

EcoCash

HOLDINGS 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 2023



HIGHLIGHTS

Key Performance Indicators

Revenue

Increased from

ZW\$155.1 billion (2022) to
ZW\$217.6 billion

↑ 40%

Gross Profit

Increased from

ZW\$131.1 billion (2022) to
ZW\$156.7 billion

↑ 20%

EBITDA

Increased from negative

(ZW\$8.4 million) (2022) to positive
ZW\$47.5 billion

Profit after tax

Increased from loss

(ZW\$1.7 billion) (2022) to profit
ZW\$130.2 million

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Chairperson's statement

INTRODUCTION

The group realigned its strategy to better navigate the changing business environment and realise the emerging opportunities presented by changes in the market. We successfully executed our strategy to reposition the Company in the economy in our various business segments.

BUSINESS HIGHLIGHTS

We continued our nationwide expansion within the mobile money sector, as part of our commitment to enabling a digitally connected future that leaves no Zimbabwean behind. To fulfil this vision, we have introduced a range of products and services aimed at addressing the needs of ordinary Zimbabweans. We have increased the number of merchants who accept EcoCash USD payments thus bringing convenience to many of our customers who prefer to transact in USD. We also re-launched our EcoCash Express Debit Card, which is linked to customers' EcoCash USD accounts and empowers them to swipe, withdraw cash, or transact at any MasterCard terminal or ATM and pay for goods online at zero monthly fees.

These new products and services have been well-received by customers and have contributed to the transition of our business from a payments business to a digital financial services platform provider.

Steward Bank launched Steward Pay, an online payment gateway that facilitates the processing of local and international payments online via VISA, Mastercard, EcoCash and Steward Bank Accounts. The Digital Bank also launched the account opening platform, Q-Not, in April. A first in the market, the account opening portal allows customers to open an individual account online. The addition of Automated Customer Feedback Collection on online banking, has resulted in improved customer experience and further contributes to the development of innovative, functional, customer-centric products. Our digital transformation journey continued, with new innovations introduced into the market during this first half of the financial year, as the business strives to ensure seamless and improved service.

The Insurtech businesses invested in enhanced technologies aimed at further improving service delivery, operational efficiencies and reducing claim turnaround times. To increase access to financial services, the short-term insurance business, Moovah has improved digital access and convenience through an online payment gateway as well as increased the distribution footprint through new partnerships and more service locations, which will enhance the customer experience and access to services.

Our digital platforms continued to focus and drive the anchor businesses in Healthtech and On Demand Services. The first half of the year saw the launch of Internet-of-Things (IoT)-enabled smart solutions. These were Asset Track, which allows businesses and individuals to remotely track their electronic assets and Fuel Monitoring, a fleet management tool which can be utilized for other motored devices such as backup generators. These investments in improving our existing product offering, with the introduction of advanced features is aimed at delivering better user experiences.

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. The Directors wish to 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\$218 billion for the period, a growth of 40% compared to ZW\$155 billion in the prior year. 76% of our revenue was driven by the FinTech business followed by InsurTech at 20% and lastly Digital Platforms at 4%. The Fintech business, namely EcoCash and Steward Bank, remains the largest contributor with performance being driven by new product innovations, and growth in the forex revenue contribution, a result of the deliberate growth in the USD business.

The company experienced a net profit position of ZWL\$130 million, notwithstanding exchange losses of ZW\$167 billion associated with the debentures. The debentures were resolved by way of capital raised through a renounceable rights offer and as a result we anticipate improved profitability going forward.

RIGHTS ISSUE

Following the approval of the Rights Offer at an Extra-Ordinary General Meeting of the members of EcoCash Holdings Zimbabwe Limited on 7 August we successfully raised the US\$30.3 million required to redeem our debentures.

DIVIDEND

The Directors resolved not to declare an interim dividend.

SOCIAL RESPONSIBILITY

In recognition of our efforts, Ecocash Holdings was awarded the top company in Sustainability and Promotion of Renewable Energy Award Category at the 12th edition of the Africa Green Waste and Energy Expo. Steward Bank was awarded the Inclusive Financial Service Award. The award recognizes the Bank's efforts to increase access to financial services for underserved and marginalized communities in Zimbabwe.

Our corporate social investment initiatives channelled through Higherlife Foundation continue to centre around three pillars: education, global health, and rural transformation and sustainable livelihoods. This holistic approach underscores our commitment to contributing to the sustainable development of the communities we serve.

OUTLOOK

The business is focused on attending to all our customers' financial services needs. This is affirmed by our continued investments in digital transformation, leveraging on smart technologies, aimed at improving financial inclusion. We remain committed to developing new innovative and inclusive products, improving customer experience and ensuring equitable access to financial and other digital services.

APPRECIATION

On behalf of the Board, I would like to thank our customers, business partners, and shareholders for their unwavering support.

I would like to express our sincere appreciation to our regulators. We are grateful for the collaborative efforts that have enabled us to contribute to the broader development of the financial services industry in the country.

I extend my heartfelt appreciation to the EcoCash Holdings staff, management and my fellow Directors. The passion, commitment to high-performance and our staff culture of innovation remain key pillars of our sustainable success in Zimbabwe.

On behalf of the Board

Sherree Shereni
Board Chairperson

2 November 2023

EcoCash HOLDINGS

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Reviewed Abridged Consolidated Financial Statements For the year ended 31 August 2023

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 August 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2023 ZW\$ '000	Reviewed 31 August 2022 ZW\$ '000	Unreviewed 31 August 2023 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000
Revenue	217,571,401	155,140,108	163,164,973	27,216,065
- Interest revenue calculated using the effective interest method	16,920,509	20,377,695	11,370,148	3,108,910
- Non-interest revenue	200,650,892	134,762,413	151,794,825	24,107,155
Cost of sales and external services rendered	(57,607,376)	(23,250,910)	(45,440,510)	(4,527,090)
Impairment on financial assets charge: expected credit loss allowances on loans and advances to bank customers	(3,270,032)	(747,742)	(3,270,032)	(218,607)
Gross profit	156,693,993	131,141,456	114,454,431	22,470,368
Other income	96,362,997	9,535,834	137,420,644	10,774,197
Other expenses	(37,596,387)	(34,237,625)	(10,036,191)	(695,173)
General administrative expenses:	(89,845,025)	(89,176,038)	(76,981,846)	(16,053,984)
- Administration expenses	(146,616,434)	(97,994,340)	(114,791,506)	(17,222,272)
- Impairment on financial assets charge: expected credit loss allowances on items other than loans and advances	911,115	(1,716,629)	1,132,284	(379,273)
- Depreciation, amortisation and impairment	(18,986,592)	(10,582,174)	(5,912,229)	(1,121,484)
- Foreign exchange gains arising from items other than debenture related liabilities	74,846,886	21,117,105	42,589,605	2,669,045
Marketing and sales expenses	(22,247,630)	(15,156,803)	(15,845,155)	(2,553,332)
Foreign exchange losses arising from debenture related liabilities	(167,029,409)	(58,156,830)	(105,538,505)	(11,397,777)
Gain on net monetary position	96,035,312	61,605,771	-	-
Profit before net finance costs	32,373,851	5,555,765	43,473,378	2,544,299
Finance income	964,789	273,765	824,332	51,735
Finance costs	(6,987,107)	(2,713,064)	(5,035,544)	(636,277)
Profit before taxation	26,351,533	3,116,466	39,262,166	1,959,757
Income tax expense	(26,221,338)	(4,796,882)	(19,113,010)	(1,136,353)
Profit / (loss) for the period	130,195	(1,680,416)	20,149,156	823,404
Profit / (loss) for the half year attributable to:	130,195	(1,680,416)	20,149,156	823,404
Equity holders of EcoCash Holdings Zimbabwe Limited	(207,255)	52,782	17,287,493	729,657
Non-controlling interest	337,450	(1,733,198)	2,861,663	93,747
Items that may not be reclassified to profit or loss				
Gain arising on revaluation of property and equipment and intangible assets	114,103,152	31,482,507	184,767,532	19,519,176
Taxation effect of other comprehensive income	(27,935,518)	(7,889,880)	(45,139,991)	(4,801,934)
Total comprehensive income for the period	86,167,634	23,592,627	139,627,541	14,717,242
Other comprehensive income attributable to:				
Equity holders of EcoCash Holdings Zimbabwe Limited	85,577,748	23,668,069	138,437,388	14,700,933
Non-controlling interest	589,886	(75,442)	1,190,153	16,309
Total comprehensive income / (loss) for the half year attributable to:	86,167,634	23,592,627	139,627,541	14,717,242
Total comprehensive income / (loss) for the half year attributable to:				
Equity holders of EcoCash Holdings Zimbabwe Limited	85,370,493	23,720,851	155,724,881	15,430,590
Non-controlling interest	927,336	(1,808,640)	4,051,816	110,056
Total comprehensive income for the period	86,297,829	21,912,211	159,776,697	15,540,646
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share (ZW\$ cents)	6.2 (8.00)	2.04	667.32	28.17

*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 Financial Position

As at 31 August 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2023 ZW\$ '000	Audited 28 February 2023 ZW\$ '000	Unreviewed 31 August 2023 ZW\$ '000	Unaudited 28 February 2023 ZW\$ '000
Assets				
Intangible assets	27,254,511	27,609,963	2,498,007	1,181,335
Property and equipment	240,384,918	130,810,398	234,200,737	43,232,014
Right of use assets	1,844,884	2,050,966	319,520	421,275
Investment properties	124,124,538	64,082,985	124,124,538	22,100,747
Inventory	5,204,244	5,237,195	1,361,759	730,666
Amounts owed by related party companies	633,256	440,163	633,256	151,802
Trade and other receivables	154,723,771	79,850,958	136,049,333	22,749,189
Loans and advances to bank customers	123,376,439	81,038,796	123,376,439	27,948,416
Treasury bills and government bonds	35,774,863	35,455,711	35,774,863	12,227,859
Financial assets at fair value through profit and loss	7 57,858,755	30,910,317	57,858,755	10,660,257
Assets held for sale	56,297	128,014	56,297	44,149
Mobile money trust bank balances - restricted balances	8 103,814,451	53,565,948	103,814,451	18,473,663
Cash and cash equivalents	55,706,508	63,247,200	55,706,508	21,812,504
Total assets	930,757,435	574,428,614	875,774,463	181,733,876
Equity and Liabilities				
Capital and reserves				
Share capital and share premium	1,336,623	1,336,623	2,591	2,591
Accumulated (losses) / profit	(46,251,621)	(46,044,366)	19,311,231	2,023,738
Other reserves	280,588,787	194,302,098	173,990,862	34,840,150
Equity attributable to owners of EcoCash Holdings Zimbabwe Limited	235,673,789	149,594,355	193,304,684	36,866,479
Non-controlling interest	5,108,386	4,181,050	5,097,534	1,045,718
Total equity	240,782,175	153,775,405	198,402,218	37,912,197
Liabilities				
Lease Liabilities	2,166,863	24,612,970	2,166,863	7,572,077
Provisions	32,597,789	2,393,410	32,597,649	825,432
Current tax liability	3,579,090	6,164,343	3,579,090	2,125,940
Deferred tax Liabilities	67,249,240	9,507,401	61,370,297	3,278,884
Unsecured Loans and borrowings	17,635,669	18,779,632	17,635,669	6,476,663
Amounts owed to related party companies	10 188,550,303	92,786,167	188,550,303	31,999,814
Trade and other payables	106,409,814	79,150,267	99,685,882	26,961,543
Mobile money trust liabilities	8 103,814,451	53,565,948	103,814,451	18,473,663
Deposits due to banks and customers	167,972,041	133,693,071	167,972,041	46,107,663
Total liabilities	689,975,260	420,653,209	677,372,245	143,821,679
Total equity and liabilities	930,757,435	574,428,614	875,774,463	181,733,876

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

Abridged Consolidated Statement of Cashflows

For the half year ended 31 August 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2023 ZW\$ '000	Reviewed 31 August 2022 ZW\$ '000	Unreviewed 31 August 2023 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000
Cash generated from operations	108,260,157	71,630,286	180,028,345	17,334,312
Income tax paid	(12,218,659)	(7,312,259)	(10,154,574)	(1,608,713)
Net cash generated from operations	96,041,498	64,318,027	169,873,771	15,725,599
Investing activities				
Finance income received	741,916	8,158	601,459	21,882
Dividends received	83,437	11,072	79,656	1,526
Acquisition of intangible assets	(1,572,061)	(556,335)	(1,391,609)	(133,701)
Acquisition of a subsidiary	-	155,403	-	45,433
Net acquisition of financial assets at fair value through profit or loss	(8,119,504)	(2,583,284)	(7,218,333)	(478,214)
Net (acquisition) / disposal of held-to-maturity investments	(22,986,889)	(36,310,651)	(22,986,889)	682,195
Net (acquisition) / disposal of right of use assets	(319,914)	(79,533)	11,302	(101,283)
Purchase of property and equipment	(17,982,323)	(16,900,013)	(17,858,457)	(2,050,165)
Proceeds on disposal of property and equipment	179,690	20,089	102,018	25,585
Net cash used in investing activities	(49,975,648)	(56,235,094)	(48,660,853)	(1,986,742)
Financing activities				
Finance costs paid	(4,066,963)	(2,713,064)	(2,691,449)	(636,277)
Proceeds from loans and borrowings	-	2,931,020	-	856,902
Net disposal of treasury shares	708,924	-	713,323	-
Net cash flows (used in) / generated from financing activities	(3,358,039)	217,956	(1,978,126)	220,625
Net increase in cash and cash equivalents	42,707,811	8,300,889	119,234,792	13,959,482
Cash and cash equivalents at the beginning of the period	116,813,148	62,110,374	40,286,167	6,625,685
Cash and cash equivalents at end of period	159,520,959	70,411,263	159,520,959	20,585,167
Comprising:				
Cash and cash equivalents restricted	103,814,451	40,974,676	103,814,451	11,979,199
Cash and cash equivalents non-restricted	55,706,508	29,436,587	55,706,508	8,605,968
Cash and cash equivalents at end of period	159,520,959	70,411,263	159,520,959	20,585,167

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



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Reviewed Abridged Consolidated Financial Statements For the year ended 31 August 2023

Abridged Consolidated Statement of Changes in Equity

For the half year ended 31 August 2023

	INFLATION ADJUSTED					Total ZW\$'000
	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 2022 (Audited)	1,336,623	(28,805,275)	136,563,401	109,094,749	(289,541)	108,805,208
Profit / (loss) for the period	-	52,782	-	52,782	(1,733,198)	(1,680,416)
Other Comprehensive Income / (loss)	-	-	23,668,069	23,668,069	(75,442)	23,592,627
Total comprehensive income / (loss)	-	52,782	23,668,069	23,720,851	(1,808,640)	21,912,211
Acquisition of subsidiaries	-	978,054	669,817	1,647,871	-	1,647,871
Transfer out of reserves	-	-	(11,298)	(11,298)	-	(11,298)
Balance at 31 August 2022 (Reviewed)	1,336,623	(27,774,439)	160,889,989	134,452,173	(2,098,181)	132,353,992
Balance at 1 March 2023 (Audited)	1,336,623	(46,044,366)	194,302,098	149,594,355	4,181,050	153,775,405
Profit / (loss) for the period	-	(207,255)	-	(207,255)	337,450	130,195
Other comprehensive income	-	-	85,577,748	85,577,748	589,886	86,167,634
Total comprehensive income / (loss)	-	(207,255)	85,577,748	85,370,493	927,336	86,297,829
Disposal of treasury shares	-	-	708,941	708,941	-	708,941
Balance at 31 August 2023 (Reviewed)	1,336,623	(46,251,621)	280,588,787	235,673,789	5,108,386	240,782,175

	HISTORICAL COST*					Total ZW\$'000
	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 2022 (Unaudited)	2,591	1,229,712	5,902,755	7,135,058	400,432	7,535,490
Profit for the year	-	729,657	-	729,657	93,747	823,404
Other comprehensive income	-	-	14,700,933	14,700,933	16,309	14,717,242
Total comprehensive income	-	729,657	14,700,933	15,430,590	110,056	15,540,646
Acquisition of subsidiaries	-	55,333	89,651	144,984	-	144,984
Transfer out of reserves	-	(1,252)	(2,778)	(4,030)	-	(4,030)
Balance at 31 August 2022 (Unreviewed)	2,591	2,013,450	20,690,561	22,706,602	510,488	23,217,090
Balance at 1 March 2023 (Unaudited)	2,591	2,023,738	34,840,150	36,866,479	1,045,718	37,912,197
Profit for the period	-	17,287,493	-	17,287,493	2,861,663	20,149,156
Other comprehensive income	-	-	138,437,388	138,437,388	1,190,153	139,627,541
Total comprehensive income	-	17,287,493	138,437,388	155,724,881	4,051,816	159,776,697
Disposal of treasury shares	-	-	713,324	713,324	-	713,324
Balance at 31 August 2023 (Unreviewed)	2,591	19,311,231	173,990,862	193,304,684	5,097,534	198,402,218

*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 2023

	INFLATION ADJUSTED					Total ZW\$'000
	Mobile Money ZW\$'000	Digital Bank ZW\$'000	InsurTech ZW\$'000	Other Segments ZW\$'000	Eliminations ZW\$ '000	
Half year ended 31 August 2023 (Reviewed)						
Revenue	93,843,356	77,018,454	42,850,470	9,258,890	(5,399,769)	217,571,401
Depreciation, amortisation and impairment	(9,530,441)	(7,431,001)	(528,232)	(1,496,918)	-	(18,986,592)
Segment profit	(15,546,566)	89,071,700	(5,026,320)	(69,082,756)	714,137	130,195
Segment assets	301,953,506	606,094,381	60,737,580	218,868,021	(256,896,053)	930,757,435
Segment liabilities	190,024,787	345,942,399	37,372,326	197,898,140	(81,262,392)	689,975,260
Half year ended 31 August 2022 (Reviewed)						
Revenue	69,849,444	59,232,145	23,347,262	9,043,178	(6,331,921)	155,140,108
Depreciation, amortisation and impairment	(5,915,428)	(2,187,134)	(592,408)	(1,886,654)	(550)	(10,582,174)
Segment profit	(16,635,883)	19,774,534	(16,697,099)	18,341,881	(6,463,849)	(1,680,416)
Segment assets	130,479,722	246,546,597	42,373,578	196,029,195	(213,568,962)	401,860,130
Segment liabilities	76,902,864	139,444,513	25,634,920	81,882,489	(54,358,647)	269,506,139
Year ended 28 February 2023 (Audited)						
Segment assets	165,424,536	382,284,735	45,902,523	215,545,690	(234,728,870)	574,428,614
Segment liabilities	94,090,397	235,724,007	18,731,189	128,640,913	(56,533,297)	420,653,209

Abridged Consolidated Segment Information (Continued)

For the half year ended 31 August 2023

	HISTORICAL COST*					Total ZW\$'000
	Mobile Money ZW\$'000	Digital Banking ZW\$'000	InsurTech ZW\$'000	Other ZW\$'000	Adjustment Journal & Eliminations ZW\$ '000	
Half year ended 31 August 2023 (Unreviewed)						
Revenue	66,878,206	57,150,627	34,896,785	7,990,860	(3,751,505)	163,164,973
Depreciation, amortisation and impairment	(3,266,235)	(2,182,079)	(133,488)	(330,427)	-	(5,912,229)
Segment profit / (loss)	(4,661,961)	147,036,369	19,928,123	(140,057,466)	(2,095,909)	20,149,156
Segment assets	283,534,396	578,439,166	61,961,371	41,257,665	(89,418,135)	875,774,463
Segment liabilities	185,491,439	340,670,885	31,529,974	200,942,339	(81,262,392)	677,372,245
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	417,535	12,728,067	477,116	(10,051,280)	(2,748,034)	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
Year ended 28 February 2023 (Unaudited)						
Segment assets	53,340,260	123,746,719	14,822,178	17,233,746	(27,409,027)	181,733,876
Segment liabilities	31,803,433	79,881,243	6,692,561	44,941,476	(19,497,034)	143,821,679

*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 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 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);
- Vaya Technologies Zimbabwe (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 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 in the prior period with IFRS13, 'Fair value measurement' and IFRS17, 'Insurance contracts' only partial compliance has been achieved for the 6 months ended 31 August 2023. 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 6 months ended 31 August 2023.

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 2023, 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 except for non-compliance with IFRS13 and IFRS17 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 2023.

EcoCash HOLDINGS

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



Reviewed Abridged Consolidated Financial Statements For the year ended 31 August 2023

Notes to the abridged consolidated financial statements (Continued)

For the half year ended 31 August 2023

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 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 6 months period ended 31 August 2023 are as follows:

	CPI Index	Conversion Factor
31 August 2023	42,024.99	1.0000
28 February 2023	14,493.45	2.8996
31 August 2022	12,286.26	3.4205

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

4. 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 and investment property; and
- Non-compliance with IFRS 17 (Insurance contracts).

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 2023 ZW\$ '000	Reviewed 31 August 2022 ZW\$ '000	Unreviewed 31 August 2023 ZW\$ '000	Unreviewed 31 August 2022 ZW\$ '000
6.1 Revenue				
Revenue	222,971,170	161,472,029	166,916,478	28,031,624
Inter-segment revenue	(5,399,769)	(6,331,921)	(3,751,505)	(815,559)
Revenue from external customers	217,571,401	155,140,108	163,164,973	27,216,065
6.2 Earnings per share				
Weighted number of ordinary shares for the purposes of calculating basic, diluted and headline earnings per share ('000)	2,590,577	2,590,577	2,590,577	2,590,577
Basic and diluted earnings per share (ZW\$ cents)	(8.00)	2.04	667.32	28.17
Headline earnings per share (ZW\$ cents)	(11.59)	(28.32)	664.72	15.85
Reconciliation of profit / (loss) used to calculate headline profit / (loss) per share:				
Profit / (loss) for the period attributable to ordinary shareholders of the parent	(207,255)	52,782	17,287,493	729,657
Adjustment for capital items, net of tax:				
Loss on disposal of property and equipment	(93,060)	(802,030)	(67,521)	(323,559)
Write off of property and equipment	-	15,712	-	4,594
Headline (loss) / earnings attributable to ordinary shareholders of the parent	(300,315)	(733,536)	17,219,972	410,692

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

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.

	Total ZW\$ '000	INFLATION ADJUSTED		
		Level 1 ZW\$ '000	Level 2 ZW\$ '000	Level 3 ZW\$ '000
At 31 August 2023				
Investment in Financial Assets	57,858,755	52,130,217	-	5,728,538
	57,858,755	52,130,217	-	5,728,538

At 28 February 2023				
Investment in Financial Assets	30,910,317	28,442,619	-	2,467,698
	30,910,317	28,442,619	-	2,467,698

	Total ZW\$ '000	HISTORICAL COST*		
		Level 1 ZW\$ '000	Level 2 ZW\$ '000	Level 3 ZW\$ '000
At 31 August 2023				
Investment in Financial Assets	57,858,755	52,130,217	-	5,728,538
	57,858,755	52,130,217	-	5,728,538

At 28 February 2023				
Investment in Financial Assets	10,660,257	9,809,205	-	851,052
	10,660,257	9,809,205	-	851,052

*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.

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

	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 31 August 2023 ZW\$ '000	Audited 28 February 2023 ZW\$ '000	Unreviewed 31 August 2023 ZW\$ '000	Unaudited 28 February 2023 ZW\$ '000
Amounts owed to related party companies comprise of the following:				
Intercompany debenture related payables	132,795,952	72,238,348	132,795,952	24,913,344
Inter-company trade payables	55,754,351	20,547,819	55,754,351	7,086,470
	188,550,303	92,786,167	188,550,303	31,999,814

11. EVENTS AFTER REPORTING DATE

There were no other significant events subsequent to period-end requiring adjustment or disclosure except for the renounceable rights offer which was concluded subsequent to the half year period.





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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ECOCASH HOLDINGS ZIMBABWE LIMITED

REPORT ON THE REVIEW OF THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the abridged consolidated financial statements of EcoCash Holdings Zimbabwe Limited (the "Company") and its subsidiaries (together the "Group"), contained in the accompanying abridged report which comprise the abridged consolidated statement of financial position as at 31 August 2023, the abridged consolidated statement of profit or loss and other comprehensive income, the abridged consolidated statement of changes in equity and the abridged consolidated statement of cash flows for the six months then ended, and the explanatory information, to the abridged consolidated financial statements (together, "the abridged financial information"). The Directors are responsible for the preparation and presentation of this abridged 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 abridged financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity." A review of abridged 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

1. Non-compliance with IFRS 13: "Fair Value Measurement"

a) Valuation of property & equipment

The Group had property & equipment with a carrying amount of ZWL 240,384,918,000 (February 2023: ZWL 130,810,398,000). 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) Investment property

The Group had investment property with a carrying amount of ZWL 121,868,271,000 (February 2023: ZWL 62,693,375,000). 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.

2. Non-compliance with IFRS 17: “Insurance contracts”

The International Financial Reporting Standard 17 - Insurance Contracts (“IFRS 17”) became effective for periods commencing on or after 1 January 2023. The abridged financial information has not been prepared using the requirements of the new standard. The application of IFRS 17 would have resulted in different values for insurance revenue, claims expenses, actuarial liabilities, deferred tax and profit or loss movement of the insurance liability in the abridged financial information. Retrospective application is also required to comply with the transitional provisions of the new standard thus comparative information was supposed to be restated. The comparative abridged financial information has been impacted as a result of non-compliance with IFRS 17. This had impact on the financial statements of Econet Life (Private) Limited, Econet Insurance (Private) Limited and Maisha Health Fund (Private) Limited.

Qualified Conclusion

Based on our review, with the exception of the matters described in paragraphs (1) and (2), nothing has come to our attention that causes us to believe that the accompanying abridged financial information does not give a true and fair view of the financial position of the Group as at 31 August 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards and Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2019 requirements.

The engagement partner on the review resulting in this independent report is **Gilbert Gwatiringa**.



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BDO Zimbabwe Chartered Accountants
Partner: Gilbert Gwatiringa
Registered Public Auditor
PAAB Practising Certificate No: 0475

27 October 2023

Kudenga House
3 Baines Avenue
Harare