

eTRANZACT INTERNATIONAL PLC

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

eTRANZACT INTERNATIONAL PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

	Unaudited 6/30/2023 N'000	Unaudited 6/30/2022 N'000	Unaudited Q2 2023 (April - June) N'000	Unaudited Q2 2022 (April - June) N'000
Continuing operations				
Revenue	17,378,549	11,621,245	7,092,303	6,272,992
Cost of sales	(14,029,486)	(9,677,332)	(5,299,234)	(5,158,055)
Gross profit	3,349,063	1,943,914	1,793,068	1,114,936
Selling and Marketing costs	(82,805)	(63,113)	(20,336)	(40,556)
Administrative expenses	(1,905,535)	(1,404,218)	(1,070,014)	(747,979)
Operating profit	1,360,723	476,583	702,719	326,402
Other Income	1,242	-	1,242	-
Finance Cost	(12,928)	(11,009)	(6,307)	(5,393)
Investment income	148,476	135,642	99,009	39,357
Profit before tax	1,497,513	601,216	796,662	360,366
Taxation	(479,204)	(192,389)	(254,932)	(115,317)
Profit for the period	1,018,308	408,827	541,730	245,049

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 30TH JUNE 2023

		Unaudited 6/30/2023 N'000	Audited 12/31/2022 N'000
Non-current assets			
Property, plant and equipment	1	1,579,088	992,747
Investment property	2	136,810	136,810
Intangible assets	3	73,160	95,568
Deposit for shares		456,755	456,755
Total non-current assets		2,245,813	1,681,880
Current assets			
Inventories	6	2,360,185	3,086,557
Trade and other receivables	7	719,311	671,245
Other assets	5	2,984,354	2,833,561
Cash and cash equivalents	8	11,869,565	9,413,861
Total current assets		17,933,415	16,005,224
Total assets		20,179,228	17,687,104
Non-Current liabilities			
Deferred Grant Income	10	90,396	90,396
Long term Loan	10	281,403	320,451
		371,799	410,847
Current liabilities			
Trade and other payables	9	8,494,175	7,458,042
Current tax liabilities	11	1,019,119	542,387
Total current liabilities		9,513,294	8,000,429
Total liabilities		9,885,093	8,411,276
Equity			
Share capital	12	4,600,000	4,600,000
Share premium account	13	7,374,272	7,374,272
Retained earnings	15	(1,680,137)	(2,698,444)
Total equity attributable to owners of the company		10,294,135	9,275,828
Total equity and Liabilities		20,179,228	17,687,104

The financial statements was approved by the Board of Directors on July 20, 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

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STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

	Share capital N'000	Share premium N'000	Convertible Debenture N'000	Retained earnings N'000	Total N'000
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	-	-	-	1,174,972	1,174,972
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,174,972	1,174,972
Balance at 31 December 2022	4,600,000	7,374,272	-	(2,698,444)	9,275,828
Balance at 1 January 2023	4,600,000	7,374,272	-	(2,698,444)	9,275,828
Profit for the period	-	-	-	1,018,308	1,018,308
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	1,018,308	1,018,308
Balance at 30 June 2023	4,600,000	7,374,272	-	(1,680,136)	10,294,136

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CASHFLOW STATEMENT FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

	Note	6/30/2023 N'000	12/31/2022 N'000
Cashflow from operating activities			
Cash receipt from customers		17,397,448	22,667,135
Cash paid to suppliers and employees		(14,220,339)	(24,100,287)
Cash generated from operations		3,177,108	(1,433,152)
Income taxes paid	11	(2,472)	(110,905)
Net cash used in operating activities		3,174,637	(1,544,057)
Cashflow from investing activities			
Purchase of property, plant and equipment	1	(805,447)	(541,935)
Additions to intangible assets	3	-	(7,256)
Interest received and similar income		148,476	47,619
Interest on Loan		(12,928)	(29,817)
Proceeds from sale of Investment Property		-	-
Proceeds from sale of Property, plant and equipment		2,942	400
Net cash used in investing activities		(666,957)	(530,989)
Cashflow from financing activities			
Net Proceeds from Debenture Issue		-	5,772,225
Issue Cost		-	(58,064)
Conversion cost of debenture to ordinary shares		-	(26,997)
Repayment of Loan Principal		(35,714)	(71,429)
Repayment of Interest on Loan		(16,261)	(23,768)
Loan obtained	10	-	-
Net cash generated by financing activities		(51,976)	5,591,968
Net increase in cash and cash equivalents		2,455,704	3,516,922
Effects of exchange rate on year end bank balances		-	-
Cash and cash equivalents at beginning of year		9,413,861	5,896,939
Cash and cash equivalents at end of the period	8	11,869,565	9,413,861

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NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

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, 2023	675,702	85,998	1,626,306	428,254	-	2,816,259
Additions	418,963	2,700	293,690	90,094	-	805,447
Reclassifications	-	-	-	-	-	-
Disposals	(102,100)	(5,194)	(16,906)	(1,323)	-	(125,523)
As at 30 June, 2023	992,564	83,504	1,903,090	517,025	-	3,496,183
Accumulated depreciation and impairment						
As at 1 January	473,292	75,064	1,005,545	269,612	-	1,823,512
Adjustments						
Charge for the period	71,681	1,639	93,806	50,279	-	217,404
Disposals	(100,400)	(5,194)	(16,906)	1,323	-	(123,823)
As at 30 June, 2023	444,572	71,509	1,082,445	318,567	-	1,917,093
Carrying amount						
As at January 1, 2023	202,410	10,934	620,761	158,642	-	992,747
As at 30 June, 2023	547,992	11,995	820,645	198,458	-	1,579,088

1.1 Impairment losses recognised in the Period

There were no impairment losses recognized during the period.

1.2 Contractual commitments

At June 30, 2023 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 SECOND QUARTER ENDED 30TH JUNE 2023

2 Investment property

	6/30/2023 N'000	31/12/2022 N'000
Cost		
Land	<u>136,810</u>	<u>136,810</u>
	6/30/2023 N'000	31/12/2022 N'000
Balance at the beginning of the year	136,810	136,810
Disposal	-	-
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 June 30, 2023 the fair value of the investment property has been estimated as N258m (2022: N258m). 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 SECOND QUARTER ENDED 30TH JUNE 2023

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 2023	293,510	105,858	303,949	703,317
Additions	-	-	-	-
Reclassification	-	-	-	-
As at 30 June, 2023	293,510	105,858	303,949	703,317
Amortisation				
At 1 January 2023	265,864	76,520	265,366	607,749
Adjustments	-	-	-	-
Charge for the year	5,870	2,117	14,420	22,408
As at 30 June, 2023	271,734	78,637	279,787	630,158
Carrying amount				
At 1 January 2023	<u>27,646</u>	<u>29,338</u>	<u>38,583</u>	<u>95,568</u>
As at 30 June, 2023	<u>21,776</u>	<u>27,221</u>	<u>24,162</u>	<u>73,160</u>

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 SECOND QUARTER ENDED 30TH JUNE 2023

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.

	6/30/2023 N'000	12/31/2022 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 30 June, 2023	<u><u>-</u></u>	<u><u>-</u></u>

	6/30/2023 N'000	12/31/2022 N'000
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>

5.0 Other assets

	6/30/2023 N'000	12/31/2022 N'000
Prepayments	324,357	174,591
Advance payments	2,659,998	2,658,970
Other assets (Note 5.1)	84,259	84,259
Fraud assets (Note 5.2)	<u>3,821,102</u>	<u>3,821,102</u>
	6,889,715	6,738,922
Allowance for other assets	(84,259)	(84,259)
Allowance for fraud assets	<u>(3,821,102)</u>	<u>(3,821,102)</u>
	<u><u>2,984,354</u></u>	<u><u>2,833,561</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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

6.0 Inventories

	6/30/2023	31/12/2022
	N'000	N'000
Airtime Pins	2,247,767	2,795,603
Utility Stock	112,418	290,954
Point of Sales (POS)	-	-
EMV - (Note 6.1)	-	-
Bulk SMS	-	-
	<u>2,360,185</u>	<u>3,086,557</u>
Provision for obsolete spares and slow moving stock	-	-
	<u>2,360,185</u>	<u>3,086,557</u>

6.1 EMV Cards

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

7.0 Trade and other receivables

	6/30/2023	31/12/2022
	N'000	N'000
Trade receivables	595,986	614,884
Allowance for doubtful debts	(538,195)	(538,195)
	<u>57,791</u>	<u>76,689</u>
Other receivables		
Staff debtors (Note 7.1)	215,380	152,988
Other debtors	446,140	441,568
	<u>719,311</u>	<u>671,245</u>

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

7.1 Staff debtors

	6/30/2023	31/12/2022
	N'000	N'000
Staff debtors	220,524	158,132
Allowance for staff debtors	(5,144)	(5,144)
	<u>215,380</u>	<u>152,988</u>

8 Cash and Bank

	6/30/2023	31/12/2022
	N'000	N'000
Cash and bank balances	1,556,780	1,135,208
Restricted Cash	8,387,686	6,386,668
Short term investments	1,925,099	1,891,985
	<u>11,869,565</u>	<u>9,413,861</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

9 Trade and other payables

	6/30/2023	12/31/2022
	N'000	N'000
Trade payable	79,649	108,765
Other payables:		
Accruals and Deferred Income	429,677	400,524
Pension contribution (Note 9.2)	111,344	70,925
Funds held for Pocketmoni and Babcock Card Scheme	1,207,196	1,918,153
Other Statutory Payables	439,052	390,205
Other Payables	5,891,509	4,352,417
Payables to First Bank of Nigeria (Note 9.1)	-	-
Other creditors	335,746	217,054
	<u>8,494,176</u>	<u>7,458,042</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.

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

9.2 Pension Contribution

	6/30/2023	31/12/2022
	N'000	N'000
At 1 January	70,925	33,798
Provisions	97,154	174,014
Payment	(56,736)	(136,887)
	<u>111,344</u>	<u>70,925</u>

10 Long Term Loan

	6/30/2023	31/12/2022
	N'000	N'000
Openng Balance	320,451	368,779
Additions	-	-
Deferred Income on Grant	-	-
Principal Repayment	(35,714)	(71,429)
Interest Repayment	(16,261)	(23,768)
Modification Gain	-	-
Accrued Interest	12,928	46,868
	<u>281,403</u>	<u>320,451</u>
Deferred Income on Grant		
Opening Balance	90,396	107,447
Accrued during the period	-	-
Recognised during the period	-	(17,051)
	<u>90,396</u>	<u>90,396</u>
Total Loan Balance with Accrued Interest	<u>371,799</u>	<u>410,847</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 SECOND QUARTER ENDED 30TH JUNE 2023

11 Current tax liabilities

	6/30/2023 N'000	31/12/2022 N'000
At 1 January	542,387	219,059
Charged for the period	479,204	434,233
Payments during the year	(2,472)	(110,905)
Writeback of excess provision	-	-
	<u>1,019,119</u>	<u>542,387</u>

12 Share capital

	6/30/2023 N'000	31/12/2022 N'000
Issued and fully paid:		
9,199,999,816 ordinary shares of 50k each	<u>4,600,000</u>	<u>4,600,000</u>

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

13 Share premium

	6/30/2023 N'000	31/12/2022 N'000
At 1 January	7,374,272	2,969,824
Premium arising on issue of shares	-	-
Expenses incurred on issue of shares	-	-
Premium arising on conversion	-	4,431,444
Expenses incurred on conversion	-	(26,997)
As at 30 June, 2023	<u>7,374,272</u>	<u>7,374,272</u>

14 Zero Coupon Irredeemable Convertible Debenture

	6/30/2023 N'000	31/12/2022 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

	6/30/2023 N'000	31/12/2022 N'000
At 1 January	(2,698,444)	(3,873,416)
Profit attributable to owners of the company	<u>1,018,308</u>	<u>1,174,972</u>
As at 30 June, 2023	<u>(1,680,136)</u>	<u>(2,698,444)</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 July 1, 2023 until 24 hours after the release of the Company's Financial Statements for the second quarter ended June 30, 2023 to the Nigerian Exchange Limited and the general public.

eTRANZACT INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30TH JUNE 2023

17 Shareholding Structure/Free Float Status

Description	30-06-23		30-06-22	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	9,199,999,816	100%	6,634,566,483	100%
Substantial Shareholdings (5% and above)				
ACCESS BANK NIGERIA PLC	3,453,937,783	37.54%	1,579,258,416	23.80%
ETRANZACT GLOBAL LIMITED	2,113,903,449	22.98%	2,113,903,449	31.86%
ACCELEREX HOLDINGS	1,026,173,333	11.15%	-	
SYBASE NIGERIA BUSINESS SOLUTIONS LIMITED	568,014,565	6.17%	568,014,565	8.56%
BLUE ACCOUNT GASL NOMINEE LIMITED	544,163,523	5.91%	544,163,523	8.20%
Total Substantial Shareholdings	7,706,192,653	83.75%	4,805,339,953	72.42%

Description	30-06-23		30-06-22	
	Unit	Percentage	Unit	Percentage
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mr Wole Abegunde (Indirect - Meristem Securities Limited)	444,223,891	4.83%	164,702,048	2.48%
Mr. Olaniyi Tolulope Toluwalope (Direct)	35,518,304	0.38%	35,518,304	0.54%
Total Directors' Shareholdings	479,742,195	5.21%	200,220,352	3.02%
Free Float in Units and Percentage	1,014,064,968	11.02%	1,629,006,178	24.55%
Free Float in Value	₦	6,540,719,043.60	₦	3,355,752,726.68

Declaration:

(A) eTranzact International Plc with a free float percentage of 11.02% as at 30 June 2023, falls short of The Exchange's free float requirements for companies listed on the Main Board. The Company is taking the necessary steps to ensure full compliance.

(B) eTranzact International Plc with a free float percentage of 24.55% as at 30 June 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.