

eTRANZACT INTERNATIONAL PLC

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2023

eTRANZACT INTERNATIONAL PLC

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

	Unaudited 9/30/2023 N'000	Unaudited 9/30/2022 N'000	Unaudited Q3 2023 (July - September) N'000	Unaudited Q3 2022 (July - September) N'000
Continuing operations				
Revenue	25,667,373	16,026,498	8,288,825	4,405,252
Cost of sales	(20,400,453)	(12,592,181)	(6,372,377)	(2,914,369)
Gross profit	5,266,920	3,434,317	1,916,448	1,490,883
Selling and Marketing costs	(150,095)	(114,907)	(67,291)	(51,794)
Administrative expenses	(3,158,336)	(2,292,895)	(1,252,801)	(888,678)
Operating profit	1,958,489	1,026,515	596,356	550,411
Other Income	2,017	-	775	-
Finance Cost	(16,091)	(16,471)	(6,063)	(5,462)
Investment income	289,271	192,822	137,895	57,180
Profit before tax	2,233,686	1,202,866	728,963	602,129
Taxation	(669,675)	(384,917)	(218,689)	(192,682)
Profit for the period	1,564,011	817,949	510,274	409,447

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

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STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2023

		Unaudited 9/30/2023 N'000	Audited 12/31/2022 N'000
Non-current assets			
Property, plant and equipment	1	1,621,189	992,747
Investment property	2	136,810	136,810
Intangible assets	3	61,956	95,568
Deposit for shares		456,755	456,755
Total non-current assets		2,276,710	1,681,880
Current assets			
Inventories	6	2,228,537	3,086,557
Trade and other receivables	7	472,102	671,245
Other assets	5	3,383,712	2,833,561
Cash and cash equivalents	8	10,800,252	9,413,861
Total current assets		16,884,603	16,005,224
Total assets		19,161,313	17,687,104
Non-Current liabilities			
Deferred Grant Income	10	90,396	90,396
Long term Loan	10	259,149	320,451
		349,545	410,847
Current liabilities			
Trade and other payables	9	6,982,715	7,458,042
Current tax liabilities	11	989,214	542,387
Total current liabilities		7,971,929	8,000,429
Total liabilities		8,321,474	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	(1,134,433)	(2,698,444)
Total equity attributable to owners of the company		10,839,839	9,275,828
Total equity and Liabilities		19,161,313	17,687,104

The financial statements was approved by the Board of Directors on October 26, 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 THIRD QUARTER ENDED 30TH SEPTEMBER 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	-	-	-	1,564,011	1,564,011
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	1,564,011	1,564,011
Balance at 30 September 2023	4,600,000	7,374,272	-	(1,134,433)	10,839,839

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CASHFLOW STATEMENT FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2023

	Note	9/30/2023 N'000	12/31/2022 N'000
Cashflow from operating activities			
Cash receipt from customers		25,740,577	22,667,135
Cash paid to suppliers and employees		(23,353,415)	(24,100,287)
Cash generated from operations		2,387,162	(1,433,152)
Income taxes paid	11	(222,848)	(110,905)
Net cash used in operating activities		2,164,314	(1,544,057)
Cashflow from investing activities			
Purchase of property, plant and equipment	1	(977,852)	(541,935)
Additions to intangible assets	3	-	(7,256)
Interest received and similar income		289,271	47,619
Interest on Loan		(16,091)	(29,817)
Proceeds from sale of Investment Property		-	-
Proceeds from sale of Property, plant and equipment		4,142	400
Net cash used in investing activities		(700,530)	(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		(53,571)	(71,429)
Repayment of Interest on Loan		(23,822)	(23,768)
Loan obtained	10	-	-
Net cash generated by financing activities		(77,393)	5,591,968
Net increase in cash and cash equivalents		1,386,391	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	10,800,252	9,413,861

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NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 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	526,963	5,100	316,405	129,385	-	977,852
Reclassifications	-	-	-	-	-	-
Disposals	(102,100)	(5,194)	(20,501)	(1,323)	-	(129,118)
As at 30 September, 2023	1,100,564	85,904	1,922,209	556,315	-	3,664,992
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	109,029	2,650	155,682	79,921	-	347,283
Disposals	(99,975)	(5,194)	(20,501)	(1,323)	-	(126,993)
As at 30 September, 2023	482,346	72,521	1,140,726	348,210	-	2,043,802
Carrying amount						
As at January 1, 2023	202,410	10,934	620,761	158,642	-	992,747
As at 30 September, 2023	618,219	13,383	781,483	208,106	-	1,621,189

1.1 Impairment losses recognised in the Period

There were no impairment losses recognized during the period.

1.2 Contractual commitments

At September 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 THIRD QUARTER ENDED 30TH SEPTEMBER 2023

2 Investment property

	9/30/2023 N'000	31/12/2022 N'000
Cost		
Land	<u>136,810</u>	<u>136,810</u>
	9/30/2023 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 September 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 THIRD QUARTER ENDED 30TH SEPTEMBER 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 September, 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	8,805	3,176	21,631	33,612
As at 30 September, 2023	274,669	79,696	286,998	641,361
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 September, 2023	<u>18,841</u>	<u>26,162</u>	<u>16,952</u>	<u>61,956</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 THIRD QUARTER ENDED 30TH SEPTEMBER 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.

	9/30/2023 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 September, 2023	<u><u>-</u></u>	<u><u>-</u></u>

	9/30/2023 N'000	12/31/2022 N'000
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

5.0 Other assets

	9/30/2023 N'000	12/31/2022 N'000
Prepayments	402,650	174,591
Advance payments	2,981,062	2,658,970
Other assets (Note 5.1)	84,259	84,259
Fraud assets (Note 5.2)	3,821,102	3,821,102
	<u>7,289,073</u>	<u>6,738,922</u>
Allowance for other assets	(84,259)	(84,259)
Allowance for fraud assets	<u>(3,821,102)</u>	<u>(3,821,102)</u>
	<u><u>3,383,712</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 THIRD QUARTER ENDED 30TH SEPTEMBER 2023

6.0 Inventories

	9/30/2023	31/12/2022
	N'000	N'000
Airtime Pins	2,127,140	2,795,603
Utility Stock	101,397	290,954
Point of Sales (POS)	-	-
EMV - (Note 6.1)	-	-
Bulk SMS	-	-
	<u>2,228,537</u>	<u>3,086,557</u>
Provision for obsolete spares and slow moving stock	-	-
	<u>2,228,537</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

	9/30/2023	31/12/2022
	N'000	N'000
Trade receivables	541,682	614,884
Allowance for doubtful debts	(538,195)	(538,195)
	3,487	76,689
Other receivables		
Staff debtors (Note 7.1)	246,979	152,988
Other debtors	221,636	441,568
	<u>472,102</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

	9/30/2023	31/12/2022
	N'000	N'000
Staff debtors	252,123	158,132
Allowance for staff debtors	(5,144)	(5,144)
	<u>246,979</u>	<u>152,988</u>

8 Cash and Bank

	9/30/2023	31/12/2022
	N'000	N'000
Cash and bank balances	1,424,176	1,135,208
Restricted Cash	7,434,136	6,386,668
Short term investments	1,941,940	1,891,985
	<u>10,800,252</u>	<u>9,413,861</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2023

9 Trade and other payables

	9/30/2023	12/31/2022
	N'000	N'000
Trade payable	39,381	108,765
Other payables:		
Accruals and Deferred Income	309,144	400,524
Pension contribution (Note 9.2)	69,144	70,925
Funds held for Pocketmoni and Babcock Card Scheme	2,163,869	1,918,153
Other Statutory Payables	485,100	390,205
Other Payables	3,666,580	4,352,417
Payables to First Bank of Nigeria (Note 9.1)	-	-
Other creditors	249,497	217,054
	<u>6,982,717</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

	9/30/2023	31/12/2022
	N'000	N'000
At 1 January	70,925	33,798
Provisions	156,470	174,014
Payment	(158,251)	(136,887)
	<u>69,144</u>	<u>70,925</u>

10 Long Term Loan

	9/30/2023	31/12/2022
	N'000	N'000
Opening Balance	320,451	368,779
Additions	-	-
Deferred Income on Grant	-	-
Principal Repayment	(53,571)	(71,429)
Interest Repayment	(23,822)	(23,768)
Modification Gain	-	-
Accrued Interest	16,091	46,868
	<u>259,149</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>349,545</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 THIRD QUARTER ENDED 30TH SEPTEMBER 2023

11 Current tax liabilities		
	9/30/2023	31/12/2022
	N'000	N'000
At 1 January	542,387	219,059
Charged for the period	669,675	434,233
Payments during the year	(222,848)	(110,905)
Writeback of excess provision	-	-
	<u>989,214</u>	<u>542,387</u>
12 Share capital		
	9/30/2023	31/12/2022
	N'000	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		
	9/30/2023	31/12/2022
	N'000	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 September, 2023	<u>7,374,272</u>	<u>7,374,272</u>
14 Zero Coupon Irredeemable Convertible Debenture		
	9/30/2023	31/12/2022
	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		
	9/30/2023	31/12/2022
	N'000	N'000
At 1 January	(2,698,444)	(3,873,416)
Profit attributable to owners of the company	1,564,011	1,174,972
As at 30 September, 2023	<u>(1,134,433)</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 October 1, 2023 until 24 hours after the release of the Company's Financial Statements for the third quarter ended September 30, 2023 to the Nigerian Exchange Limited and the general public.