

EcoCash

HOLDINGS ZIMBABWE LIMITED

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

ZSE Alpha Code: EH.ZL.zw ISIN ZW0009012437

Unreviewed Abridged Consolidated Financial Statements

for the half year ended 31 August 2024



HIGHLIGHTS

Key Performance Indicators

Total assets
Increased by
88%
ZWG4.7 billion

Loans
Increased by
91%
ZWG541.4 million

Deposits
Increased by
185%
ZWG1.4 billion

Profit after tax
Increased by
2 636%
ZWG1.5 billion

Basic earnings per share
Increased by
+1 000%
ZWG cents 35.51

CHAIRPERSON'S STATEMENT

Operating Environment

The scheme of reconstruction, whereby shareholders approved the transfer of all Ecocash Holdings Zimbabwe Limited non-banking assets to Econet Wireless Zimbabwe Limited, with effect from 1 March 2024, has now been completed. During the reconstruction period, the business was focused on restructuring and reimagining the Bank, to align with the vision of a premier provider of digital financial solutions. The company also responded to the complex operating environment through innovative solutions to address the changing needs of customers.

The Bank Reimagined

The Bank continued with the business remodelling process that began in the prior financial year. The focus was on three strategic pillars: people, processes, and technology. This exercise brought about rapid process automation, product optimisation, head count rationalisation, and adoption of new technologies to enhance our service delivery. The outcome of this important exercise is expected to enhance our performance going forward.

Digital Bank Milestones

The Bank made significant progress in driving the digital agenda through process automation as well as the enhancements of its digitally oriented products. The Bank implemented Visa Card reloads which increases convenience to the customer.

Financial Performance

On the 5th of April 2024, the Reserve Bank presented the 2024 Monetary Policy Statement, which introduced a new currency, Zimbabwe Gold (ZWG). As a result, the financial statements are now presented in ZWG. To comply with International Financial Reporting Standards, specifically IAS 29 'Financial Reporting in Hyperinflationary Economies' and IAS 21 'The Effects of Changes in Foreign Exchange Rates,' the Group had to restate prior year comparatives to April 5, 2024, using the inflation index. Consequently, the Group recognized monetary losses amounting to ZWG 148.7 million due to this process. These losses arose from the restatement of opening ZWL balances according to IAS 29 guidelines before subsequent conversion to ZWG.

The group recorded significant fair value gains amounting to ZWG 1.2 billion on the proceeds received from the scheme of reconstruction which were denominated in Zimbabwe Stock Exchange listed Econet shares. Profit before tax was ZWG 1.66 billion, representing a significant growth from ZWG 144.6 million recorded in the same period prior year.

Distribution of the Consideration for the Scheme of Reconstruction

After the half-year period, the Board of Directors of EcoCash Holdings Zimbabwe Limited declared a distribution out of the proceeds realized from the transfer of the non-banking business units to Econet Wireless Zimbabwe Limited. The distribution payment comprised cash ZWG 910 billion (equivalent to 236,371,255 Econet Shares), and 236,371,255 distributed as Econet shares.

Capitalisation

The capital adequacy ratio for the Bank as of 30 June 2024 stood at 22.66%, above the mandated regulatory minimum of 12%. Steward Bank is compliant with Tier 1 capital requirements as prescribed by the Reserve Bank of Zimbabwe.

Future Outlook

The business will continue to drive innovation, by leveraging on digital technologies which will increase operational efficiencies. We will grow our partnerships and collaborations to meet the ever changing customer needs. We are dedicated to providing exceptional service to our customers through seamless and efficient banking channels.

Appreciation

On behalf of the Board, I extend heartfelt gratitude to our customers, business partners, shareholders, and stakeholders for their unwavering support. I also thank the EcoCash Holdings employees, management, executive team, and Directors for their passion, commitment, and dedication, which have been pivotal to our growth and success.

On behalf of the Board

Sherree Shereni
Board Chairperson

13 November 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 August 2024

Notes	Unreviewed	
	31 August 2024 ZWG '000	31 August 2023 ZWG '000 Restated
Revenue	195,021	329,917
- Interest revenue calculated using the effective interest method	38,292	72,481
- Non-interest revenue	156,729	257,436
Cost of sales and external services rendered	(21,242)	(27,378)
Impairment on financial assets charge: expected credit loss allowances on loans and advances to bank customers	(12,605)	(4,013)
Gross profit	161,174	298,526
Other income*	1,416,556	332,888
Other expenses	(89,099)	(161,048)
General administrative expenses:	332,294	(23,986)
- Administration expenses	(171,098)	(250,324)
- Impairment on financial assets charge: expected credit loss allowances on items other than loans and advances	-	-
- Depreciation, amortisation and impairment	(22,328)	(31,831)
- Foreign exchange gains arising from items other than debenture related liabilities	525,720	258,169
Marketing and sales expenses	(13,167)	(20,362)
Foreign exchange losses arising from debenture related liabilities (Loss) / gain on net monetary position	(148,725)	(715,488)
	454,444	
Profit before net finance costs	1,659,033	164,974
Finance income	896	-
Finance costs	(3,856)	(20,393)
Profit before taxation	1,656,073	144,581
Income tax expense	(166,481)	(90,146)
Profit for the period	1,489,592	54,435
Discontinued Operations		
(Loss) / Profit for the year from discontinuing operations	-	(53,877)
Profit for the period	1,489,592	558
Profit for the half year attributable to:	1,489,592	558
Equity holders of EcoCash Holdings Zimbabwe Limited	1,489,592	(888)
Non-controlling interest	-	1,446
Items that may not be reclassified to profit or loss		369,108
Gain arising on revaluation of property and equipment and intangible assets	-	488,773
Taxation effect of other comprehensive income	-	(119,665)
Total comprehensive income for the period	1,489,592	369,666
Other comprehensive income attributable to:		369,108
Equity holders of EcoCash Holdings Zimbabwe Limited	-	366,581
Non-controlling interest	-	2,527
Total comprehensive income for the half year attributable to:		
Equity holders of EcoCash Holdings Zimbabwe Limited	1,489,592	365,694
Non-controlling interest	-	3,972
Total comprehensive income for the period	1,489,592	369,666
Earnings / (loss) per share		
Basic and diluted earnings / (loss) per share (ZWG cents)	8.2	35.51
		(0.03)

Comparatives have been restated as per par 34 of IFRS 5.

* Other income include extraordinary fair value gains amounting to ZWG 1,2 billion on the proceeds received from the scheme of reconstruction.

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Unreviewed Abridged Consolidated Financial Statements for the half year ended 31 August 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2024

Notes	Unreviewed	
	31 August 2024 ZWG '000	29 February 2024 ZWG '000
Assets		
Intangible assets	110,493	111,135
Property and equipment	212,792	223,792
Right of use assets	10,095	11,067
Investment properties	367,718	262,772
Inventories	17,790	16,996
Current tax assets	-	10,794
Amounts owed by related party companies	11	1,038
Trade and other receivables	2,442,758	110,053
Loans and advances to bank customers	541,440	283,519
Treasury bills and government bonds	209,655	105,141
Financial assets at fair value through profit or loss	7 188,097	110,107
Cash and cash equivalents	601,598	233,669
Total assets from continuing operations	4,702,447	1,480,083
Assets in disposal group classified as held for sale	9 -	1,022,830
Total assets	4,702,447	2,502,913
Equity and Liabilities		
Capital and reserves		
Share capital and share premium	109,445	109,445
Retained earnings / (accumulated losses)	1,764,152	(11,450)
Other reserves (revaluation reserves)	848,300	870,351
Equity attributable to owners of EcoCash Holdings Zimbabwe Limited	2,721,897	968,346
Non-controlling interest	-	12,712
Total equity	2,721,897	981,058
Liabilities		
Lease Liabilities	2,052	4,596
Provisions	28,087	-
Current tax liability	27,837	-
Deferred tax Liabilities	191,526	81,643
Loans and Borrowings	613	807
Amounts owed to related party companies	6 9,176	53,661
Trade and other payables	343,302	154,295
Deposits due to banks and customers	1,377,957	483,281
Total liabilities from continuing operations	1,980,550	778,282
Liabilities in disposal group classified as held for sale	-	743,573
Total liabilities	-	1,521,855
Total equity and liabilities	4,702,447	2,502,913

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 August 2024

	Unreviewed					Total ZWG '000
	Share capital and share premium ZWG '000	Retained earnings / (Accumulated losses) ZWG '000	Other reserves ZWG '000	Attributable to equity holders of the entity ZWG '000	Non-controlling interest ZWG '000	
Balance at 1 March 2023	5,726	(206,531)	832,314	631,509	16,584	648,093
Profit / (loss) for the period	-	195,081	-	195,081	(4,208)	190,875
Other Comprehensive Income	-	-	39,732	39,732	336	40,068
Total comprehensive income	-	195,081	39,732	234,813	(3,872)	230,943
Disposal of treasury shares	-	-	-1,695	(1,695)	-	(1,695)
Issue of shares	103,719	-	-	103,719	-	103,719
Balance at 29 February 2024	109,445	(11,450)	870,351	968,346	12,712	981,060
Balance at 1 March 2024	109,445	(11,450)	870,351	968,346	12,712	981,060
Profit / (loss) for the period	-	1,489,592	-	1,489,592	-	1,489,592
Total comprehensive income	-	1,489,592	-	1,489,592	-	1,489,592
Disposal of treasury shares	-	-	-	-	-	-
Disposal of subsidiary	-	286,010	(22,051)	263,959	(12,712)	251,245
Additions	-	-	-	-	-	-
Balance at 31 August 2024	109,445	1,764,152	848,300	2,721,897	-	2,721,897

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the half year ended 31 August 2024

	Unreviewed	
	31 August 2024 ZWG '000	31 August 2023 ZWG '000 Restated
Cash generated from operations	562,916	601,577
Income tax paid	(3,763)	(41,011)
Net cash generated from operations	559,153	560,566
Investing activities		
Finance income received	896	3,269
Acquisition of intangible assets	(2,874)	(6,734)
Net acquisition of financial assets at fair value through profit or loss	-	(20,422)
Net (acquisition) / disposal of held-to-maturity investments	(151,429)	(87,382)
Net (acquisition) of right of use assets	-	(1,558)
Net (acquisition) of investment properties	(217)	(23,520)
Purchase of property and equipment	(9,891)	(45,613)
Proceeds on disposal of property and equipment	-	-
Net cash used in investing activities	(163,515)	(181,960)
Cash flows from financing activities		
Finance costs paid	(3,856)	(7,884)
Repayment of lease liabilities	(2,902)	789
Proceeds from loans and borrowings	(9,459)	-
Repayments of borrowings	-	(15,855)
Net cash flows (used in) / from financing activities	(16,217)	(22,950)
Net increase in cash and cash equivalents	379,421	355,656
Expected Credit Losses (ECL)	(11,492)	-
Cash and cash equivalents at the beginning of the period	233,669	128,271
Cash and cash equivalents at end of period from continuing operations	601,598	483,927
Discontinued Operations	-	199,398
Cash and cash equivalents at end of period	601,598	683,325

CONDENSED SEGMENT INFORMATION

For the half year ended 31 August 2024

	Unreviewed			Total ZWG '000
	Digital bank ZWG '000	Holding Company ZWG '000	Eliminations ZWG '000	
Operating Segments				
Half year ended 31 August 2024				
Revenue	195,021	-	-	195,021
Depreciation, amortisation and impairment	(22,328)	-	-	(22,328)
Segment profit	2,190,821	-	-	2,190,821
Segment assets	2,783,135	2,324,118	(404,806)	4,702,447
Segment liabilities	1,749,329	231,248	(28)	1,980,549
Half year ended 31 August 2023				
Revenue	329,917	-	-	329,917
Depreciation, amortisation and impairment	(31,831)	-	-	(31,831)
Segment profit	381,548	(322,235)	(4,878)	54,435
Segment assets	1,429,967	796,755	(746,638)	1,480,084
Segment liabilities	766,921	103,984	(92,624)	778,281
Year ended 29 February 2024				
Segment assets	1,430,085	1,819,526	(746,700)	2,502,911
Segment liabilities	766,984	103,927	(92,630)	778,281

Comparatives have been restated as per par 34 of IFRS 5.

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 August 2024

1. GENERAL INFORMATION

Corporate information

EcoCash Holdings Zimbabwe Limited ("EHZL" or "the Group") is incorporated in Zimbabwe and its 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.

On the 1st of March 2024, following the approval of the Scheme of Reconstruction at an EGM held on the 17th of April 2024 all non-banking units were transferred from EHZL to EWZL. The remaining subsidiary of the Group is Steward Bank Limited ("the Bank") which was incorporated according to the laws of Zimbabwe on 9 October 1970 and was registered as a commercial bank in March 2008. Its registered office and principal place of business is 79 Livingstone Avenue, Corner 7th Street Harare.

The principal business of the Bank is to provide retail and corporate banking services in the key economic centres of Zimbabwe.

These abridged consolidated financial statements are presented in Zimbabwe Gold ("ZWG"), which is the presentation currency of the Group.

2. STATEMENT OF COMPLIANCE

The interim financial report was 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").

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) and the Banking Act (Chapter 24:20).

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Unreviewed Abridged Consolidated Financial Statements for the half year ended 31 August 2024

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the half year ended 31 August 2024

3. BASIS OF PREPARATION

On the 5th of April 2024, the currency was changed by legislation from ZWL to Zimbabwe Gold (ZWG).

- The historical ZWL financial statements were adjusted to reflect the effects of hyperinflation. This typically involved converting historical figures into the current purchasing power of the monetary unit, allowing for a more accurate representation of the financial position.
- Following the restatement, the adjusted ZWL financial information was converted to the new currency (ZWG), using a specific exchange rate of 2498.7242 specified by the Reserve Bank of Zimbabwe.

Prior to this restatement, financial statements were prepared based on historical cost and adjusted for inflation per IAS 29. This means that the financial results were expressed in terms of current purchasing power, reflecting the impact of inflation on the value of money over time.

The indices and conversion factors used to restate the accompanying financial statements as at 31 August 2024 are given below:

Dates	Indices	CPI Conversion factor
5 April 2024	449,816.68	1.00
29 February 2024	270,996.36	1.66
31 August 2023	42,024.99	10.70

Functional and presentation currency

The Unreviewed abridged financial results are presented in Zimbabwe Gold (ZWG), the new functional currency of the Group. In the full year FY2024 they were presented in Zimbabwe Dollar (ZWL) which was the functional currency of the Group at that time.

According to the Monetary Policy Statement, the Zimbabwe Gold (ZWG) is a structured currency and backed by a composite basket of foreign currency reserves and precious metals (including gold) and was made legal tender through SI 60 of 2024.

The monetary policy and Statutory Instrument (SI) 60 of 2024 clarify the transition from Zimbabwe dollars (ZWL) to Zimbabwe Gold (ZWG) as conversion of all assets and liabilities previously valued as ZWL, using an official rate of 1ZWG: ZWL2,498.7242 as of 5 April 2024. The policy effectively ended the use of the Zimbabwe dollar (ZWL) as a unit of account, establishing ZWG as the new currency for financial reporting and transactions.

The Group transitioned to the new currency, Zimbabwe Gold (ZWG), following the distinct steps below:

- Closure of ZWL Ledger:**
 - We closed off the ZWL ledger as of April 5, 2024, and generated a Historical Cost trial balance (TB) for that date. This marks the end of the ZWL reporting period.
- Preparation of IAS 29 Compliant TB:**
 - From the Historical Cost TB, the Group prepared an IAS 29 compliant TB by applying the restatement principles of IAS 29. This involved adjusting figures for non-monetary assets and liabilities and the related income statement items to reflect their current value in light of inflation.
- Translation to ZWG:**
 - The figures on the inflation-adjusted TB were translated into ZWG using the exchange rate of 1 ZWG = 2,498.7242 ZWL which was predetermined. This conversion established the opening balances for the new Historical Cost ledger in the ZWG currency.
- Restatement of Opening Balances:**
 - Opening balances and prior year financials were restated before conversion to ZWG. The prior year TB (August 2023 and February 2024) was converted using the same exchange rate of 1 ZWG = 2,498.7242 ZWL, ensuring consistency across reporting periods.
- Assumption of Conversion Factor:**
 - In the absence of specific conversion factors for prior periods, the Bank assumed that the conversion factor of 2,498.7242 applied retrospectively to all balances from previous periods (August 2023 and February 2024). This assumption allows for a uniform approach to the historical data transition.

The Group will continue to assess the economic environment for the hyperinflationary indicators as prescribed by IAS 29.

4. ACCOUNTING POLICIES

Despite the currency transition, all the significant accounting policies applied in the preparation of the abridged financial statements are consistent with the accounting policies applied in the preparation of the previous annual financial statements.

5. OTHER INFORMATION

	Unreviewed	
	31 August 2024 ZWG '000	31 August 2023 ZWG '000 Restated
5.1 Revenue		
Revenue	195,021	329,917
Inter-segment revenue	-	-
Revenue from external customers	195,021	329,917

Comparatives have been restated as per par 34 of IFRS 5.

6. RELATED PARTY TRANSACTIONS

	Unreviewed	
	31 August 2024 ZWG '000	29 February 2024 ZWG '000
Amounts owed to related party companies comprise of the following:		
Inter-company trade payables	9,176	53,661
	9,176	53,661

Inter-company trade payables arise from the trading activities amongst the Group entities. Transactions are conducted at arms length and outstanding balances are charged an interest of 25.05% of the accrued balance.

7. 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.

Fair value of financial instruments

	Total ZWG '000	Unreviewed		
		Level 1 ZWG '000	Level 2 ZWG '000	Level 3 ZWG '000
At 31 August 2024				
Investment in Financial Assets	188,097	188,097	-	-
	188,097	188,097	-	-
At 29 February 2024				
Investment in Financial Assets	170,303	156,707	-	13,596
Transfers to disposal group held for sale	(60,196)	(54,884)	-	(5,313)
	110,107	101,824	-	8,283

8. EARNINGS AND ASSET VALUE PER SHARE

	Unreviewed	
	31 August 2024 ZWG '000	31 August 2023 ZWG '000 Restated
8.1 Earnings per share		
Profit / (loss) for the period attributable to ordinary shareholders	1,489,592	(888)
Adjustment for capital items (net of tax):		
Profit / (loss) on disposal of property and equipment	-	-
Write off of property and equipment	-	-
Impairment of property and equipment and intangible assets	-	-
Headline earnings attributable to ordinary shareholders	1,489,592	(888)
8.2 Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (000)	4,194,798	2,590,577
Basic earnings per share (ZWG cents)	35.51	(0.03)
Headline earnings per share (ZWG cents)	35.51	(0.03)
Diluted basic earnings per share (ZWG cents)	35.51	(0.03)
Diluted headline earnings per share (ZWG cents)	35.51	(0.03)
8.3 Net asset value per share		
Net asset value per consolidated statement of financial position	2,721,897	981,057
Tangible net asset value (ZWG cents)	2,611,404	869,922
Weighted average number of ordinary shares (000)	4,194,798	2,590,577
Net asset value per share (ZWG cents)	64.89	37.87
Tangible net asset value per share (ZWG cents)	62.25	33.58

Comparatives have been restated as per par 34 of IFRS 5.

9. DISPOSAL GROUP HELD FOR SALE

On 16 January 2024, the Group publicly announced the decision of its Board of Directors to sell EcoCash (Private) Limited (mobile money business), VAYA Technologies, Econet Insurance, Econet Life, MARS Zimbabwe and Maisha Health to Econet Wireless Zimbabwe. On 17 April 2024, the shareholders of the Company approved the plan to sell the subsidiaries. The sale was completed with an effective date of 1 March 2024.

10. GOING CONCERN

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

The Group's operations will continue in FY25 mainly due to the Group's drive on innovation as it invests in technologies to enhance operational efficiencies and increase the product offering to customers. The Directors and management are continuously monitoring and evaluating the operating environment to re-assess and appropriately adapt its strategies to ensure the continued operation of the Group into the foreseeable future.

The Directors have assessed the ability of the Group to continue operating as a going concern for FY2025 and beyond. The Directors believe that the preparation of these financial statements on a going concern basis remains appropriate.

11. EVENTS AFTER REPORTING DATE

There are no significant events that occurred post half-year period, other than the distribution out of the proceeds from the transfer of the non-banking business units to Econet Wireless Zimbabwe Limited. The distribution payment comprised of cash ZWG 910 billion (equivalent to 236,371,255 Econet Shares), and 236,371,255 distributed as Econet shares.