment    | (2,578,835)              | (1,609,461)                 | (123,002)             | (369,523)         | -   | <b>(4,680,821)</b>  |
| Segment profit/(loss)                        | 3,013,092                | 26,180,855                  | 1,486,500             | (24,240,577)      | (5,486,357)                                   | <b>953,513</b>      |
| Segment assets                               | 53,340,260               | 123,746,719                 | 14,822,178            | 17,233,746        | (27,409,027)                                  | <b>181,733,876</b>  |
| Segment liabilities                          | 31,803,433               | 79,881,243                  | 6,692,561             | 44,941,476        | (19,497,034)                                  | <b>143,821,679</b>  |
| <b>Analysis of additions during the year</b> |                          |                             |                       |                   |   |                     |
| Additions to property and equipment          | 444,592                  | 1,175,959                   | 185,995               | 16,901            | -   | <b>1,823,447</b>    |
| Additions to intangible assets               | -                        | 192,112                     | 383,896               | 16,771            | -   | <b>592,779</b>      |
| Additions to investment properties           | -                        | 1,072,607                   | -                     | -                 | (957,000)                                     | <b>115,607</b>      |
| <b>For the year ended 28 February 2022</b>   |                          |                             |                       |                   |   |                     |
| Revenue                                      | 13,086,617               | 3,957,047                   | 3,114,557             | 1,285,480         | (803,390)                                     | <b>20,640,311</b>   |
| Interest income from banking operations      | -                        | 2,079,540                   | -                     | -                 | -   | <b>2,079,540</b>    |
| Finance costs                                | (124,552)                | (5,938)                     | (73,158)              | (407,090)         | 325,268                                       | <b>(285,470)</b>    |
| Fair value adjustments on financial assets   | 1,562,061                | 579,780                     | 2,651,356             | 167,626           | (739,790)                                     | <b>4,221,033</b>    |
| Depreciation, amortisation and impairment    | (603,239)                | (359,257)                   | (174,779)             | (73,462)          | -   | <b>(1,210,737)</b>  |
| Segment profit / (loss)                      | 3,123,049                | 2,041,994                   | 1,971,077             | (5,225,965)       | -   | <b>1,910,155</b>    |
| Segment assets                               | 15,070,757               | 26,118,059                  | 3,304,128             | 6,974,117         | (8,909,510)                                   | <b>42,557,551</b>   |
| Segment liabilities                          | 8,551,725                | 19,184,442                  | 2,390,109             | 10,690,015        | (5,794,230)                                   | <b>35,022,061</b>   |
| <b>Analysis of additions during the year</b> |                          |                             |                       |                   |   |                     |
| Additions to property and equipment          | 267,178                  | 1,238,040                   | 32,464                | 14,868            | -   | <b>1,552,550</b>    |
| Additions to intangible assets               | -                        | 365,797                     | 31,977                | -                 | -   | <b>397,774</b>      |
| Additions to investment properties           | -                        | 40,792                      | -                     | -                 | -   | <b>40,792</b>       |

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

# EcoCash HOLDINGS

(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 2023

### Notes to the abridged consolidated financial statements

For the year ended 28 February 2023

#### 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 abridged 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);
- Vaya Technologies Zimbabwe (Private) Limited (formerly Econet Services (Private) Limited) - (On-demand services, e-commerce, farming technology, connected lifestyle 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.

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, 'Financial Reporting in Hyperinflationary Economies', 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 IFRS 13, 'Fair value measurement'. Consequently, the Directors advise users of these consolidated financial statements to exercise caution.

The underlying abridged 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 2023, 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 2023.

#### 4. BASIS OF PREPARATION

##### 4.1 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 2023 are as follows:

|  | CPI Index | Conversion Factor |
|--|-----------|-------------------|
| 28 February 2023                         | 14,493.45 | 3.23              |
| 28 February 2022                         | 4,483.06  | 1.66              |
| 1 March 2022 to 28 February 2023 Average | 10,835.36 | 1.34              |
| 1 March 2021 to 28 February 2022 Average | 3,415.67  | 1.31              |

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.

On the 3rd of March 2023, the Government of Zimbabwe through the Ministry of Finance and Economic Development ("MoFED") promulgated Statutory Instrument ("S.I.") 27 of 2023. Through S.I. 27, the old benchmark headline Consumer Price Index ("CPI") that was being published month on month since 2019, tracking ZW dollar inflation was discontinued effective February 2023. A blended CPI was introduced which is a weighted average based on the use of Zimbabwean dollars and United States dollars. The Group concluded that the blended CPI did not meet the criteria for the application of IAS 29 and an estimate was determined for February 2023 which meets the IAS 29 criteria.

#### 4. BASIS OF PREPARATION (CONTINUED)

##### 4.1 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies (continued)

##### Report on legal and regulatory requirements

Statutory Instrument 27 of 2023 defines inflation as the general increase in price levels of goods and services as a weighted average based on the use of Zimbabwe dollars (ZWL) and United States dollars (USD) (blended inflation). In order to comply with International Financial Reporting Standard 29 - "Financial Reporting in Hyperinflationary Economies" in the preparation of its consolidated financial statements, the Group estimated and applied Inflation Rates for February 2023 based on the Total Consumption Poverty Line published by ZIMSTAT. The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. The Company has obtained legal advice to the effect that its use of alternative available data to estimate the February 2023 inflation rates would not be in violation of Statutory Instrument 27 and any other legal statutes.

#### 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.

#### 6. INDEPENDENT AUDITOR'S 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 2023 which have been audited by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Auditing and a modified opinion has been issued thereon. This opinion carries a qualified opinion with respect to non-compliance with IFRS 13, 'Fair value measurement', impacting valuation of property and equipment and investment property. Key audit matters are in respect of the completeness, occurrence, and accuracy of revenue and expected credit losses.

The auditor's report on the consolidated financial statements is available for inspection at the EcoCash Holdings Zimbabwe Limited's registered offices and on the Zimbabwe Stock Exchange website. The engagement partner responsible for the audit was Mr. Gilbert Gwatiringa PAAB Practice Certificate number 0475.

#### 7. OTHER INFORMATION

|   | INFLATION ADJUSTED |                  | HISTORICAL*      |                  |
|---|--------------------|------------------|------------------|------------------|
|   | 2023<br>ZW\$'000   | 2022<br>ZW\$'000 | 2023<br>ZW\$'000 | 2022<br>ZW\$'000 |
| (Loss) / profit for the year attributable to ordinary shareholders                                  | (3,859,038)        | 3,631,998        | 866,650          | 1,671,487        |
| <i>Adjustment for capital items (net of tax):</i>   |                    |                  |                  |                  |
| (Profit) or loss on disposal of property and equipment  | (3,514)            | 6,274            | (12,637)         | 1,402            |
| Impairment of property and equipment  | 2,234,300          | 57,072           | 160,645          | 5,638            |
| Impairment of intangible assets   | -                  | 563,485          | -                | 2,820            |
| <b>Headline earnings / (loss) attributable to ordinary shareholders</b>                             | <b>(1,628,252)</b> | <b>4,258,829</b> | <b>1,014,658</b> | <b>1,681,347</b> |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 2,590,577,241      | 2,590,577,241    | 2,590,577,241    | 2,590,577,241    |
| <b>Basic (loss) / earnings per share (ZW\$)</b>   | <b>(1.490)</b>     | <b>1.402</b>     | <b>0.335</b>     | <b>0.645</b>     |
| <b>Headline (loss) / earnings per share (ZW\$)</b>  | <b>(0.629)</b>     | <b>1.644</b>     | <b>0.392</b>     | <b>0.649</b>     |
| <b>Diluted basic (loss) / earnings per share (ZW\$)</b>   | <b>(1.490)</b>     | <b>1.402</b>     | <b>0.335</b>     | <b>0.645</b>     |
| <b>Diluted headline earnings / (loss) per share (ZW\$)</b>  | <b>(0.629)</b>     | <b>1.644</b>     | <b>0.392</b>     | <b>0.649</b>     |

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

#### 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

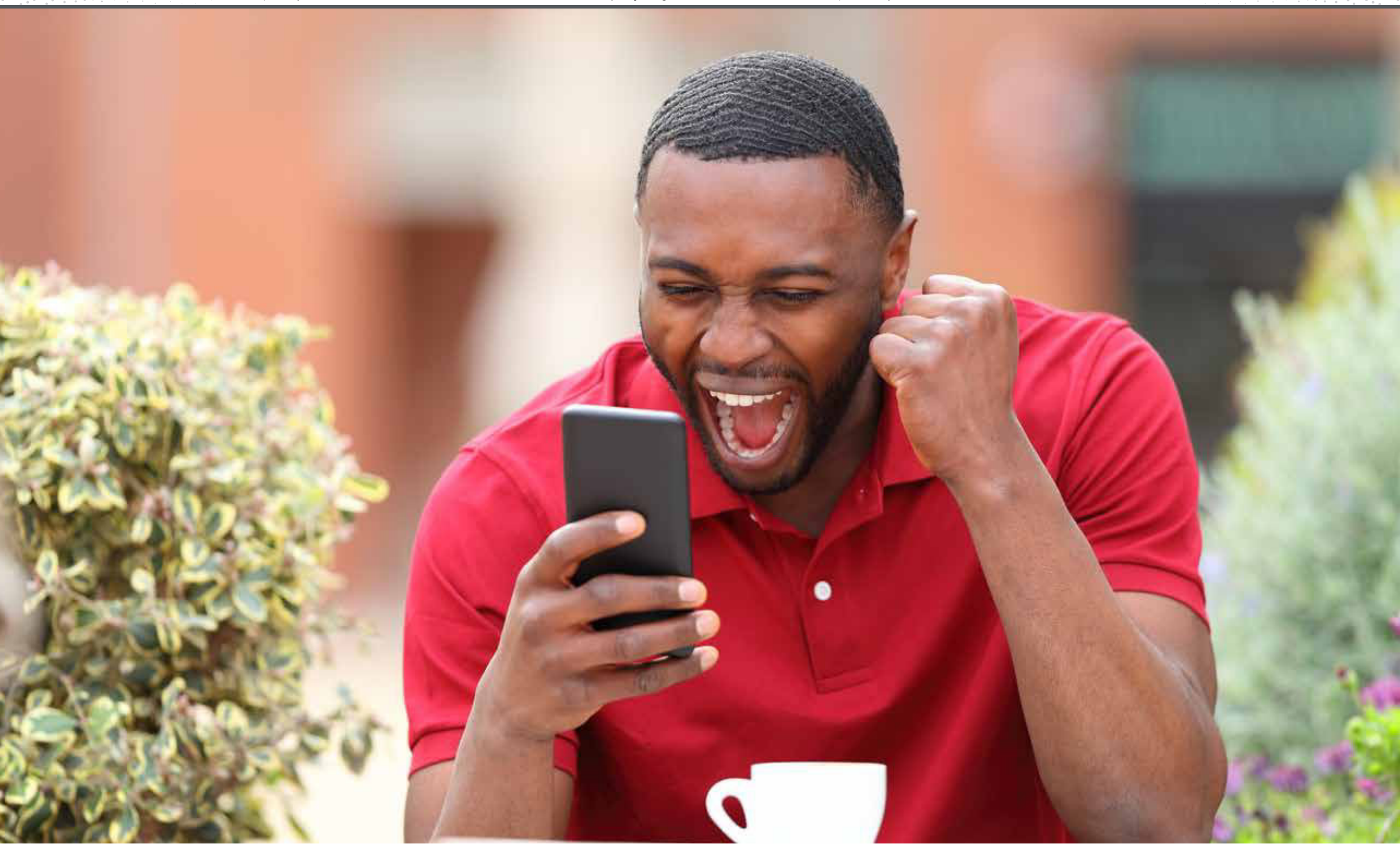
The Group is guided by the following hierarchy as fair value measurement criteria for assets measured using the fair value model. The hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- 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.



# EcoCash HOLDINGS

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



## Audited Abridged Consolidated Financial Statements For the year ended 28 February 2023

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

#### 8. FINANCIAL INSTRUMENTS (CONTINUED)

##### Fair value hierarchy (continued)

|                                | INFLATION ADJUSTED |                      |                      |                      |
|--------------------------------|--------------------|----------------------|----------------------|----------------------|
|                                | Total<br>ZW\$ '000 | Level 1<br>ZW\$ '000 | Level 2<br>ZW\$ '000 | Level 3<br>ZW\$ '000 |
| <b>At 28 February 2023</b>     |                    |                      |                      |                      |
| Investment in financial assets | 10,660,257         | 9,809,205            | -                    | 851,052              |
|                                | <b>10,660,257</b>  | <b>9,809,205</b>     | -                    | <b>851,052</b>       |
| <b>At 28 February 2022</b>     |                    |                      |                      |                      |
| Investment in financial assets | 19,749,683         | 19,213,416           | -                    | 536,267              |
|                                | <b>19,749,684</b>  | <b>19,213,417</b>    | -                    | <b>536,267</b>       |
|                                | HISTORICAL*        |                      |                      |                      |
|                                | Total<br>ZW\$ '000 | Level 1<br>ZW\$ '000 | Level 2<br>ZW\$ '000 | Level 3<br>ZW\$ '000 |
| <b>At 28 February 2023</b>     |                    |                      |                      |                      |
| Investment in financial assets | 10,660,257         | 9,809,205            | -                    | 851,052              |
|                                | <b>10,660,257</b>  | <b>9,809,205</b>     | -                    | <b>851,052</b>       |
| <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>165,876</b>       |

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

#### 9. 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.

#### 10. GOING CONCERN

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 units will continue to deliver positive results, comply with all capital ratios and the current capital requirements have been met.

ZW\$ 24.9 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 (2022: 904 778 710) 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 short-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 2023 the Group recorded exchange losses amounting to ZW\$30.1 billion (2022: ZW\$3.9 billion). The related party payable together with the accrued interest matures in April 2023. The business has an active plan in place for settlement of the obligation. The Group will therefore continue to implement measures to mitigate against further exchange risk and strengthen performance.

#### 11. EVENTS AFTER REPORTING DATE

In March 2023, Statutory Instrument 27 of 2023 ("S.I. 27") which measures inflation as the general increase in price levels of goods and services as a weighted average based on the use of Zimbabwean dollars and United States dollars over a given period of time was promulgated by the authorities.

The dissemination of inflation rates, with effect from the date of promulgation of the S.I., adopted this new method of measuring inflation. Consequently, pure Zimbabwe dollar inflation indices which were used by the Group to prepare inflation adjusted financial statements since adoption of IAS 29 on 1 October 2019, were last published for January 2023.

This event has been considered as an adjusting event on the basis that the change in tracking and measuring inflation was substantially enacted after the end of the February 2023 reporting period. The Group then, subsequently, adopted an internally generated index of 14,493.45, as permitted by IAS 29, 'Financial Reporting in Hyperinflationary Economies', making use of internal and alternative inflation tracking models, logical and supportable assumptions from the Zimbabwean business and operating environment. The estimation was then only carried in the February period, where the ZW dollar CPI was missing. Refer to Note 4.1 above for more detail on the estimation.

Subsequent to year-end, and on the 5th of April 2023, the Group also announced that it was considering proposals to call for an Extra Ordinary General Meeting of Members for the purpose of considering a renounceable Rights Issue of new ordinary shares in the capital of the parent. The intended purpose of the Rights Issue is to raise funds amounting to US\$30.3 million required to redeem the outstanding Debentures in the capital of the parent. The Debentures had a Maturity Date of 30 April 2023. This issue is considered to be a non-adjusting event.





## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED

### Qualified Opinion

We have audited the inflation-adjusted consolidated financial statements of **ECOCASH HOLDINGS ZIMBABWE LIMITED** and its subsidiaries (the "Group") set out on pages 6 to 93, which comprise the statement of consolidated financial position as at 28 February 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and explanatory notes.

In our opinion, except for the matters described under the Basis for Qualified Opinion section of our report, the accompanying inflation-adjusted consolidated financial statements present fairly, the inflation-adjusted consolidated financial position of **ECOCASH HOLDINGS ZIMBABWE LIMITED** as at 28 February 2023, its inflation-adjusted consolidated financial performance and its inflation-adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for a Qualified Opinion

#### Non-compliance with International Financial Reporting Standard (IFRS) 13: Fair Value Measurement - Valuation of Property & Equipment and Investment Property

- a. The Group had property & equipment with a carrying amount of ZWL 45,113,496,000 (2022: ZWL 31,289,688,000). The assets were valued using the market approach by a professional independent valuer. The fair values were determined in United States dollars (USD) and translated to the functional and reporting currency using the official auction exchange rate as given by the Reserve Bank of Zimbabwe (RBZ). 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 rate would be the price at which a ZWL denominated transaction would occur. Exchange rates in the alternative market where transactions are occurring are not documented making it difficult for directors to use the exchange rates for financial reporting purposes. Accordingly, we were unable to determine whether adjustments to carrying amounts of property and equipment and revaluation reserve were appropriate in these circumstances.

- b. The Group had investment property with a carrying amount of ZWL 21,621,502,000 (2022: ZWL 4,462,930,000). The assets were valued by a professional independent valuer with the valuation being done in ZWL using ZWL denominated inputs. The assumptions on capitalisation rates, rentals and market prices applied were not supported by observable ZWL market data as rentals and market prices are generally linked to USD values. Consequently, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the valuation in ZWL. Accordingly, we were unable to determine whether adjustments to the carrying amount of investment property and the resultant fair value gains were appropriate in these circumstances.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Inflation-adjusted consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

### Key audit matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of inflation-adjusted consolidated financial statements for the current year. These matters were addressed in the context of our audit of the inflation-adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for a Qualified Opinion, we have determined the matters described below to be a key audit matters to be communicated in our report:

| Key audit matter  | How our audit addressed the Key Audit Matter   |
|---|--|
| <p><b>Completeness, occurrence, and accuracy of revenue</b></p> <p>Some revenue streams of the Group are characterised by high volumes of transactional data which is generated in a highly automated environment. The likelihood that small errors may become significant on aggregation is high due to the risk of automated replication. There are also different fee charges for the various service types, and these were subject to frequent changes during the year in response to the hyper-inflationary operating environment. The frequent changes to standing data increases the risk of errors.</p> <p>We therefore considered the completeness, occurrence and accuracy of revenue to be a key audit matter.</p> | <p>We performed the following procedures to address this matter:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the revenue cycle and with the assistance of our information systems auditors, tested the design and operational effectiveness of general and application controls relevant to the revenue cycle.</li> <li>• Wrote scripts which enabled us to extract data from the revenue information systems and recomputed revenue 100%.</li> <li>• Reviewed access logs to the standing data in the revenue systems and verified that all tariff changes were authorised and timeously updated.</li> <li>• Reviewed the revenue ledgers for unusual or unexpected entries. We also reviewed the exception reports which are generated by the revenue systems.</li> <li>• Assessed the appropriateness of the revenue recognition criteria for compliance with the requirements of IFRS 15.</li> <li>• Reviewed the financial statements for compliance with disclosure requirements applicable to revenue as guided by IFRS 15: Revenue from contracts with customers.</li> </ul> |
| <p><b>Determination of Expected Credit Loss for Steward Bank</b></p> <p>The Bank's expected credit loss (ECL) on advances and sundry receivables amounted to ZWL4,785,983,162. The determination of the ECL is a key area of judgement for management. The determination of ECL is an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty, expected future cash flows, observable market prices and expected interest rates. The use of different modelling techniques</p>   | <p>We assessed and tested the design and operating effectiveness of the controls over individual and collective impairment calculations including the quality of underlying data and systems.</p> <p>For loan loss provisions calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default.</p>   |



|  |  |
|--|--|
| <p>and assumptions could produce significantly different estimates of provisions.</p> <p>We therefore considered the fair statement of expected credit losses as a key audit matter.</p> | <p>For loan loss provisions calculated on a collective basis we tested, supported by our internal experts, the underlying models including the model approval and validation process.</p> <p>We tested the appropriateness and accuracy of the inputs to those models, such as recovery and cure rates, and where available, compared data and assumptions made to external benchmarks.</p> <p>We tested the accuracy and completeness of the receivables aging analysis with regards to the sundry debtors and circulated confirmation letters to confirm balances owed to the Bank.</p> <p>We assessed the adequacy of the Bank's ECL disclosures.</p> |
|--|--|

#### **Responsibilities of the Directors for the inflation-adjusted consolidated financial statements**

The Directors are responsible for the preparation and fair presentation of these inflation-adjusted consolidated financial statements in accordance with the International Financial Reporting Standard (IFRSs) and supporting regulations. The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of inflation-adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the inflation-adjusted consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they intend to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the inflation-adjusted consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the inflation-adjusted consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those inflation-adjusted consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation-adjusted consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Evaluate the overall presentation, structure and content of the inflation-adjusted consolidated financial statements, including the disclosures, and whether the inflation-



adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation-adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However future events or conditions may cause the Group to cease to continue as a going concern.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements for the current year and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The audit engagement partner on the audit resulting in this independent auditor's report is Gilbert Gwatiringa (PAAB Practicing Certificate Number 0475).

  
**BDO Zimbabwe Chartered Accountants**  
3 Baines Avenue,  
Harare

**Gilbert Gwatiringa CA(Z)**  
Partner  
Registered Public Auditor  
31 May 2023