

eTRANZACT INTERNATIONAL PLC

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

eTRANZACT INTERNATIONAL PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2022

	Unaudited 31/12/2022 N'000	Unaudited 31/12/2021 N'000	Unaudited Q4 2022 N'000	Unaudited Q4 2021 N'000
Continuing operations				
Revenue	22,378,353	23,466,118	6,185,344	6,002,952
Cost of sales	(16,711,471)	(20,559,844)	(4,119,291)	(4,967,036)
Gross profit	5,666,881	2,906,275	2,066,053	1,035,916
Selling and Marketing costs	(208,091)	(118,397)	(167,184)	(74,751)
Administrative expenses	(3,472,353)	(2,368,334)	(1,105,458)	(708,801)
Operating profit	1,986,437	419,545	793,412	252,364
Other Income	400	137,973	400	113,664
Finance Cost	(24,487)	(23,605)	(8,016)	(5,918)
Investment income	47,619	73,585	21,307	9,715
Profit before tax	2,009,969	607,498	807,104	369,824
Taxation	(643,190)	(194,399)	(258,273)	(118,344)
Profit for the period	1,366,779	413,099	548,830	251,480

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

eTRANZACT INTERNATIONAL PLC
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

	Note	Unaudited 31/12/2022 N'000	Audited 31/12/2021 N'000
Non-current assets			
Property, plant and equipment	1	992,746	789,103
Investment property	2	136,810	136,810
Intangible assets	3	95,568	149,280
Deposit for shares		456,755	456,755
Total non-current assets		1,681,880	1,531,948
Current assets			
Inventories	6	2,966,877	1,278,609
Trade and other receivables	7	882,736	963,497
Other assets	5	2,833,561	1,240,463
Cash and cash equivalents	8	9,510,282	5,896,939
Total current assets		16,193,456	9,379,508
Total assets		17,875,336	10,911,456
Non-Current liabilities			
Deferred tax liability	4	-	-
Deferred Grant Income	10	107,447	107,447
Long term Loan	10	298,070	368,779
		405,517	476,226
Current liabilities			
Trade and other payables	9	7,250,843	7,802,480
Current tax liabilities	11	751,342	219,059
Total current liabilities		8,002,185	8,021,539
Total liabilities		8,407,702	8,497,765
Equity			
Share capital	12	4,600,000	3,317,283
Share premium account	13	7,374,272	2,969,824
Retained earnings	15	(2,506,637)	(3,873,416)
Total equity attributable to owners of the company		9,467,634	2,413,691
Total equity and Liabilities		17,875,336	10,911,456

The financial statements was approved by the Board of Directors on January 30, 2023 and signed on its behalf by:



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



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

eTRANZACT INTERNATIONAL PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

	Share capital N'000	Share premium N'000	Convertible Debenture N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2021	2,100,000	646,875	-	(4,329,165)	(1,582,290)
Additions through right issue	1,217,283	2,322,949	-	-	3,540,232
Profit for the year	-	-	-	455,749	455,749
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	455,749	455,749
Balance at 31 December 2021	3,317,283	2,969,824	-	(3,873,416)	2,413,691
Balance at 1 January 2022	3,317,283	2,969,824	-	(3,873,416)	2,413,691
Additions through debenture issue	-	-	5,772,225	-	5,772,225
Issue Cost	-	-	(58,064)	-	(58,064)
Conversion of debenture to ordinary shares	1,282,717	4,431,444	(5,714,161)	-	-
Conversion Cost	-	(26,997)	-	-	(26,997)
Profit for the year	-	-	-	1,366,779	1,366,779
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	1,366,779	1,366,779
Balance at 31 December 2022	4,600,000	7,374,272	-	(2,506,637)	9,467,634

eTRANZACT INTERNATIONAL PLC

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	31/12/2022 N'000	31/12/2021 N'000
Cashflow from operating activities			
Cash receipt from customers		22,481,116	23,323,576
Cash paid to suppliers and employees		(23,846,943)	(24,549,221)
Cash generated from operations		<u>(1,365,827)</u>	<u>(1,225,645)</u>
Income taxes paid	11	<u>(110,907)</u>	<u>(10,709)</u>
Net cash used in operating activities		<u>(1,476,734)</u>	<u>(1,236,354)</u>
Cashflow from investing activities			
Purchase of property, plant and equipment	1	(541,935)	(408,601)
Additions to intangible assets	3	(7,256)	(47,404)
Interest received and similar income		47,619	111,348
Interest on Loan		(24,487)	(34,202)
Proceeds from sale of Investment Property		-	268,155
Proceeds from sale of Property, plant and equipment		400	-
Net cash used in investing activities		<u>(525,659)</u>	<u>(110,705)</u>
Cashflow from financing activities			
Net Proceeds from Debenture Issue		5,772,225	3,540,232
Issue Cost		(58,064)	-
Conversion cost of debenture to ordinary shares		(26,997)	-
Repayment of Loan Principal		(71,429)	(35,714)
Repayment of Interest on Loan		-	(23,138)
Loan obtained	10	<u>-</u>	<u>100,000</u>
Net cash generated by financing activities		<u>5,615,736</u>	<u>3,581,380</u>
Net increase in cash and cash equivalents		3,613,343	2,234,319
Effects of exchange rate on year end bank balances		-	23,910
Cash and cash equivalents at beginning of year		<u>5,896,939</u>	<u>3,638,710</u>
Cash and cash equivalents at end of the period	8	<u>9,510,282</u>	<u>5,896,939</u>

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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, 2022	581,702	80,062	1,330,821	286,177	-	2,278,762
Additions	94,000	5,936	247,787	142,077	52,135	541,935
Reclassifications	-	-	52,135	-	(52,135)	-
Disposals	-	-	(4,437)	-	-	(4,437)
As at 31 December, 2022	675,702	85,998	1,626,306	428,254	-	2,816,260
Accumulated depreciation and impairment						
As at 1 January	371,391	72,146	847,725	198,395	-	1,489,658
Adjustments						
Charge for the period	101,900	2,918	162,256	71,217		338,292
Disposals	-	-	(4,437)			(4,437)
As at 31 December, 2022	473,291	75,064	1,005,544	269,612	-	1,823,513
Carrying amount						
As at January 1, 2022	210,311	7,916	483,095	87,781	-	789,104
As at 31 December, 2022	202,411	10,934	620,762	158,642	-	992,746

1.1 Impairment losses recognised in the Period

There were no impairment losses recognized during the year.

1.2 Contractual commitments

At December 31, 2022 the company had no contractual commitments for the acquisition of property, plant and equipment

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

2 Investment property

	31/12/2022 N'000	31/12/2021 N'000
Cost		
Land	<u>136,810</u>	<u>136,810</u>
	31/12/2022 N'000	31/12/2021 N'000
Balance at the beginning of the year	136,810	302,226
Disposal	-	(165,416)
Impairment loss	<u>-</u>	<u>-</u>
Balance at the year end	<u>136,810</u>	<u>136,810</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 December 31, 2022 the fair value of the investment property has been estimated as N136.8m (2021, N136.8m). 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.

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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 2022	293,510	105,858	296,693	696,061
Additions	-	-	7,256	7,256
Reclassification	-	-	-	-
As at 31 December, 2022	293,510	105,858	303,949	703,317
Amortisation				
At 1 January 2022	254,123	72,286	220,373	546,781
Adjustments	-	-	-	-
Charge for the year	11,740	4,234	44,993	60,968
As at 31 December, 2022	265,863	76,520	265,366	607,749
Carrying amount				
At 1 January 2022	39,388	33,572	76,320	149,280
As at 31 December, 2022	27,647	29,338	38,583	95,568

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.

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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.

	31/12/2022 N'000	31/12/2021 N'000
At 1 January	-	-
Charged to profit or loss	-	-
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 December, 2022	<u><u>-</u></u>	<u><u>-</u></u>

	31/12/2022 N'000	31/12/2021 N'000
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

5.0 Other assets

	31/12/2022 N'000	31/12/2021 N'000
Prepayments	174,591	95,246
Advance payments	2,658,970	1,145,217
Other assets (Note 5.1)	81,318	81,318
Fraud assets (Note 5.2)	<u>3,821,102</u>	<u>3,821,102</u>
	6,735,981	5,142,883
Allowance for other assets	(81,318)	(81,318)
Allowance for fraud assets	<u>(3,821,102)</u>	<u>(3,821,102)</u>
	<u><u>2,833,561</u></u>	<u><u>1,240,463</u></u>

5.1 Other assets

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 the outcome of investigations into the cases.

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 YEAR ENDED 31ST DECEMBER 2022

6.0 Inventories

	31/12/2022	31/12/2021
	N'000	N'000
Airtime Pins	2,720,719	1,276,305
Utility Stock	246,158	-
Point of Sales (POS)	-	-
EMV - (Note 6.1)	-	2,304
Bulk SMS	-	-
	<u>2,966,877</u>	<u>1,278,609</u>
Provision for obsolete spares and slow moving stock	-	-
	<u>2,966,877</u>	<u>1,278,609</u>

6.1 EMV Cards

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

7.0 Trade and other receivables

	31/12/2022	31/12/2021
	N'000	N'000
Trade receivables	614,884	717,647
Allowance for doubtful debts	(318,023)	(318,023)
	<u>296,861</u>	<u>399,624</u>
Other receivables		
Staff debtors (Note 7.1)	52,274	73,363
Other debtors	533,601	490,510
	<u>585,875</u>	<u>563,873</u>
	<u>882,736</u>	<u>963,497</u>

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

7.1 Staff debtors

	31/12/2022	31/12/2021
	N'000	N'000
Staff debtors	57,418	78,507
Allowance for staff debtors	(5,144)	(5,144)
	<u>52,274</u>	<u>73,363</u>
	<u>52,274</u>	<u>73,363</u>

8 Cash and Bank

	31/12/2022	31/12/2021
	N'000	N'000
Cash and bank balances	1,235,919	770,668
Restricted Cash	6,386,671	3,281,350
Short term investments	1,887,692	1,844,921
	<u>9,510,282</u>	<u>5,896,939</u>
	<u>9,510,282</u>	<u>5,896,939</u>

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

9 Trade and other payables

	31/12/2022	31/12/2021
	N'000	N'000
Trade payable	108,765	78,500
Other payables:		
Accruals and Deferred Income	228,976	438,967
Pension contribution (Note 9.2)	70,925	33,798
Funds held for Pocketmoni and Babcock Card Scheme	1,918,153	928,168
Other Statutory Payables	356,051	283,198
Other Payables	4,395,714	5,784,383
Payables to First Bank of Nigeria (Note 9.1)	-	37,606
Other creditors	172,257	217,862
	<u>7,250,843</u>	<u>7,802,480</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 the period 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

	31/12/2022	31/12/2021
	N'000	N'000
At 1 January	33,798	37,070
Provisions	174,014	143,313
Payment	(136,887)	(146,585)
	<u>70,925</u>	<u>33,798</u>

10 Long Term Loan

	31/12/2022	31/12/2021
	N'000	N'000
Opening Balance	368,779	293,586
Additions	-	100,000
Deferred Income on Grant	-	(16,885)
Principal Repayment	(71,429)	(35,714)
Interest Repayment	(23,768)	(23,138)
Modification Gain	-	-
Accrued Interest	24,487	50,931
	<u>298,070</u>	<u>368,779</u>
Deferred Income on Grant		
Opening Balance	107,447	107,291
Accrued during the period	-	16,885
Recognised during the period	-	(16,729)
	<u>107,447</u>	<u>107,447</u>
Total Loan Balance with Accrued Interest	<u>405,517</u>	<u>476,226</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.

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

11 Current tax liabilities

	31/12/2022	31/12/2021
	N'000	N'000
At 1 January	219,059	149,480
Charged for the period	643,190	80,288
Payments during the year	(110,907)	(10,709)
Writeback of excess provision	-	-
	<u>751,342</u>	<u>219,059</u>

12 Share capital

	31/12/2022	31/12/2021
	N'000	N'000
Issued and fully paid:		
9,199,999,816 ordinary shares of 50k each (6,634,566,483 ordinary shares - 2021)	<u>4,600,000</u>	<u>3,317,283</u>

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

13 Share premium

	31/12/2022	31/12/2021
	N'000	N'000
At 1 January	2,969,824	646,875
Premium arising on issue of shares	-	2,434,566
Expenses incurred on issue of shares	-	(111,617)
Premium arising on conversion	4,431,444	-
Expenses incurred on conversion	(26,997)	-
As at 31 December, 2022	<u>7,374,272</u>	<u>2,969,824</u>

14 Zero Coupon Irredeemable Convertible Debenture

	31/12/2022	31/12/2021
	N'000	N'000
At 1 January	-	-
Issue of 5,772,225 Units at NGN 1,000/unit	5,772,225	-
Issue Cost	(58,064)	-
Conversion to Ordinary Shares	(5,714,161)	-
	<u>-</u>	<u>-</u>

15 Retained earnings

	31/12/2022	31/12/2021
	N'000	N'000
At 1 January	(3,873,416)	(4,329,165)
Profit attributable to owners of the company	1,366,779	455,749
As at 31 December, 2022	<u>(2,506,637)</u>	<u>(3,873,416)</u>

16 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 Exchange Limited 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 January 11, 2023 until 24 hours after the release of the Company's Financial Statements for the year ended December 31, 2022 to the Nigerian Exchange Limited and the general public.