

# eTRANZACT INTERNATIONAL PLC

## ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

**eTRANZACT INTERNATIONAL PLC**  
**REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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## eTRANZACT INTERNATIONAL PLC

### Report of the Directors

#### For the year ended 31 December 2022

The directors present their annual report on the affairs of eTranzact International Plc ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2022.

#### Legal Form and Principal Activities

The Company was incorporated as a Private Limited Liability Company on 7 May 2003. It converted and registered as a Public Limited Liability Company on the 25 June 2009 and its shares were listed on The Nigerian Stock Exchange on 7 August, 2009. The principal activity of the Company is the provision of all facets of electronic payment technology and maintenance services.

#### Operating Results

The following is a summary of the Company's operating results:

				2022	2021
				N'000	N'000
Revenue				22,542,395	23,584,553
Gross Profit				5,681,090	2,804,899
Operating profit				1,591,003	332,241
Profit before income tax expense				1,609,205	536,037
Income tax expense				(434,233)	(80,288)
Profit after income tax expense				<b>1,174,972</b>	<b>455,750</b>

#### Shareholders With More Than 5% Interest

	31 December 2022		31 December 2021	
Name of the Company	Number of shares	%	Number of shares	%
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 Ltd	568,014,565	6.17%	568,014,565	8.56%
Blue Account GASL Nominee Ltd	544,163,523	5.91%	544,163,523	8.20%
	<b>7,706,192,653</b>	<b>84%</b>	<b>4,805,339,953</b>	<b>72%</b>

#### Share Capital

As at 31 December 2022, the issued share capital of the Company is Four Billion, Five Hundred and Ninety Nine Million, Nine Hundred and Ninety Nine Thousand, Nine Hundred and Eight Naira (N4,599,999,908) divided into Nine Billion, One Hundred and Ninety Nine Million, Nine Hundred and Ninety Nine Thousand, Eight Hundred and Sixteen (9,199,999,816) ordinary shares of 50kobo each.

#### Share Capital History

The Company was incorporated in 2003 as a Private Limited Liability Company with an initial authorized share capital of N1,000,000 divided into 1,000,000 ordinary shares of N1.00 each. In 2005, the Company increased its share capital to N350,000,000 divided into 350,000,000 ordinary shares of N1.00 each. In 2008, the Company further increased its share capital to N2,100,000,000 divided into 4,200,000,000 ordinary shares of 50kobo each and was listed on The Nigerian Stock Exchange in 2009.

In 2021, there was an increase of N1,217,283,241 in paid-up issued share capital which is made up of 2,434,566,480 ordinary shares. The additional share capital is a result of the right issues that was completed during the year.

During the year there was an increase of N1,282,716,667 in paid-up issued share capital during the year which is made up of 2,565,433,333 ordinary shares. The additional share capital is a result of the irredeemable convertible debentures that were converted to equity during the year.

As at date, the Company has share capital of N4,599,999,908 divided into 9,199,999,816 ordinary shares of 50kobo each and a paid up share capital of N4,599,999,908.00 divided into 9,199,999,816 ordinary shares of 50kobo each.

**eTRANZACT INTERNATIONAL PLC****Report of the Directors - Continued**

For the year ended 31 December 2022

**Directors and their Interests in Shares**

The Directors of the Company who held office during the year together with their interests in the shares of the Company at 31 December 2022 are shown below:

Name of Director & Company	31 December 2022			31 December 2021		
	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Mr. Anthony Egbuna (eTranzact Global Limited)	-	2,113,903,449	22.98	-	2,113,903,449	31.86
Mr. Victor Etuokwu (Access Bank Plc)	-	3,453,937,783	37.54	-	1,579,258,416	23.8
Mr. Wole Abegunde (Meristem Securities Limited)	-	324,723,892	3.53	-	164,702,048	2.48
Mr. Niyi Toluwalope	35,518,304	-	0.39	35,518,304	-	0.54
	<b>35,518,304</b>	<b>5,892,565,124</b>	<b>64.44</b>	<b>35,518,304</b>	<b>3,857,863,913</b>	<b>58.68</b>

**Directors Interest in Contracts**

For the purpose of Section 303(1) and (3) of Companies and Allied Matters Act of Nigeria, 2020 (CAMA 2020), all contracts with related parties during the year were conducted at arm's length. Information relating to related parties transactions are contained in Note 31 to the financial statements.

Related Director	Name of Company	Status	Service to the Company
Mr. Wole Abegunde	Meristem Group	Director	Registrars and Stock Brokers
Mr. Anthony Egbuna	eTranzact Global Limited	Director	Platform Provider

**Property, Plant and Equipment**

Movements in property, plant and equipment for the period are shown in Notes 15 in the Financial Statements. In the opinion of the Directors, market value of property, plant and equipment is not less than the value shown in the Financial Statements.

**Employment and Employees:****i. Employment Policy**

The Company gives equal opportunity to all applicants including disabled persons. All employees whether or not disabled are given equal opportunity for career growth and development. As at 31 December 2022, no disabled person applied for employment in the Company.

**ii. Health, Safety and Welfare of Employees**

The Company places high importance on the health, safety and welfare of its employees. It ensures that the work environment is safe. Employees are entitled to graduated medical allowances. Hazard allowances are also paid to employees who are exposed to hazards in the course of their duties. Other staff benefits which include employers contribution to pension schemes are also implemented.

**iii. Employees Involvement and Training**

The Company is of the opinion that its employees are an invaluable asset and as such equip them with skills and knowledge necessary to keep them up to date and enhance efficiency on their jobs.

The employees are considerably involved in major policy matters affecting them and are informed on various factors affecting the performance of the Company. This is achieved through formal and informal meetings. All employees are exposed to trainings, workshops and seminars that are necessary to enhance their knowledge and skill. The Company encourages continuing knowledge development of its employees.

**iv. Donations**

In compliance with Section 43(2) of the Companies and Allied Matters Act of Nigeria, 2020, the Company did not make any donation or gift to any political party, political association or for any political purpose, nor other donations, during the year (2021: Nil).

**v. Format of Accounts**

The Financial Statements have been prepared in accordance with the standards and requirements of the International Financial Reporting Standards (IFRS). The Directors consider that the format adopted in this account is the most suitable for the Company's purposes.

**eTRANZACT INTERNATIONAL PLC**

**Report of the Directors - Continued  
For the year ended 31 December 2022**

**vi. Independent Auditor**

The Auditor, Messrs. Ernst & Young has indicated their willingness, to continue in office as the Company's Auditor in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020.

BY ORDER OF THE BOARD

  
**PAC | SOLICITORS**  
COMPANY SECRETARY

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Ninette Ninyio  
PAC SOLICITORS (Company Secretary)  
FRC/2022/PRO/NBA/002/380353  
Plot 10, Block 137A, Canaanland Street,  
Lekki Phase 1, Lagos State  
Tel: 07034221380, 08063480070  
28 March 2023

**eTRANZACT INTERNATIONAL PLC**  
**Statement of Corporate Responsibility for the Financial Statements**  
**For the year ended 31 December 2022**

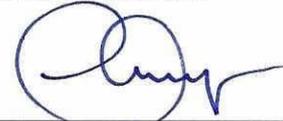
In line with the provision of Section 405 of Companies and Allied Matter Act 2020, we have reviewed the audited financial statements of the Company for the year ended 31 December 2022, and based on our knowledge confirm as follows:

- i The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading.
- ii The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2022.
- iii The Company's internal controls for the year 2022 have been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.
- iv The Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2022.
- v That we have disclosed to the Company's Auditor and Audit Committee the following information:
  - a there are no significant deficiencies in the design or operation of the Company internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditor any weaknesses in internal controls observed in the course of the audit.
  - b there is no fraud involving management or other employees which could have any significant role in the Company internal control.
- vi There are no significant changes in internal controls or in the other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.



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Mr. Emmanuel Ogunji  
Chief Financial Officer  
FRC/2014/ICAN/00000007266  
28 March 2023



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Mr. Niyi Toluwalope  
Chief Executive Officer  
FRC/2013/ICAN/00000002251  
28 March 2023

**eTRANZACT INTERNATIONAL PLC**

**Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements**

**For the year ended 31 December 2022**

The Directors of eTranzact International Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2022, and the results of its operations, changes in equity and cash flows for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20, Laws of the Federation of Nigeria, 2020, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

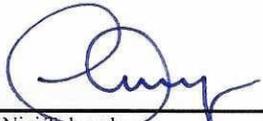
- \* properly selecting and applying accounting policies;
- \* presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- \* providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- \* making an assessment of the Company's ability to continue as a going concern.
- \* designing, implementing and maintaining an effective and sound system of internal controls throughout the Company.
- \* maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- \* maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- \* taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- \* preventing and detecting fraud and other irregularities.

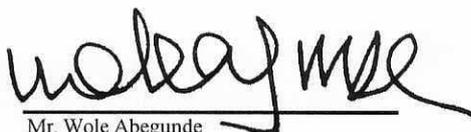
**Going Concern:**

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the next 12 months from the date of this statement.

The financial statements of the Company for the year ended 31 December 2022 were approved by the directors on 28 March 2023.

**On behalf of the Directors of the Company**

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

  
Mr. Wole Abegunde  
Chairman  
FRC/2014/CISN/00000010043

**eTRANZACT INTERNATIONAL PLC**

**Report of the Statutory Audit Committee**

**For the year ended 31 December 2022**

To the members of eTranzact International PLC

In compliance with Section 404 (7) of the Companies and Allied Matters Act of Nigeria 2020, we, the members of the Audit Committee of eTranzact International PLC ("the Company") confirm that:

- In our opinion, the accounting and reporting policies of the Company are in accordance with the legal requirements and agreed ethical practices.
- We reviewed the plan and scope of both the external and internal audits and were satisfied that they reinforce the Company's internal control.
- We reviewed the Audited Financial Statements of the Company and were satisfied with the External Auditors report that they received Management's cooperation and responses in the course of their audit.



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**Dominic Ichaba**

**Chairman, Audit Committee**

**FRC/2014/NBA/00000006264**

**Dated this 28th day of March 2023**

**Members of the Audit Committee**

- |                        |   |                      |
|------------------------|---|----------------------|
| 1. Mr. Dominic Ichaba  | - | Shareholder/Chairman |
| 2. Mr. Robert Ibekwe   | - | Shareholder          |
| 3. Mr. Mathias Dafur   | - | Shareholder          |
| 4. Mr. Afolabi Oladele | - | Director             |
| 5. Mr. Uche Val Obi    | - | Director             |



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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of ETranzact International Plc ('the Company'), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ETranzact International Plc as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC - Continued

The Key Audit Matters applies to the audit of the financial statements.

Key audit matter	How our audit addressed the matter
<p><i>Expected Credit Loss (ECL) assessment of trade and other receivables at amortised cost</i></p> <p>The gross carrying amount of the Company's trade and other receivables as at 31 December 2022 measured at amortised cost is <del>¥</del>1.29 billion (2021: <del>¥</del>1.31 billion) and the associated expected credit loss (ECL) allowance is <del>¥</del>615 million (2021: <del>¥</del>346 million). These balances are considered significant to the financial statements.</p> <p>This was considered a key audit matter as it requires significant judgment to determine the ECL under IFRS 9: <i>Financial Instruments</i>.</p> <p>In assessing trade receivables for impairment, the simplified approach was applied using the provision matrix method, and as such not assessed for a significant increase in credit risk. The loss rates are based on days past due for groupings of various customer segments with similar loss patterns.</p> <p>The approach also involves the application of a considerable level of judgment and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> <li>• Determining loss rates using the historical loss record</li> <li>• Adjusting the loss rates by incorporating forward-looking information</li> <li>• Selecting macroeconomic variables that impact receivables</li> </ul> <p>This is considered a key audit matter in the financial statements given the level of complexity and judgment involved in the process which required considerable audit time and expertise.</p> <p>ECL assessment is disclosed in Note 22 to the financial statements and Note 3.14.1 of the summary of the significant accounting policies.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▪ We reviewed and documented management's process for impairment assessment of trade receivables.</li> <li>▪ We reviewed how loss rates were determined including the repayment history for possible repayment default.</li> <li>▪ We assessed the various macro-economic factors considered in incorporating forward-looking information and also assigning probability weights to the multiple scenarios.</li> <li>▪ We performed an independent estimation of the expected credit loss based on independently sourced data.</li> <li>▪ We evaluated the level of provisions made by management for trade receivables.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC - Continued

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "eTranzact International Plc Annual Report and Audited Financial Statements for the year ended 31 December 2022", which includes Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities In Relation to the Preparation of Financial Statements, Report of the Statutory Audit Committee and Other National Disclosures as required by the Companies and Allied Matter Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC - Continued

### *Auditor's Responsibilities for the Audit of the Financial Statements – Continued*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company in so far as it appears from our examination of those books;
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



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Jamiu Olakisan  
FRC/2013/ICAN/00000003918  
For Ernst & Young  
Lagos, Nigeria



31 March 2023

**eTRANZACT INTERNATIONAL PLC**

**Statement of profit or loss and other comprehensive income  
For the year ended 31 December 2022**

	Note	2022 N'000	2021 N'000
Revenue	5	22,542,395	23,584,553
Cost of sales	6	<u>(16,861,305)</u>	<u>(20,779,654)</u>
<b>Gross profit</b>		<b>5,681,090</b>	<b>2,804,899</b>
Selling and marketing costs	7	(282,091)	(104,189)
Administrative expenses	8	(3,543,381)	(2,303,496)
Net impairment allowance charges	8A	<u>(264,615)</u>	<u>(64,973)</u>
<b>Operating profit</b>		<b>1,591,003</b>	<b>332,241</b>
Interest income using the effective interest method	10	47,619	111,348
Interest expense using the effective interest method	10	(29,817)	(34,202)
Other income	11	<u>400</u>	<u>126,650</u>
<b>Profit before income tax expense</b>		<b>1,609,205</b>	<b>536,037</b>
Income tax expense	13.1	<u>(434,233)</u>	<u>(80,288)</u>
<b>Profit for the year</b>		<b>1,174,972</b>	<b>455,750</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year, net of tax</b>		<u><b>1,174,972</b></u>	<u><b>455,750</b></u>
<b>Earnings per share</b>			
Basic and diluted earnings per share (in kobo)	14	<u><b>16</b></u>	<u><b>7</b></u>

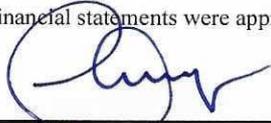
The accompanying notes to the financial statements form an integral part of these financial statements.

# eTRANZACT INTERNATIONAL PLC

## Statement of Financial Position As at 31 December 2022

	Note	31/12/2022 N'000	31/12/2021 N'000
<b>Non-current assets</b>			
Property, plant and equipment	15	992,747	789,103
Investment property	16	136,810	136,810
Intangible assets	17	95,568	149,280
Deposit for shares	18	456,755	456,755
<b>Total non-current assets</b>		<b>1,681,880</b>	<b>1,531,948</b>
<b>Current assets</b>			
Inventories	21	3,086,557	1,278,609
Trade and other receivables	22	671,245	963,497
Other assets	20	2,833,561	1,240,463
Cash and short term deposits	23	9,413,861	5,896,939
<b>Total current assets</b>		<b>16,005,224</b>	<b>9,379,508</b>
<b>Total assets</b>		<b>17,687,104</b>	<b>10,911,456</b>
<b>Equity</b>			
Share capital	26.1	4,600,000	3,317,283
Share premium	26.2	7,374,272	2,969,824
Accumulated losses	27	(2,698,444)	(3,873,416)
<b>Total equity</b>		<b>9,275,828</b>	<b>2,413,691</b>
<b>Non-current liabilities</b>			
Deferred grant income	25.1	73,345	90,396
Long term loan	25	249,022	292,470
<b>Total non-current liabilities</b>		<b>322,367</b>	<b>382,866</b>
<b>Current liabilities</b>			
Trade and other payables	24	7,458,042	7,802,480
Current income tax liabilities	13.2	542,387	219,059
Current portion of deferred grant income	25.1	17,051	17,051
Current portion of long term loan	25	71,429	76,309
<b>Total current liabilities</b>		<b>8,088,909</b>	<b>8,114,899</b>
<b>Total liabilities</b>		<b>8,411,276</b>	<b>8,497,765</b>
<b>Total equity and liabilities</b>		<b>17,687,104</b>	<b>10,911,456</b>

The financial statements were approved by the Board of Directors on 28 March 2023 and signed on its behalf by:

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

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

  
 Mr. Wole Abegunde  
 Chairman  
 FRC/2014/CISN/00000010043

The accompanying notes to the financial statements form an integral part of these financial statements.

eTRANZACT INTERNATIONAL PLC

Statement of changes in equity

For the year ended 31 December 2022

	Note	Share capital N'000	Share Accumulated premium N'000	losses N'000	Total N'000
<b>Balance at 1 January 2021</b>		<b>2,100,000</b>	<b>646,875</b>	<b>(4,329,166)</b>	<b>(1,582,291)</b>
Profit for the year		-	-	455,750	455,750
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>455,750</b>	<b>455,750</b>
<i>Transactions directly affecting owners of the Company</i>					
Rights issue	26.1 & 26.2	1,217,283	2,434,566	-	3,651,849
Rights issue expenses	26.2	-	(111,617)	-	(111,617)
		1,217,283	2,322,949	-	3,540,232
<b>Balance at 31 December 2021</b>		<b>3,317,283</b>	<b>2,969,824</b>	<b>(3,873,416)</b>	<b>2,413,691</b>
<b>For the year ended 31 December 2022</b>					
<b>Balance at 1 January 2022</b>		<b>3,317,283</b>	<b>2,969,824</b>	<b>(3,873,416)</b>	<b>2,413,691</b>
Profit for the year		-	-	1,174,972	1,174,972
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>1,174,972</b>	<b>1,174,972</b>
<i>Transactions directly affecting owners of the Company</i>					
Conversion of Irredeemable Debentures to equity	26.1 & 26.2	1,282,717	4,489,508	-	5,772,225
Issue & Conversion Cost	26.2	-	(85,061)	-	(85,061)
		1,282,717	4,404,448	-	5,687,164
<b>Balance at 31 December 2022</b>		<b>4,600,000</b>	<b>7,374,272</b>	<b>(2,698,444)</b>	<b>9,275,827</b>

The accompanying notes to the financial statements form an integral part of these financial statements.

eTRANZACT INTERNATIONAL PLC

**Statement of cash flows**  
**For the year ended 31 December 2022**

	Note	2022 N'000	2021 N'000
<i>Cash flows from operating activities</i>			
Cash receipt from customers		22,834,647	23,323,575
Cash paid to suppliers and employees		<u>(24,327,432)</u>	<u>(24,602,138)</u>
Cash used in operations		(1,492,785)	(1,278,563)
Interest expense	10	29,817	34,202
Income taxes paid	13.2	<u>(110,905)</u>	<u>(10,709)</u>
<i>Net cash used in operating activities</i>	30	<u><b>(1,573,873)</b></u>	<u><b>(1,255,070)</b></u>
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	15	(541,935)	(408,601)
Additions to intangible assets	17	(7,256)	(47,404)
Investment income received	10	47,619	111,348
Proceeds from disposal of investment property		-	268,155
Movement in restricted cash balance		(3,105,318)	(2,307,244)
Movement in fixed deposit with maturity of more than 3 months at year end		(38,830)	17,046
Proceeds from sale of property, plant and equipment		<u>400</u>	<u>-</u>
<i>Net cash used in investing activities</i>		<u><b>(3,645,320)</b></u>	<u><b>(2,366,702)</b></u>
<i>Cash flows from financing activities</i>			
Proceeds from rights issue	26.2	-	3,651,849
Proceeds from issuance of Irredeemable Debentures		5,772,225	-
Irredeemable debenture conversion/right issue cost	26.2	(85,061)	(111,617)
Principal repayment of long term loan	25	(71,429)	(35,714)
Interest payment of long term loan	25	(23,768)	(23,138)
Proceed from long term loan	25	<u>-</u>	<u>100,000</u>
<i>Net cash from financing activities</i>		<u><b>5,591,967</b></u>	<u><b>3,581,379</b></u>
<i>Net increase/(decrease) in cash and cash equivalents</i>			
Effects of exchange difference on cash and cash equivalents		372,774	(40,393)
Cash and cash equivalents at 1 January	23	<u>906,303</u>	<u>922,786</u>
<i>Cash and cash equivalents at 31 December</i>	23	<u><b>1,279,077</b></u>	<u><b>906,303</b></u>

The accompanying notes to the financial statements form an integral part of these financial statements.

## **eTRANZACT INTERNATIONAL PLC**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

#### **1.0 Description of business**

eTranzact International Plc. was incorporated as a Private Limited Liability Company in 2003. It became a Public Limited Liability Company in 2009 and has since been quoted on the Nigerian Stock Exchange. The majority shareholder is Access Bank Nigeria Plc with a shareholding of 37.54% while the remaining shareholding is held by diverse group of shareholders including institutional investors.

The Company is a payment technology provider principally engaged in the processing of all facets of electronic payment transactions using its switching platform. It also provides maintenance and software development services. The switching platform processes transactions across various channels which includes:

- Mobile Phones (GSM, CDMA or Analog)
- Web (using any internet browser in a secured transaction)
- POS (Point of Sale)
- ATM (Automated Teller Machines)
- Other mobile devices
- Bank branches

The registered address of the Company is 4th and 5th Floors, Fortune Towers, 27/29, Adeyemo Alakija Street, Victoria Island, Lagos.

#### **1.1 Composition of financial statements**

The financial statements of the Company consist of the following:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

#### **1.2 Financial period**

These financial statements cover the financial year ended 31 December 2022, with comparative amounts for the financial year ended 31 December 2021.

#### **1.3 Going concern**

The directors consider it appropriate to prepare these financial statements on the basis of accounting policies applicable to a going concern.

#### **1.4 Functional Currency**

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands (N'000), except when otherwise indicated.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

## 2 Application of new and revised International Financial Reporting Standard (IFRS)

### 2.1 Standards/amendments issued that became effective during 2022

During the year, the following amendments to IFRSs became effective, but has no impact on the financial statements of the

- \* Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- \* Reference to the Conceptual Framework - Amendments to IFRS 3
- \* Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16
- \* Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37
- \* IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
- \* IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The above amendments had no impact on the financial statements of the Company.

### 2.2 Standards/amendments issued but not yet effective

The following revisions to accounting standards and pronouncements that may be applicable to the Company were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits, early adoption is permitted, the Company has elected not to early adopt any of them in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

- \* IFRS 17 Insurance Contracts (Effective date 1 January 2023).
- \* Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Effective date 1 January 2024).
- \* Definition of Accounting Estimates - Amendedment to IAS 8 (Effective date 1 January 2023).
- \* Disclosure on Accounting Policies - Amendedment to IAS 1 and IFRS Practical Statement 2 (Effective date 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (Effective date 1 January 2023).
- \* Lease liability in a Sale and Leaseback – Amendments to IFRS 16 (Effective date 1 January 2024).

## **eTRANZACT INTERNATIONAL PLC**

### **Notes to the financial statements**

#### **For the year ended 31 December 2022**

### **3. Significant accounting policies**

#### **3.1 Statement of Compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

#### **3.2 Basis of preparation and measurement**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

#### **3.3 Revenue**

The Company recognises revenue from the following major sources:

- Mobile purchases of airtime, service and transaction fees on mobile devices
- Commissions earned on the usage of the switching platform; and
- Maintenance fee and other support fees for one-off transactions.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

- For mobile airtime sales, control of virtual airtime is transferred to the customer at the point where the customer's mobile line is credited with the corresponding value that was paid for by the customer.
- For other switching services, control is transferred to the customer at the point when a transaction is confirmed to the successful and monetary value has been exchanged from the initiator to the recipient/beneficiary.

##### **3.3.1 Fee and commission income**

The Company earns fee and commission income from a diverse range of payment and switching services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Company's revenue contracts do not include multiple performance obligations.

When the Company provides a service to its customers, consideration is generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

##### **3.3.2 Mobile airtime sales**

The Company earns from the sales of virtual airtime to customers. The Company being an intermediary between the telecom companies and the end users, sells virtual airtime by crediting the customer's mobile line with a value corresponding to the amount that has been paid by the customer.

The Company recognises revenue at the point then the customer's mobile line is successfully credited with the value. It is also at this point that the control of the airtime is deemed to have been passed to the customer.

##### **3.3.3 Interest Income**

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

##### **3.3.4 Dividend Income**

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably).

#### **3.4 Segment reporting**

The Company's business segments are presented based on the information reported to the chief operating decision maker for resource allocation and performance assessment.

<b>Segments</b>	Mobile
	Other commissions
	Maintenance and support services, software development and others

## **eTRANZACT INTERNATIONAL PLC**

### **Notes to the financial statements**

#### **For the year ended 31 December 2022**

#### **3.5 Foreign currency translation**

Foreign currency transactions that are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the rate to be used is the rate at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **3.6 Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### **3.6.1 Current income tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### **3.6.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### **3.7 Earnings/(loss) per share**

Earnings/(loss) per share is calculated by dividing net income/loss by the weighted average number of ordinary shares in issue during the period

#### **3.8 Employee Benefits**

##### **3.8.1 Defined Contribution Plans**

Payments to defined contribution retirement benefit plans are recognised as an expense in the period in which employees have rendered services entitling them to the contributions. The percentage contribution by staff and employer are 8% and 10% respectively in line with Pensions Reform Act 2014.

##### **3.8.2 Other employee benefits**

Other short and long-term employee benefits, are recognised as an expense over the period in which they accrue.

##### **3.8.3 Termination benefits**

Terminal benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### **3.9 Inventories**

Inventory of Cards and SMS Printers are measured at the lower of cost and net realizable value using the First-In-First-Out (FIFO) Method. Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.

Airtime cost is valued at the cost of acquisition from the telecommunication operators.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

#### For the year ended 31 December 2022

#### 3.10 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of self-constructed assets includes the costs of materials and direct labour. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on other assets is charged to the profit or loss using the straight-line method so as to write off the cost less their residual values over their estimated useful lives on the following basis:

	Useful Life (years)
Motor vehicles	5
Plant and machinery	5
Furniture, fittings and office equipment	5
Computer equipment	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss under other operating income.

#### 3.11 Investment property

Investment properties comprise land held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties which comprise only land are measured at cost and are not depreciated. Gains and losses arising from disposal of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### 3.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Computer Software Costs

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the company and are expected to generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications are capitalised and added to the original cost of the software. Computer software development costs recognised as assets are amortized using the straight-line method over their expected useful lives.

##### eTranzact Enterprise Software

In 2011 and prior years, the Company's management had assessed the useful life of the original eTranzact enterprise software in line with that assessed at the start of its use, of 25 years. The carrying amounts of eTranzact enterprise software of N27.65m (31 December 2021: N39.39m) will be fully amortised in 2 years and 5 months

##### eRemit Platform

In 2011 and prior years, the Company's management had assessed the useful life of the UK e-Remit Platform in line with that assessed at the start of its use, as 25 years. The carrying amounts of eRemit platform of N29.34m (31 December 2021: N33.57m) will be fully amortised in 6 years and 11 months

##### Other Software

Other softwares include SSL McAfee Data center Security suite (DAM) license, Mastercard Software, Afenoid, Infoprive, Microsoft software, Incognito etc. that are acquired for different purposes. They are being amortised using the straight-line method over their estimated useful lives, but not exceeding a period of three years.

## **eTRANZACT INTERNATIONAL PLC**

### **Notes to the financial statements**

#### **For the year ended 31 December 2022**

##### **3.12.2 Internally-generated intangible assets - Research and development expenditure**

###### **Research expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

###### **Development expenditure**

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following have been demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. the intention to complete the intangible asset and use or sell it;
- c. the ability to use or sell the intangible asset;
- d. how the intangible asset will generate probable future economic benefits;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### **3.12.3 Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate independent cash flows from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

#### For the year ended 31 December 2022

#### 3.14 Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, except for transaction costs relating to financial assets or financial liabilities at fair value through profit or loss, which are recognised immediately in profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

The Company only has financial asset measured at amortised cost which includes cash and bank balances, loans to staff and trade receivables.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

##### 3.14.1 Financial assets

###### Subsequent measurement

For purposes of subsequent measurement, the only category of financial assets the Company has is financial assets at amortised cost (debt instruments).

###### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost which include bank balances and loans to staff, are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

###### Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Due to the short term nature of trade receivable, it is subsequently measured at invoice value less impairment.

###### Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value with original maturity of three months or less.

###### • Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade receivables. The expected credit losses on this financial asset are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

#### For the year ended 31 December 2022

##### 3.14.1 Financial assets

- **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

##### 3.14.2 Financial Liabilities

The only financial liability the Company has is financial liability at amortised cost (loans and borrowings).

- **Financial liabilities at amortised cost (loans and borrowings) including trade payables**

This is the category most relevant to the Company.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

- **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### 3.15 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is recognised as income over the periods that the related costs, for which it is intended to compensate, are expensed. The Company consider the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

Grants related to income are deducted in reporting the related expense.

##### 3.16 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of buildings and space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of buildings that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## **eTRANZACT INTERNATIONAL PLC**

### **Notes to the financial statements**

#### **For the year ended 31 December 2022**

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **4.1 Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### **4.1.1 Going Concern**

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### **4.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **4.2.1 Useful life of intangible assets**

Intangible assets comprise mainly of the eTranzact Switching platform and the eRemit Remittance platform. As described in Note 3.12 to the financial statements, management is required to assess the remaining useful lives of intangibles assets at the end of each reporting period. Such assessment is subjective and involves a significant element of judgment, and the resultant estimate may or may not be borne out by future events. The effect on the financial statements of this assessment impacts the carrying value of intangible assets and profit for the year. Management have determined that there was no charge to the profit for the year in 2022.

##### **4.2.2 Allowance for expected credit losses of trade receivables.**

The Company uses a provision matrix to calculate ECLs for trade receivables. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

5 Revenue	Note	2022	2021
An analysis of the Company's revenue is		N'000	N'000
Mobile airtime sales	5.1	16,430,036	20,356,673
Other commissions		5,838,683	3,013,392
Maintenance and support services, software development and others		273,676	214,488
		<u>22,542,395</u>	<u>23,584,553</u>
<b>Breakdown of Revenue based on Licences</b>		2022	2021
		N'000	N'000
Switching		21,212,806	22,360,054
Payment Solution Service Provider (PSSP)		1,324,153	1,160,420
Mobile Money Operator		37,420	61,445
Value Added Services		2,170	2,634
		<u>22,576,549</u>	<u>23,584,553</u>
The revenue is further disaggregated based on the timing of revenue recognition as follow:			
<b>Mobile airtime sales</b>		2022	2021
		N'000	N'000
Goods/Services transferred at a point in time		16,430,036	20,356,673
Services transferred over time		-	-
		<u>16,430,036</u>	<u>20,356,673</u>
<b>Other commissions:</b> these relate to commissions on provision of payment and collection services.		2022	2021
		N'000	N'000
Goods/Services transferred at a point in time		5,838,683	3,013,392
Services transferred over time		-	-
		<u>5,838,683</u>	<u>3,013,392</u>
<b>Maintenance and support services, software development</b>		2022	2021
		N'000	N'000
Goods/Services transferred at a point in time		273,419	213,768
Services transferred over time		257	720
		<u>273,676</u>	<u>214,488</u>
<b>5.1 Mobile Sales</b> represent proceeds from virtual airtime and air pin sales.			
<b>6 Cost of sales</b>		2022	2021
		N'000	N'000
Mobile airtime purchases		16,193,108	20,249,170
Direct commission cost		514,466	359,475
Other direct costs		153,731	171,009
		<u>16,861,305</u>	<u>20,779,654</u>
<b>7 Selling and marketing</b>		2022	2021
		N'000	N'000
Branding/media advertisement		182,150	75,899
Marketing and promotion		99,941	28,290
		<u>282,091</u>	<u>104,189</u>
<b>8 Administrative expenses</b>		2022	2021
		N'000	N'000
Employee and other related expenses	29.2	1,966,359	1,290,410
Other operating expenses	8.1	790,310	407,798
Depreciation	15	338,291	293,002
Directors remunerations, fees and expenses	29.1	216,418	182,457
Legal and professional fees		212,003	114,828
Audit fees*		20,000	15,000
		<u>3,543,381</u>	<u>2,303,496</u>

\* During the year, the Company's auditor, Ernst & Young, did not perform any non-audit services to the Company 2021: None).

#### 8.1 Other operating expenses

Other operating expenses represent travelling and accommodation cost, repairs and maintenance cost and other staff welfare cost.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements For the year ended 31 December 2022

8A Net impairment allowance charges	Note	2022 N'000	2021 N'000
Other assets	20	-	12,343
Trade receivables	22.2	220,172	14,276
Other receivables	22.3	48,736	22,868
Short-term placements	23	(4,293)	15,486
		<u>264,615</u>	<u>64,973</u>

## 9 Segment Reporting

### 9.1 Products and services from which reportable segments derive their revenues

Information reported to the entity's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the category of products for each type of activity. The principal categories are pin sales, commissions, point of sales machines and maintenance and support services, software development and others. The entity's reportable segments under IFRS 8 are therefore as follows:

Segments	Mobile
	Other commissions
	Maintenance and support services, software development and others

### 9.2 Segment Revenue and results

	2022	
	Segment Revenue N'000	Cost of sales N'000
Mobile purchases	16,430,036	(16,193,108)
Other commissions	5,838,683	(514,466)
Maintenance and support services, software development and others	273,676	(153,731)
	<u>22,542,395</u>	<u>(16,861,305)</u>

### 9.2 Segment Revenue and results

	2021	
	Segment Revenue N'000	Cost of sales N'000
Mobile purchases	20,356,673	(20,249,170)
Other commissions	3,013,392	(359,475)
Maintenance and support services, software development and others	214,488	(171,009)
	<u>23,584,554</u>	<u>(20,779,655)</u>

There was no intersegment transaction as all revenue generated above was from external customers.

The accounting policies of the reportable segments are the same as the company's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of general operating expenses, other gains and losses recognised on investment income, other operating income as well as finance costs.

This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

### 9.3 Business and geographical segments

The Company operates in one geographical area.

### 9.4 Segment assets and liabilities

All assets and liabilities are jointly used by the reportable segments.

## 10 Net interest income

	2022 N'000	2021 N'000
<b>Interest income:</b>		
Bank deposits (calculated using Effective Interest Rate method)	<u>47,619</u>	<u>111,348</u>
<b>Interest expense:</b>		
<b>Finance Expenses</b>		
Interest expense on CBN's Shared Agent Network Expansion Facilities (SANEF)		
Loan calculated using Effective Interest Rate Method	46,868	50,931
Grant Income on long term loan	(17,051)	(16,729)
Net interest expenses	<u>29,817</u>	<u>34,202</u>

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>
<b>11 Other income</b>		
Gain on disposal of Investment Property	-	102,740
Net foreign exchange gain	-	23,910
Gain on disposal of property, plant and equipment	400	-
	<u><b>400</b></u>	<u><b>126,650</b></u>
<b>12 Profit for the year is arrived at after charging:</b>		
Directors' remuneration	216,418	182,457
Auditor's remuneration	20,000	15,000
Depreciation of property, plant and equipments	338,291	293,002
Amortisation of intangible assets	60,969	61,875
	<u><b>635,678</b></u>	<u><b>552,334</b></u>
<b>13 Income tax</b>		
	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>
<b>13.1 Income tax recognised in profit or loss</b>		
<i>Current tax</i>		
Current income tax expense in respect of the current year:		
Companies income tax	373,313	-
Education tax	56,817	20,731
NASENI Levy	4,023	-
Nigerian Police Trust Fund Levy	80	-
Minimum tax	-	59,557
	<u>434,233</u>	<u>80,288</u>
<i>Deferred tax</i>		
Deferred tax benefit for current year (Note 19)	-	-
<b>Total income tax expense recognised in current year.</b>	<u><b>434,233</b></u>	<u><b>80,288</b></u>
<p>Corporate income tax is calculated at 30 per cent (2021: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.</p> <p>The charge for education tax of 2.5 per cent (2021: 2.5 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.</p>		
<b>Reconciliation of income tax expense for the year to the accounting profit as per profit or loss:</b>		
	<b>2022</b>	<b>2021</b>
	<b>N'000</b>	<b>N'000</b>
Profit before income tax expense	1,609,205	536,037
Tax at the statutory corporation tax rate of 30% (2021: 30%)	482,762	160,811
<i>Effect of:</i>		
Impact of tax exempt income	(120)	(37,996)
Non-deductible expenses	63,982	125,955
Education tax	56,817	20,731
NASENI Levy	4,023	-
Nigerian Police Trust Fund Levy	80	-
Minimum tax	-	59,558
Recognition of previously unrecognised tax credit	-	(79,877)
Utilisation of capital allowance	(173,311)	-
Utilisation of previously unrecognised tax losses	-	(128,961)
Application of minimum tax rule	-	(39,932)
<b>Income tax expense recognised in profit or loss</b>	<u><b>434,233</b></u>	<u><b>80,288</b></u>
<b>13.2 Current income tax liabilities</b>		
At 1 January	219,059	149,480
Charged for the year	434,233	80,288
Payments during the year	(110,905)	(10,709)
<b>At 31 December</b>	<u><b>542,387</b></u>	<u><b>219,059</b></u>

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 14 Earnings per share

Earnings per share are calculated on the basis of profit after tax and the weighted average number of ordinary shares in issue and ranking for dividend.

	<b>2022</b>	<b>2021</b>
Profit attributable to ordinary shareholders N'000	1,174,972	455,750
<b>Number of shares '000</b>		
Weighted average number of ordinary shares	<u>7,302,282</u>	<u>6,122,860</u>
<b>Earnings per share (Kobo) - Basic</b>	16	7

The denominators for the purposes of calculating both basic and diluted earnings per share is based on the weighted average number of issued and paid ordinary shares of 50 kobo each.

#### Earnings per share (Kobo) - Diluted

The Company did not have potential ordinary shares during the year. Therefore, Basic EPS and Diluted EPS are the same.

15 Property, plant and equipment	Motor vehicles N'000	Plant and machinery N'000	Furniture, fittings and office equipment N'000	Capital work in progress N'000	Computer equipment N'000	Total N'000
<b>Cost</b>						
At 1 January 2021	581,702	77,062	994,445	-	216,951	1,870,160
Additions	-	3,000	336,376	-	69,225	408,601
<b>At 31 December 2021</b>	<b>581,702</b>	<b>80,062</b>	<b>1,330,821</b>	<b>-</b>	<b>286,177</b>	<b>2,278,761</b>
Additions	94,000	5,936	247,787	52,135	142,077	541,935
Reclassification	-	-	52,135	(52,135)	-	-
Disposals	-	-	(4,437)	-	-	(4,437)
<b>At 31 December 2022</b>	<b>675,702</b>	<b>85,998</b>	<b>1,626,306</b>	<b>-</b>	<b>428,254</b>	<b>2,816,259</b>
<b>Accumulated depreciation</b>						
At 1 January 2021	283,290	66,619	696,161	-	150,586	1,196,656
Charge for the year	88,102	5,527	151,564	-	47,809	293,002
<b>At 31 December 2021</b>	<b>371,392</b>	<b>72,146</b>	<b>847,725</b>	<b>-</b>	<b>198,395</b>	<b>1,489,658</b>
Charge for the year	101,900	2,918	162,256	-	71,217	338,291
Disposals	-	-	(4,437)	-	-	(4,437)
<b>At 31 December 2022</b>	<b>473,292</b>	<b>75,064</b>	<b>1,005,545</b>	<b>-</b>	<b>269,612</b>	<b>1,823,512</b>
<b>Carrying amount</b>						
<b>At 31 December 2022</b>	<b>202,410</b>	<b>10,934</b>	<b>620,761</b>	<b>-</b>	<b>158,642</b>	<b>992,747</b>
<b>At 31 December 2021</b>	<b>210,310</b>	<b>7,916</b>	<b>483,095</b>	<b>-</b>	<b>87,781</b>	<b>789,103</b>

#### 15.1 Impairment losses recognised in the year

There were no impairment losses recognised during the year (2021: Nil).

#### 15.2 Contractual commitments

At 31 December 2022, the Company had no contractual commitments for the acquisition of property, plant and equipment (2021: Nil).

#### 15.3 Assets pledged as security

At 31 December 2022, the Company had none of its assets pledged as security (31 December 2021: Nil).

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 16 Investment property

	31/12/2022	31/12/2021
<b>Land</b>	<b>N'000</b>	<b>N'000</b>
At 1 January	136,810	302,226
Disposals	-	(165,416)
At 31 December	<u><u>136,810</u></u>	<u><u>136,810</u></u>

The Company's investment property is held under leasehold interest (the certificate of occupancy is subject to renewal every 99 years in line with the Lagos State Land Use Act). The property is located in Victoria Garden City. The land/property falls under the definition of an investment property as it is being held for undetermined future use.

Investment property is recognised at cost in the books and subsequently tested for impairment. The valuation was done as at 31 December 2022 by Knight Frank Estate Surveyors & Valuers with firm FRC number FRC/2013/00000000584. The valuation report was signed by ESV Sunny Akpodiagaga with FRC number FRC/2013/NIESV/00000000655.

The fair value of the property as at 31 December 2022 was estimated at N258m (2021: N212m). The fair value has been determined by the management of the Company by reference to professional valuation and market evidence of transaction prices for similar properties in comparable areas.

At 31 December 2022, the carrying value of the investment property was N136.8m (2021: N136.8m).

#### 17 Intangible assets

	<b>eTranzact enterprise platform</b>	<b>eRemit platform</b>	<b>Other softwares</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Cost</b>				
<b>At 1 January 2021</b>	<b>293,510</b>	<b>105,858</b>	<b>249,289</b>	<b>648,657</b>
Additions for the year	-	-	47,404	47,404
<b>At 31 December 2021</b>	<b>293,510</b>	<b>105,858</b>	<b>296,693</b>	<b>696,061</b>
Additions for the year	-	-	7,256	7,256
<b>At 31 December 2022</b>	<b>293,510</b>	<b>105,858</b>	<b>303,949</b>	<b>703,317</b>
<b>Accumulated amortisation</b>				
<b>At 1 January 2021</b>	<b>242,381</b>	<b>68,051</b>	<b>174,473</b>	<b>484,906</b>
Charge for the year	11,741	4,234	45,900	61,875
<b>At 31 December 2021</b>	<b>254,123</b>	<b>72,286</b>	<b>220,374</b>	<b>546,781</b>
Charge for the year	11,741	4,234	44,993	60,969
<b>At 31 December 2022</b>	<b>265,864</b>	<b>76,520</b>	<b>265,366</b>	<b>607,749</b>
<b>Carrying amount</b>				
<b>At 31 December 2022</b>	<b>27,646</b>	<b>29,338</b>	<b>38,583</b>	<b>95,568</b>
<b>At 31 December 2021</b>	<b>39,388</b>	<b>33,572</b>	<b>76,319</b>	<b>149,280</b>

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 18 Deposit for shares

	31/12/2022 N'000	31/12/2021 N'000
As at year end	<u>456,755</u>	<u>456,755</u>

Deposit for shares represents investment in Collendos Nigeria Limited, the SPV warehousing all the contributions of the current tenants of the Fortune Towers building that agreed to come together as owners of the Fortune Towers office complex building. Collendos Limited will invest all monies collected from the tenants into Cowrie Investments Limited, the owner of the Fortune Towers building. All investors in Collendos Limited will be part owners of the Fortune Towers building and will own equity as a percentage of the floor space acquired/paid for. In 2012, eTranzact made its first contribution to Collendos to the tune of N232m which represents 50% of the total value for the 2 floors it currently occupies. During the year ended 31 December 2016, the board approved that the Company acquire additional 3 floors of office space which will be represented by increase in the investment in Collendos. The amount of N675m paid out in 2016 as additions represents the 50% balance on the initial 2 floors purchased in 2012 and the 100% payment for the additional 3 floors acquired in 2016. Collendos made a refund of N450 million to the Company in 2018, pending the time the litigation involving Cowrie Investments Limited (owner of the Fortune Towers building) will be decided by the court of law. The N450 million will be repaid by eTranzact International Plc subject to the outcome of the court case. As a result the net balance paid as at 31 December 2022 is N457 million (2021:N457million). The refund of 450 million does not connote the loss of ownership or entitlement to any of the floors currently held. eTranzact still maintain a right of first offer to the floors and the refund was only made because Collendos has been investing the deposit as they are unable to finalize acquisition due to the litigation involving Cowrie Investments Limited.

#### 19 Deferred tax

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

19.1 Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Company did not have net deferred tax assets/(liabilities) that were recognized during the year.

	31/12/2022		31/12/2021	
	Gross	Deferred tax impact	Gross	Deferred tax impact
<i>Unrecognised deferred tax assets</i>				
Property, plant and equipment	(664,065)	(215,821)	(530,975)	(159,292)
Unused tax credit not recognised	-	-	873,808	283,988
Provision for fraud asset	3,821,102	1,241,858	3,821,102	1,241,858
Impairment allowance	762,982	247,969	498,368	161,970
	<u>3,920,019</u>	<u>1,274,006</u>	<u>4,662,303</u>	<u>1,528,523</u>

Deferred tax assets have not been recognised in respect of the above unused tax credit and deductible temporary difference as it is not probable that the related deferred tax assets will be recovered in the near future and there are no other tax planning opportunities or other evidence of recoverability in the near future. The Company did not have net deferred tax assets/(liabilities) that were recognized during the year.

#### 20 Other assets

	Note	31/12/2022 N'000	31/12/2021 N'000
Prepayments (Note 20.3)	20.3	2,833,561	1,240,463
Other assets (Note 20.1)	20.1	84,259	84,259
Fraud assets (Note 20.2)	20.2	<u>3,821,102</u>	<u>3,821,102</u>
		6,738,922	5,145,824
Impairment allowance for other assets		(84,259)	(84,259)
Impairment allowance for fraud assets		<u>(3,821,102)</u>	<u>(3,821,102)</u>
		<u>2,833,561</u>	<u>1,240,463</u>
<b>Impairment allowance for other assets</b>			
Balance at 1 January		84,259	71,916
Charge to profit or loss	8A	-	12,343
Balance at 31 December		<u>84,259</u>	<u>84,259</u>

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 20 Other assets - Continued

20.1 N84million 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 the outcome of investigations into the cases. The amounts are yet to be recovered from the banks and full provision was made against the amounts.

20.2 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 N3.82 billion is highly unlikely to be recovered from Smart Micro Systems Limited, hence the full provision for the fraud asset.

20.3 Prepayments relate to prepaid insurance - N24.9 million, prepaid rent\* (short-term lease) - N15.9 million, other prepayments\*\* - N132.8 million, and advance payment for SmartVista Switching Platform - N2.1 billion (2021: N936.5 million).

The Company prepays rent only for 12 months in advance and has elected to account for this as a short-term lease under IFRS 16.

Other prepayments relate to the balance of prepayment for renewal of service and support for bandwidth and network - NGN 39.58 million (2021 - NGN 21.89 million), prepayment for renewal of licenses and certifications - NGN 56.99 million (2021 - NGN 8.85 million), prepayment for scheduled generator maintenance - NGN 2.80 million (2021 - NGN 0.72 million), prepayment for billboard slot - NGN 9.51 million (2021 - NGN 12.81 million).

#### 21 Inventories

	31/12/2022	31/12/2021
	N'000	N'000
Virtual airtime	2,795,603	1,276,305
Prepaid electricity utility stock	290,954	-
Mastercard	-	2,304
	<u>3,086,557</u>	<u>1,278,609</u>

The cost of inventories recognised as an expense during the year in respect of continuing operations was N16.20b (2021: N20.25b). The N16.20 billion represents the total cost of virtual airtime and pins that were sold during the year.

#### 22 Trade and other receivables

	Note	31/12/2022	31/12/2021
		N'000	N'000
Trade receivables	22.1	614,884	717,647
Impairment allowance based on loss rate	22.1	<u>(538,195)</u>	<u>(318,023)</u>
		76,689	399,624
<b>Other receivables</b>			
Staff salary advances		158,132	78,507
Other debtors		513,171	513,378
Impairment allowance on other receivables	22.3	<u>(76,747)</u>	<u>(28,011)</u>
		594,556	563,873
		<u>671,245</u>	<u>963,497</u>

Other debtors represent other receivables for backend incentives - N160m (2021: N143m), Master card collateral deposit - N41m (2021: N19m), Fraud recoveries - N75m (2021: N75m) and pending settlements – N121m (2021: N88m), Conditional Cash transfer - N30m (2021: Nil) withholding tax receivable – N126.5m (2021:N105.4m) and cash advance – N1.1m (2021: N1.1m).

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

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 22.1 Trade receivables

As part of the Company's function as a transaction switching platform, the Company processes transactions on behalf of partner banks and partner merchants and as such the Company settles transaction value and transaction income to banks and merchants on a daily basis for services routed through the platform. On a periodic basis the Company will evaluate partner banks and partner merchants whose outstanding receivables are long overdue and will take the necessary steps to recover all outstanding balances due to the Company by withholding transaction income that should be settled to them up to the amount the Company is owed. This helps management recover outstanding balances.

Before accepting any new customer, the Company uses an internal credit process to assess the potential customer's credit quality and defines credit limits by customer.

The following table details the risk profile of trade receivables based on the entity's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the entity's different customer segments.

2022	Expected Credit Loss Rate	Gross carrying amount at default (N'000)	Adjusted Balance (N'000)	Expected Credit Loss (Average Weighted based on Scenarios) (N'000)
0-180 days	73.2%	286,431	286,431	209,742
180-365 days	100%	69,628	69,628	69,628
> 365 days	100%	258,825	258,825	258,825
<b>Total</b>		<b>614,884</b>	<b>614,884</b>	<b>538,195</b>
<b>2021</b>				
0-180 days	30.2%	326,537	197,749	59,720
180-365 days	30.2%	102,497	33,564	10,136
> 365 days	100%	288,613	248,167	248,167
<b>Total</b>		<b>717,647</b>	<b>479,480</b>	<b>318,023</b>

#### 22.2 Reconciliation of allowance for receivables

	31/12/2022 N'000	31/12/2021 N'000
At 1 January	318,023	303,748
Impairment losses recognised (Note 8A)	220,172	14,275
<b>At 31 December</b>	<b>538,195</b>	<b>318,023</b>

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

#### 22.3 Impairment allowance on other receivables

	31/12/2022 N'000	31/12/2021 N'000
At 1 January	28,011	5,144
Impairment losses recognised	48,736	22,868
<b>At 31 December</b>	<b>76,747</b>	<b>28,011</b>

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 23 Cash and short term deposits

For the purposes of the statement of cash flows, Cash and cash equivalents include cash on hand and in banks, short term investments with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and short term deposits at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Note	31/12/2022 N'000	31/12/2021 N'000
Cash and bank balances		1,135,208	770,668
Restricted Cash (Pocketmoni Schemes and GTB TSS)	23.2	6,386,668	3,281,350
Short term investments		1,903,178	1,860,407
		<u>9,425,054</u>	<u>5,912,425</u>
Impairment allowance		(11,193)	(15,486)
		<u><b>9,413,861</b></u>	<u><b>5,896,939</b></u>
<b>Impairment allowance on short-term deposits</b>			
At 1 January		15,486	-
Impairment (reversal)/losses recognised	8A	(4,293)	15,486
<b>At 31 December</b>		<u><b>11,193</b></u>	<u><b>15,486</b></u>
<b>Cash and cash equivalents</b>			
For the purpose of the statement of cash flows. The balance in this will consist of the following:			
Cash and short term deposits per statement of financial position		9,413,861	5,896,939
<b>Less:</b>			
Restricted Cash		(6,386,668)	(3,281,350)
Short term investments with maturity longer than 3 months (net of impairment)		(1,748,116)	(1,709,286)
		<u><b>1,279,077</b></u>	<u><b>906,303</b></u>
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances		1,135,208	770,668
Short term investment (within 3 months maturity from the initial origination) (Note 23.1)		143,869	135,635
		<u><b>1,279,077</b></u>	<u><b>906,303</b></u>
Short term investments with maturity longer than 3 months (gross of impairment)		<u><b>1,759,309</b></u>	<u><b>1,724,772</b></u>

The carrying amount of these assets is approximately equal to their fair value.

#### 23.1 Short term investments

These represents cash held in fixed deposits in various banks. These investments are placed in short-term deposits and are continuously rolled over throughout the year. All short-term deposits are subject to an average variable interest rate of 5%-8% per annum (2021: 7%-10%).

#### 23.2 Restricted Cash (Pocketmoni Schemes and GTB TSS)

Restricted Cash represents the balance of Pocketmoni schemes and Babcock card schemes. Funds held for Pocketmoni Schemes represent the balance of Pocketmoni schemes and Babcock card schemes. The balances (which is the total of individual card-holder balance) resides in the Zenith Bank Pocketmoni account and Access Bank Babcock account as restricted funds. Restricted Cash also consists of the balance of the GTB Transaction Settlement Suspense (TSS) account which is funded by the Company for the purpose of transactions to GTB.

#### 24 Trade and other payables

	Note	31/12/2022 N'000	31/12/2021 N'000
Trade payable	24.1	108,765	78,500
Accruals	24.5	399,855	374,921
Due to Related Parties		672	323
Customers deposit		-	63,721
Funds held for Pocketmoni Schemes	24.4b	1,918,153	928,168
Pension contribution	24.7	70,925	33,798
Other statutory payables	24.2	390,205	283,198
Other payables	24.3	4,352,417	5,784,383
Payables to First Bank of Nigeria	24.4	-	37,606
Other creditors	24.6	217,050	217,862
		<u><b>7,458,042</b></u>	<u><b>7,802,480</b></u>

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 24 Trade and other payables - Continued

- 24.1** Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 7 days. The bulk of the trade payable balance relates to credit order/purchase of airtime, which was settled within the first week of the subsequent year. 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.
- 24.2** Included in other statutory payables is an amount of about N124.3m (2021: N136.7m) 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 balance also includes N164.2m (2021: N94.2m) which represents PAYE payable, N18.2m (2021: N18.2m) which represents Withholding Tax Payable and N49.30m (2021: N34.03m) which represents National Housing Fund (NHF) Payable.
- 24.3** Other payables are made up of unutilized third party float balances temporarily used by the Company to fund the Transaction Settlement Suspense (TSS) shortfall.
- 24.4** 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 value of the transferred asset to First Bank of Nigeria Plc is ₦ 1.93 billion and a total repayment of ₦ 3.82 billion has been paid as at the reporting date, hence there was no balance due to First Bank of Nigeria (2021: ₦ 37.6 million).
- 24.4b** Funds held for Pocketmoni Schemes represent the balance of Pocketmoni schemes and Babcock card schemes. The balances (which is the total of individual card-holder balance) resides in the Zenith Bank Pocketmoni account and Access Bank Babcock account as restricted funds.
- 24.5** Accruals relate to provisions for bandwidth and networks cost, licenses and certifications cost, office rent, audit fees, Industrial Training Fund Levy and other overhead costs.
- 24.6** Other creditors relate to unclaimed dividends returned to the Company, withheld commissions and commissions due to merchants and other third parties.

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

<b>24.7 Pension contribution</b>	<b>Note</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
		<b>N'000</b>	<b>N'000</b>
At 1 January		33,798	37,070
Contributions during the year		174,014	143,313
Payment		(136,887)	(146,585)
		<b>70,925</b>	<b>33,798</b>
		<hr/>	<hr/>
<b>25 Long term loan</b>		<b>31/12/2022</b>	<b>31/12/2021</b>
		<b>N'000</b>	<b>N'000</b>
Balance as at 1 January		368,779	293,586
Additions during the year		-	100,000
Reclassified to deferred income grant		-	(16,885)
Interest accrual		46,868	50,931
Principal paid		(71,429)	(35,714)
Interest paid		(23,768)	(23,138)
Balance as at 31 December		<b>320,451</b>	<b>368,779</b>
		<hr/>	<hr/>
Current		71,429	76,309
Non-Current		249,022	292,470
		<b>320,451</b>	<b>368,779</b>
		<hr/>	<hr/>
<b>25.1 Deferred Income on grant</b>			
Balance as at 1 January		107,447	107,291
Addition during the year		-	16,885
Recognised in the profit or loss during the year	10	(17,051)	(16,729)
Balance as at 31 December		<b>90,396</b>	<b>107,447</b>
		<hr/>	<hr/>
Current		17,051	17,051
Non-Current		73,345	90,396
		<b>90,396</b>	<b>107,447</b>
		<hr/>	<hr/>

The loan of N500 million represents the first tranche of N150 million, 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 of 5% being lower than the effective interest rate (EIR) of 16.65%, 15.4% and 11.21% on the first tranche (N150 million), second tranche (N250 million) third tranche (N100 million) respectively. The loan has a tenor of 10 years (inclusive of 2 years principal moratorium and 1 year interest moratorium) with maturity till April 2028. 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 31 December 2022

26 Share capital and Share premium	31/12/2022 N'000	31/12/2021 N'000
<b>26.1 Issued and fully paid:</b>		
9,199,999,815 ordinary shares of 50k each (2022)		
6,634,566,483 ordinary shares of 50k each (2021)		
At 1 January	3,317,283	2,100,000
Additions during the year	1,282,717	1,217,283
At 31 December	<u>4,600,000</u>	<u>3,317,283</u>

There was an increase of N1,282,716,667 in paid-up issued share capital during the year which is made up of 2,565,433,333 ordinary shares. The additional share capital is a result of the irredeemable convertible debentures that were converted to equity during the year. The Company has one class of ordinary shares which carry no right to fixed income.

26.2 Share premium	31/12/2022 N'000	31/12/2021 N'000
At 1 January	2,969,824	646,875
Additions during the year	4,489,508	2,434,566
Share issue expenses	(85,061)	(111,617)
At 31 December	<u>7,374,272</u>	<u>2,969,824</u>

There was an increase of N1,282,716,667 in paid-up issued share capital during the year which is made up of 2,565,433,333 ordinary shares. The shares were issued at N2.25. Share premium represents the excess of share issue proceeds over the nominal value of the share.

27 Accumulated losses	31/12/2022 N'000	31/12/2021 N'000
At 1 January	(3,873,416)	(4,329,165)
Profit for the year	1,174,972	455,750
At 31 December	<u>(2,698,444)</u>	<u>(3,873,416)</u>

## 28 Retirement benefits plan

### Defined Contribution Plan

The Company operates a contributory pension scheme for the benefit of its staff with the Company and employees contributing 10% and 8% respectively from employees' emoluments.

The total expense recognised in the profit or loss of N109.0m (2021: N91.3m) represents contributions payable to these plans by the Company at rates specified in the rules of the plan. As at 31 December 2022, contributions of N70.9m (2021: N33.8m) due in respect of employees that are yet to provide their Pension Identification Number (PIN) and contributions for the last two months of the year.

## 29 Directors and employees

29.1 Directors	2022 N'000	2021 N'000
<b>Emoluments:</b>		
Fees	9,000	4,250
Other remuneration and allowances	207,418	178,207
	<u>216,418</u>	<u>182,457</u>

The number of Directors whose gross emoluments were within the following ranges are:

Range (N)	Number	Number
Less than 1,000,000	-	-
1,000,001 - 2,000,000	-	-
2,000,001 - 5,000,000	8	8
5,000,001 - 20,000,000	-	-
20,000,001 and above	2	2
	<u>10</u>	<u>10</u>

The Chairman's emolument for the period was N2.0m. (2021: N3.2m)

## eTRANZACT INTERNATIONAL PLC

Notes to the financial statements  
For the year ended 31 December 2022

### 29 Directors and employees - continued

#### 29.2 Employees

The average number of employees employed during the year:

	Number	Number
Technical	117	99
Non-Technical	173	156
	<u>290</u>	<u>255</u>
Aggregate payroll costs	<u>N'000</u>	<u>N'000</u>
Wages, salaries, allowances and benefits	1,631,875	1,190,644
Performance bonus	200,997	-
Pension costs	108,998	91,270
Staff training	24,489	8,496
	<u>1,966,359</u>	<u>1,290,410</u>

The number of highest paid employees with gross emoluments within the ranges below were:

Range (N)	Number	Number
Up to 500,000	-	2
500,001 - 2,000,000	67	77
2,000,001 - 3,000,000	33	22
3,000,001 and above	190	154
	<u>290</u>	<u>255</u>

### 30 Cash generated from operations

Reconciliation of profit after tax to net cash generated by operating activities:

	Note	31/12/2022 N'000	31/12/2021 N'000
Profit before income tax expense		1,609,205	536,037
<b>Adjustments for:</b>			
Amortization of intangible assets	17	60,969	61,875
Depreciation of property, plant and equipment	15	338,291	293,003
Investment income	10	(47,619)	(111,348)
Gain on disposal of property, plant and equipment	11	(400)	-
Gain on disposal of investment property	11	-	(102,740)
Grant income on long-term loan	25.1	(17,051)	(16,729)
Impairment loss - ECL for other receivables	8A	48,736	22,868
Impairment loss - ECL for trade receivables	8A	220,172	14,276
Impairment loss - ECL cash and cash equivalent	8A	(4,293)	15,490
Impairment of assets	8A	-	22,868
Interest expense	10	46,868	50,931
Exchange gain	11	-	(23,910)
Operating cash flows before movements in working capital		<u>2,254,878</u>	<u>762,621</u>
Increase in inventories		(1,807,948)	(703,132)
Decrease/(increase) in trade and other receivables		23,345	(298,121)
Increase in other assets		(1,588,805)	(1,000,511)
Decrease in trade and other payables		(344,438)	(5,218)
Decrease in current tax liabilities		(110,905)	(10,709)
		<u>(1,573,873)</u>	<u>(1,255,070)</u>

#### Non-cash transactions

There were no non-cash transactions during the year ended 31 December 2022 (2021: Nil).

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 31 Related party transactions

Details of transactions and outstanding balances between the Company and its related parties during the year are disclosed below:

Access Bank has a significant interest of 37.54% (2021: eTranzact Global Limited - 31.86%) in the equity of eTranzact International Plc as at the reporting date.

##### Trading transactions

The Company entered into transactions with its related parties during the year and transactions conducted resulted to the balances analysed below:

	Sale of goods and services		Purchase of goods and services	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	N'000	N'000	N'000	N'000
Meristem Securities	-	-	3,071	1,923
	<u>-</u>	<u>-</u>	<u>3,071</u>	<u>1,923</u>

Analysis of the outstanding balances at the reporting date:

	Due from related parties		Due to related parties	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	N'000	N'000	N'000	N'000
Meristem Securities	-	-	672	323
	<u>-</u>	<u>-</u>	<u>672</u>	<u>323</u>

Sales of goods to related parties are made at the Company's usual list prices which is the fair value of goods sold. Purchases are made at market price.

#### 32 Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	31/12/2022	31/12/2021
	N'000	N'000
Short-term employee benefits	115,000	115,000
Post-employment benefits	6,996	8,050
	<u>121,996</u>	<u>123,050</u>

#### 33 Loans to directors

The directors held no loans as at 31 December 2022 (2021: Nil).

#### 34 Financial instruments

##### 34.1 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The Company's overall strategy which emphasizes capital efficiency and optimisation of capital structure, remains unchanged from 2021.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued and paid-up capital, and retained earnings.

Equity includes all capital and reserves of the Company that are managed as capital.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

34.2 Categories of financial instruments	31/12/2022 N'000	31/12/2021 N'000
<b>Financial assets</b>		
Financial assets measured at amortised cost		
<i>Cash and bank balances</i>	9,413,861	5,896,939
<i>Trade and other receivables</i>	671,245	963,497
	<u>10,085,106</u>	<u>6,860,437</u>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost		
<i>Trade and other payables</i>	7,458,042	7,485,485
<i>Long-term loans</i>	320,451	368,779
	<u>7,778,493</u>	<u>7,854,263</u>

### 34.3 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will have on the Company's reported results.

The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

The Company does not trade in financial instruments, nor does it take on speculative or open positions through the use of derivatives.

### 34.4 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company that are affected by market risk are principally the non-derivative financial instruments which include investment in equity, trade and other receivables, cash and cash equivalents and trade and other payables.

#### 34.4.1 Interest rate risks

eTranzact Company does not have debt financial instruments that attracts or on which it pays floating interest rates. The Company has cash and cash equivalents held as deposits with banks. They are readily accessible and receive fixed rate interest. The Company actively monitors interest rate exposures on its investment portfolio so as to minimise the effect of interest rate fluctuations on profit or loss.

#### 34.4.2 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	31/12/2022 N'000	31/12/2021 N'000	31/12/2022 N'000	31/12/2021 N'000
USD (included as part of cash and short term deposits)	-	-	6,269	156,018

#### Foreign currency sensitivity analysis

The Company is mainly exposed to the currency of USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the Naira against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit or equity where the Naira strengthens 10% against the relevant currency. For a 10% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive.

	Liabilities	
	31/12/2022 N'000	31/12/2021 N'000
Impact on pre-tax profit if Naira weakens	(627)	(15,602)
Impact on pre-tax profit if Naira strengthens	627	15,602

This is mainly attributable to the exposure outstanding on USD balances held in banks at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. USD denominated balances usually fluctuate during the year.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

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#### 34.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Company does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds and non-derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the company's maximum exposure, which at the reporting date, was as follows:

	31/12/2022	31/12/2021
	N'000	N'000
Cash and short term deposits	9,413,861	5,896,939
Trade and other receivables	671,245	963,497
	<u>10,085,106</u>	<u>6,860,437</u>

#### 34.6.1 Collateral held as security and other credit enhancements

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

#### 34.7 Liquidity risk management

Liquidity risk is the risk that the company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the Company is unable to meet settlement obligations to the acquiring banks due to failure of an issuing bank to pay.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

To mitigate this risk, back-up liquidity facilities are in place with a syndicate consisting of high credit, quality financial institutions, in addition to the company's own liquid investments.

#### 34.7.1 Maturity risk

The following tables show the company's contractual maturities of financial liabilities:

N'000	31/12/2022			
	Carrying amount	Contractual cashflows	Less than one year	More than one year
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	7,067,837	7,067,837	7,067,837	-
Long-term loans	320,451	449,357	89,733	434,117
	<u>7,388,288</u>	<u>7,517,194</u>	<u>7,157,570</u>	<u>434,117</u>
<b>31/12/2021</b>				
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	7,485,485	7,485,485	7,485,485	-
Long-term loans	368,779	482,498	48,381	434,117
	<u>7,854,263</u>	<u>7,967,982</u>	<u>7,533,865</u>	<u>434,117</u>

Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## eTRANZACT INTERNATIONAL PLC

### Notes to the financial statements

For the year ended 31 December 2022

#### 34.8 Fair value disclosure

The directors consider that the carrying amounts of financial assets (trade and other receivables, cash and short term deposits and Deposit for shares) and financial liabilities (trade and other payables) recorded in the financial statements approximate their fair values.

N'000	Carrying amount		Fair value	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Long-term loans	320,451	368,779	328,876	396,736

Disclosures of fair value are not required for short term financial instruments because their carrying amount approximates the fair value.

#### Fair value of non financial assets

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2022:

N'000	Date of valuation	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
Investment property:				
Land	31-Dec-22	-	-	212,440
Land	31-Dec-21	-	-	212,440
<b>Item whose fair value disclosure is required</b>				
Long-term loans	31-Dec-22	-	328,876	-
Long-term loans	31-Dec-21	-	396,736	-

#### Valuation Methodology

##### Long-term loans

The fair values of the long-term loans are based on cash flows discounted using a rate based equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates.

##### Investment property

Fair value of the investment property was determined using the Direct market comparison method. The valuations have been performed by the valuer and are based on prices paid in actual market transactions for similar properties with unit sale prices of comparables adjusted to the characteristics of the subject property.

##### Significant unobservable valuation input:

Price per square metre ₦158,259 - ₦183,121 (2021: ₦94,444 - ₦140,950)

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

There were no transfers between levels during 2022 (2021: Nil).

The fair values of the Company's interest-bearing loans and borrowings are determined by using the Discounted Cash Flow (DCF) method using discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates.

#### 35 Capital Commitments

There were no capital commitments during the year (2021: Nil).

## **eTRANZACT INTERNATIONAL PLC**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

#### **36 Contingent liabilities and contingent assets**

In the 2012 financial year, eTranzact International Plc initiated the process of acquiring shares in Collendos Limited, a company with significant investment in Cowrie Business Solution Limited, which owns Fortune Towers. eTranzact has committed to acquiring a total investment to the tune of N907 million, that will give it the direct control of the ground floor, 1st, 4th and 5th floor of Fortune Towers. As at 2017, eTranzact International Plc has made full payments to the tune of N907 million. In 2018, Collendos made a refund of N450 million to the Company (out of the total deposit which Collendos is holding in an interest bearing account pending the court judgement). The N450 million will be repaid by eTranzact International Plc based on the outcome of the court judgement. As at date of this report, the sale of the Fortune Towers building is under litigation. The outcome of the litigation has a possibility of resulting in a contingent liability in the form of legal costs and relative additional acquisition cost for the 4th and 5th floor of Fortune Towers. As at date of this report, the value of any contingent liability in this respect cannot be estimated.

Linked with the documented agreements between the existing occupants of Fortune Towers and Cowrie Business Solutions Limited, the current owners of Fortune Towers, there is a commitment that no liability for rent (or arrears of rent) will be sought from the existing occupants. Hence, although such rental liability is theoretically possible, the directors have made a provision in the books to cover annual rental expense for the floors it occupies.

#### **37 Events after the reporting period**

There is no other events after the reporting date that could have material effect on the state of affairs of the Company at 31 December 2022 and on the profit or loss and other comprehensive income for the year then ended that have not been taken into account in these financial statements.

#### **Approval of financial statements**

The financial statements were approved by the Board and authorised for issue on 28 March 2023.

## eTRANZACT INTERNATIONAL PLC

### Other National Disclosures: Statement of value added For the year ended 31 December 2022

	<b>2022</b>		<b>2021</b>	
	<b>N'000</b>	<b>%</b>	<b>N'000</b>	<b>%</b>
Turnover	22,542,395		23,584,553	
Investment income	47,619		111,348	
Other gains and losses	400		126,650	
	<u>22,590,414</u>		<u>23,822,551</u>	
Bought in materials and services:				
- Local	<u>(18,546,420)</u>		<u>(21,542,051)</u>	
<b>VALUE ADDED</b>	<b><u>4,043,993</u></b>	<b><u>100</u></b>	<b><u>2,280,500</u></b>	<b><u>100</u></b>
<b>APPLIED AS FOLLOWS:</b>				
<b>To pay employees -</b>				
Wages, salaries and other benefits	1,966,359	49	1,290,410	57
<b>To pay government -</b>				
Income tax expense	434,233	11	80,288	4
<b>To provide for assets replacement, payment of dividend and future expansion:</b>				
Payment of Interest	29,817	1	34,202	1
Depreciation of property, plant and equipments	162,256	4	293,003	13
Impairment of receivable	264,615	7	64,973	3
Amortisation of intangible assets	11,741	0	61,875	3
Profit for the year	<u>1,174,972</u>	<u>29</u>	<u>455,749</u>	<u>20</u>
	<b><u>4,043,993</u></b>	<b><u>100</u></b>	<b><u>2,280,500</u></b>	<b><u>100</u></b>

Value added statement represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between the employees, government and that retained for the future

## eTRANZACT INTERNATIONAL PLC

### Other National Disclosures: Five-year financial summary For the year ended 31 December 2022

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
<b>FINANCIAL POSITION</b>					
<b>Non-current assets</b>					
Property, plant and equipment	992,747	789,103	673,505	555,993	622,404
Investment property	136,810	136,810	302,226	645,917	645,917
Intangible assets	95,568	149,280	163,752	174,264	137,321
Deposit for shares	456,755	456,755	456,755	456,755	456,755
Deferred tax liabilities	-	-	-	(39,052)	(27,017)
Deferred grant income	(73,345)	(90,396)	(92,596)	(107,291)	-
Long term loan	(249,022)	(292,470)	(261,080)	(263,378)	(150,000)
Net current assets	7,916,315	1,264,610	(2,824,852)	(1,116,505)	(1,525,713)
	<b>9,275,828</b>	<b>2,413,691</b>	<b>(1,582,290)</b>	<b>306,702</b>	<b>159,667</b>
<b>Equity/(deficit)</b>					
Share capital	4,600,000	3,317,283	2,100,000	2,100,000	2,100,000
Share premium	7,374,272	2,969,824	646,875	646,875	646,875
Accumulated losses	(2,698,444)	(3,873,416)	(4,329,165)	(2,440,173)	(2,587,208)
<b>Total equity/(deficit)</b>	<b>9,275,828</b>	<b>2,413,691</b>	<b>(1,582,290)</b>	<b>306,702</b>	<b>159,667</b>
<b>TURNOVER AND PROFIT</b>					
Turnover	22,542,395	23,584,553	22,724,284	25,193,379	18,756,944
Profit/(loss) before income tax expense	1,609,205	536,037	(369,271)	291,605	(3,277,655)
Income tax (expense)/benefit	(434,233)	(80,288)	(80,288)	(144,570)	141,242
Profit/(loss) after tax	1,174,972	455,750	(449,560)	147,035	(3,136,413)
Basic earnings/(Loss) per share - kobo	16	7	(39)	4	(75)
Net assets per share - kobo	140	36	(38)	7	4

Earnings/(Loss) per share is computed on the basis of profit after tax and the weighted average number of ordinary shares in issue at the end of each financial year.