

eTRANZACT INTERNATIONAL PLC

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

eTRANZACT INTERNATIONAL PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

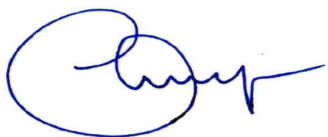
	Unaudited 31/03/2021 N'000	Unaudited 31/03/2020 N'000
Continuing operations		
Revenue	5,182,725	5,893,386
Cost of sales	<u>(4,738,379)</u>	<u>(5,637,920)</u>
Gross profit	444,346	255,466
Selling and Marketing costs	(4,798)	(6,061)
Administrative expenses	(447,855)	(491,207)
Other expenses	<u>-</u>	<u>-</u>
Operating (loss)/profit	(8,307)	(241,803)
Other Income	24,310	-
Finance Cost	(5,369)	(5,031)
Investment income	<u>24,483</u>	<u>64,303</u>
(Loss)/profit before tax	35,117	(182,532)
Taxation	<u>(11,237)</u>	<u>-</u>
(Loss)/profit for the period	<u>23,880</u>	<u>(182,532)</u>

There is no other comprehensive income for the period, hence the (loss)/profit for the period is equal to the total comprehensive income.

eTRANZACT INTERNATIONAL PLC
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2021

		Unaudited 31/03/2021 N'000	Audited 12/31/2020 N'000
Non-current assets	Note		
Property, plant and equipment	1	647,324	673,505
Investment property	2	265,761	302,226
Intangible assets	3	157,557	163,752
Deposit for shares		456,755	456,755
Total non-current assets		<u>1,527,397</u>	<u>1,596,238</u>
Current assets			
Inventories	6	139,134	575,477
Trade and other receivables	7	664,630	702,520
Other assets	5	460,576	262,820
Cash and cash equivalents	8	7,316,960	3,638,710
Total current assets		<u>8,581,300</u>	<u>5,179,527</u>
Total assets		<u>10,108,697</u>	<u>6,775,765</u>
Non-Current liabilities			
Deferred tax liability	4	-	-
Deferred Grant Income	10	107,291	107,291
Long term Loan	10	393,586	293,586
		<u>500,877</u>	<u>400,877</u>
Current liabilities			
Trade and other payables	9	7,575,510	7,807,698
Current tax liabilities	11	160,718	149,480
Total current liabilities		<u>7,736,228</u>	<u>7,957,178</u>
Total liabilities		<u>8,237,105</u>	<u>8,358,055</u>
Equity			
Share capital	12	3,317,283	2,100,000
Share premium account	13	2,859,594	646,875
Retained earnings	14	(4,305,285)	(4,329,165)
Total equity attributable to owners of the company		<u>1,871,592</u>	<u>(1,582,290)</u>
Total equity and Liabilities		<u>10,108,697</u>	<u>6,775,765</u>

The financial statements was approved by the Board of Directors on April 29, 2021 and signed on its behalf by:



.....
 Mr Niyi Toluwalope
 Chief Executive Officer
 FRC/2013/ICAN/00000002251



.....
 Mr Emmanuel Ogunji
 Ag. Chief Financial Officer
 FRC/2014/ICAN/00000007266

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STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2020	2,100,000	646,875	(2,440,173)	306,702
Loss for the year	-	-	(1,888,992)	(1,888,992)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,888,992)	(1,888,992)
Balance at 31 December 2020	2,100,000	646,875	(4,329,165)	(1,582,290)
Balance at 1 January 2021	2,100,000	646,875	(4,329,165)	(1,582,290)
Additions through right issue	1,217,283	2,212,719	-	3,430,002
Loss for the period	-	-	23,880	23,880
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	1,217,283	2,212,719	23,880	3,453,882
Balance at 31 March 2021	3,317,283	2,859,594	(4,305,285)	1,871,592

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CASHFLOW STATEMENT FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

	Note	31/03/2021 N'000	12/31/2020 N'000
Cashflow from operating activities			
Cash receipt from customers		5,218,757	22,613,666
Cash paid to suppliers and employees		(5,105,247)	(22,204,024)
Cash generated from operations		<u>113,510</u>	<u>409,642</u>
Income taxes paid	11	<u>-</u>	<u>(106,890)</u>
Net cash generated by operating activities		<u>113,510</u>	<u>302,752</u>
Cashflow from investing activities			
Purchase of property, plant and equipment	1	(37,395)	(369,452)
Additions to intangible assets	3	(7,757)	(33,832)
Interest received and similar income		24,483	155,389
Interest on Loan		(5,369)	(17,487)
Proceeds from sale of Investment Property		60,776	315,295
Proceeds from sale of Property, plant and equipment		<u>-</u>	<u>762</u>
Net cash (used in)/generated by investing activities		<u>34,738</u>	<u>50,675</u>
Cashflow from financing activities			
Net Proceeds from Rights Issue		3,430,002	-
Loan obtained	10	<u>100,000</u>	<u>-</u>
Net cash generated by financing activities		<u>3,530,002</u>	<u>-</u>
Net increase in cash and cash equivalents		3,678,250	353,427
Effects of exchange rate on year end bank balances		-	7,617
Cash and cash equivalents at beginning of year		<u>3,638,710</u>	<u>3,277,666</u>
Cash and cash equivalents at end of period	8	<u>7,316,960</u>	<u>3,638,710</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

1.0 Property, plant and equipment

	Motor Vehicle N000	Plant & machinery N000	Furnitures, Fittings and Equipment N000	Computer Equipment N000	Work In Progress N000	TOTAL N000
Cost or Valuation						
As at January 1, 2021	581,702	77,062	994,445	216,951	-	1,870,160
Additions	-	-	22,861	14,534	-	37,395
Reclassifications	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at 31 March, 2021	581,702	77,062	1,017,306	231,485	-	1,907,555
Accumulated depreciation and impairment						
As at 1 January	283,289	66,618	696,162	150,586	-	1,196,655
Adjustments	-	-	-	-	-	-
Charge for the period	22,101	1,586	29,166	10,722	-	63,575
Disposals	-	-	-	-	-	-
As at 31 March, 2021	305,390	68,205	725,328	161,308	-	1,260,230
Carrying amount						
As at January 1, 2021	298,412	10,444	298,283	66,366	-	673,505
As at 31 March, 2021	276,311	8,858	291,978	70,177	-	647,324

1.1 Impairment losses recognised in the Period

There were no impairment losses recognized during the period.

1.2 Contractual commitments

At March 31, 2021 the company had no contractual commitments for the acquisition of property, plant and equipment

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

2 Investment property

	31/03/2021 N'000	31/12/2020 N'000
Cost		
Land	<u>265,761</u>	<u>302,226</u>
	31/03/2021 N'000	31/12/2020 N'000
Balance at the beginning of the year	302,226	645,917
Disposal	(36,465)	(187,117)
Impairment loss	<u>-</u>	<u>(156,574)</u>
Balance at the period end	<u>265,761</u>	<u>302,226</u>

The company's investment property is held under freehold interests.

Investment property is recognized at cost in the books and subsequently tested for impairments.

As at March 31, 2021 the fair value of the investment property has been estimated as N266m (2020, N302m). The fair value has been determined by the management of the company by reference to market evidence of transaction prices for similar properties in comparable areas.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

3.0 Intangible assets

This represents the cost incurred in acquiring e-portal and other technologies which form the basis of the Company's e-payment Technology solutions.

	eTranzact enterprise platform N'000	eRemit platform N'000	Other Softwares N'000	TOTAL N'000
Cost				
At 1 January 2021	293,510	105,858	249,289	648,657
Additions	-	-	7,757	7,757
Reclassification	-	-	-	-
As at 31 March, 2021	293,510	105,858	257,045	656,413
Amortisation				
At 1 January 2021	241,013	68,051	175,841	484,905
Adjustments	-	-	-	-
Charge for the period	2,935	1,059	9,957	13,951
As at 31 March, 2021	243,948	69,110	185,798	498,856
Carrying amount				
At 1 January 2021	52,497	37,807	73,448	163,752
As at 31 March, 2021	49,563	36,748	71,247	157,557

3.1 Significant intangible assets

In line with the IFRS reporting and disclosure standards, management has reviewed in detail the intangible assets and is of the opinion that the useful life of the Enterprise software platform and eRemit platform should be 25 years from its original implementation and this has been adjusted accordingly from the year 2012. The carrying amounts of eTranzact enterprise softwares will be fully amortised in 18 years from 2012, the eRemit platform carrying amount will be fully amortised in 22 years and 4 months.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

4.0 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	31/03/2021	12/31/2020
	N'000	N'000
At 1 January	-	39,052
Charged to profit or loss	-	(39,052)
Charged to other comprehensive income	-	-
Charged directly to equity	-	-
Reclassification from equity to profit or loss	-	-
Acquisitions/disposals	-	-
Others (describe)	-	-
	<u>-</u>	<u>-</u>
As at 31 March, 2021	<u><u>-</u></u>	<u><u>-</u></u>

	31/03/2021	12/31/2020
	N'000	N'000
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

5.0 Other assets

	31/03/2021	12/31/2020
	N'000	N'000
Prepayments	100,702	34,744
Advance payments	347,532	215,733
Other assets (Note 5.1)	84,259	84,259
Fraud assets (Note 5.2)	<u>3,821,102</u>	<u>3,821,102</u>
	4,353,595	4,155,838
Allowance for other assets	(71,916)	(71,916)
Allowance for fraud assets	<u>(3,821,102)</u>	<u>(3,821,102)</u>
	<u><u>460,576</u></u>	<u><u>262,820</u></u>

5.1 Other assets

N71million out of the total Other assets balance represents amounts recoverable from the banks on unauthorized withdrawals on the reloadable customers float account in various banks, which were initially refunded by etranzact pending

5.2 Fraud assets

Fraud assets relates to the balance of the total value of assets that is expected to be recovered from Smart Micro Systems Limited as settlement of the liability to First Bank of Nigeria for fraudulent transactions. The balance of 3.82 billion is highly unlikely to be recovered from Smart Micro Systems Limited, hence the full provision for the fraud asset.

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

6.0 Inventories

	31/03/2021	31/12/2020
	N'000	N'000
Airtime Pins	134,415	570,759
SMS Printers Stock	-	-
Point of Sales (POS)	-	-
EMV - (Note 6.1)	2,304	2,304
Bulk SMS	2,415	2,415
	<u>139,134</u>	<u>575,477</u>
Provision for obsolete spares and slow moving stock	-	-
	<u>139,134</u>	<u>575,477</u>

6.1 EMV Cards

	N'000	N'000
EMV in Store	-	-
Stocks in transit	2,304	2,304
	<u>2,304</u>	<u>2,304</u>

7.0 Trade and other receivables

	31/03/2021	31/12/2020
	N'000	N'000
Trade receivables	544,303	580,334
Allowance for doubtful debts	(303,748)	(303,748)
	240,555	276,586
Other receivables		
Staff debtors (Note 7.1)	84,921	95,161
Other debtors	339,154	330,773
Due from related parties	-	-
	<u>664,630</u>	<u>702,520</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

7.1 Staff debtors

	31/03/2021	31/12/2020
	N'000	N'000
Staff debtors	90,064	100,305
Allowance for staff debtors	(5,144)	(5,144)
	<u>84,921</u>	<u>95,161</u>

8 Cash and Bank

	31/03/2021	31/12/2020
	N'000	N'000
Cash and bank balances	4,218,309	774,160
Restricted Cash	1,195,090	974,111
Short term investments	1,903,561	1,890,439
	<u>7,316,960</u>	<u>3,638,710</u>

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

9 Trade and other payables

	31/03/2021	12/31/2020
	N'000	N'000
Trade payable	4,715	133,212
Other payables:		
Accruals and Deferred Income	506,203	596,460
Pension contribution (Note 9.2)	68,649	37,070
Funds held for Pocketmoni and Babcock Card Scheme	382,383	458,011
Other Statutory Payables	447,718	376,937
Other Payables	2,381,132	2,413,521
Payables to First Bank of Nigeria (Note 9.1)	3,641,102	3,641,102
Other creditors	143,609	151,385
	<u>7,575,510</u>	<u>7,807,698</u>

9.1 Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 6 days. The company has financial risk management policies in place as well as efficient and effective treasury management policies to ensure that all payables are paid within the pre-agreed credit terms.

Included in other statutory payables for 2021 is an amount which represents VAT payable. This amounts are withheld from proceeds from sales to third parties and commissions earned on switching transactions performed on the platform.

Payables to First Bank of Nigeria represent the balance due to First Bank of Nigeria as a result of the fraudulent transactions by Smart Micro Systems Limited. eTranzact's portion of the recovered assets from Smart Micro Systems Limited was transferred to First Bank of Nigeria Plc, to reduce the balance payable to First Bank.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

9.2 Pension Contribution

	31/03/2021	31/12/2020
	N'000	N'000
At 1 January	37,070	30,400
Provisions	31,579	101,129
Payment	-	(94,459)
	<u>68,649</u>	<u>37,070</u>

10 Long Term Loan

	31/03/2021	31/12/2020
	N'000	N'000
Opening Balance	293,586	283,827
Additions	100,000	-
Deferred Income on Grant	-	-
Modification Gain	-	(12,812)
Accrued Interest	-	22,571
	<u>393,586</u>	<u>293,586</u>
Deferred Income on Grant		
Opening Balance	107,291	119,605
Accrued during the year	-	-
Recognised during the year	-	(12,314)
	<u>107,291</u>	<u>107,291</u>
Total Loan Balance with Accrued Interest	<u>500,877</u>	<u>400,877</u>

The loan of N500 million represents the first tranche of N150 million, the second tranche of N250 million and the third tranche of N100 million under the CBN's Shared Agent Network Expansion Facility. The loan is to fund the expansion of Shared Agent Networks across Nigeria in order to deepen financial inclusion in Nigeria. The loan was fair valued using the effective interest rate and a deferred grant income was recognised as a result of the actual interest rate on the loan being lower than the effective interest rate. The loan has a tenor of 10 years (inclusive of 2 years principal moratorium and 1 year interest moratorium). The Company did not pledge any of its assets in securing the loan.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2021

11 Current tax liabilities

	31/03/2021	31/12/2020
	N'000	N'000
At 1 January	149,480	198,660
Charged for the period	11,237	57,710
Payments during the period	-	(106,890)
Writeback of excess provision	-	-
	<u>160,718</u>	<u>149,480</u>

12 Share capital

	31/03/2021	31/12/2020
	N'000	N'000
Issued and fully paid:		
6,634,566,483 ordinary shares of 50k each	<u>3,317,283</u>	<u>2,100,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

13 Share premium

	31/03/2021	31/12/2020
	N'000	N'000
At 1 January	646,875	646,875
Premium arising on issue of shares	2,323,643	-
Expenses incurred on issue of shares	(110,924)	-
As at 31 March, 2021	<u>2,859,594</u>	<u>646,875</u>

14 Retained earnings

	31/03/2021	31/12/2020
	N'000	N'000
At 1 January	(4,329,165)	(2,440,173)
Profit attributable to owners of the company	23,880	(1,888,992)
As at 31 March, 2021	<u>(4,305,285)</u>	<u>(4,329,165)</u>

15 Statement of Compliance with Securities Trading Policy

In line with the provisions of Rule 17.2 of the Amendment to the Listing Rules and 17.17 of the Rule Book of the Nigerian Stock Exchange which have been incorporated into Sections 4 to 6 of the Company's Securities Trading Policy, No Director, Person discharging managerial responsibility, Adviser(s) of the Company or their connected person was involved in the trading in the Company's shares from April 12, 2021 until 24 hours after the release of the Company's Financial Statements for the first quarter ended March 31, 2021 to the Nigerian Stock Exchange and the general public.