

TRADING UPDATE FOR THE PERIOD ENDED 31 AUGUST 2020

The following trading update for Cassava Smartech Zimbabwe Limited (Cassava Zimbabwe or the Group) has been released to our stakeholders in view of the delay in the publishing of our annual report for the financial year ended 29 February 2020, pending the outcome of the ongoing regulatory reviews on one of Cassava Zimbabwe's subsidiaries, Ecocash (Private) Limited.

Operating environment

Economic activity in the country has remained constrained, owing to hyperinflation which has been exacerbated by the COVID-19 pandemic, resulting in low demand across most sectors of the economy.

Regulatory environment

During the past six months, there have been a number of directives issued by the Regulators which have impacted on the Group's operations, mainly Ecocash. Below are some of the significant directives issued during the period:

- 21st April 2020 - Reduction in daily, monthly and transactional limits,
- 4th May 2020 - Suspension of Agents with transactions above ZW\$100,000 and requirement for their re-registration,
- 4th June 2020 - Suspension of Agent to Agent transactions,
- 26th June 2020 - Directive to integrate to Zimswitch, in line with SI 80, by 30 September 2020,
- 27th June 2020 - Suspension of some Ecocash User Categories and Functions,
- 25th August 2020 - Revision of mobile money limits and permissible transactions,
- 25th August 2020 - Ban of use of multiple wallets by individuals effective 8 September 2020.

The Group continues to comply with all the regulatory directives as they are issued.

We continue reviewing our tariffs, which are approved by the regulator, maintaining a balance between inflation, business sustainability and affordability by our customers.

COVID-19

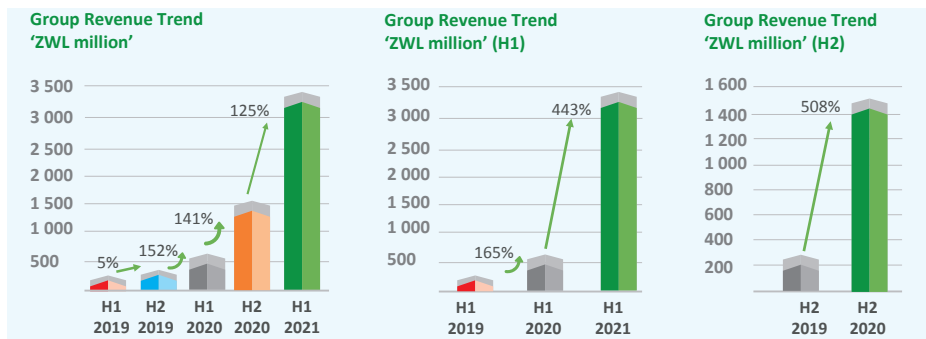
The COVID-19 pandemic has ushered in unprecedented changes to the social, economic and health outlook of the world and the country. It has fundamentally changed the way people live, socialise and interact, and businesses simply have to change and adapt to the "new normal". Global capital markets have been severely impacted as result of the various levels of lockdowns which were instituted the world over since March 2020.

Since the onset of the pandemic, the Group has prioritized the health and welfare of its staff, customers and other stakeholders. As a responsible corporate citizen, we are keenly aware that the health of our entire value chain is a critical component to our success as a business. For this reason, we have been actively engaged in campaigns, together with the Higher Life Foundation, Ministry of Health and other partners, to build awareness and reduce the impact of the global pandemic on our customers. Our intervention has included free community testing to protect our customers and business partners.

The advent of COVID-19 has accelerated our digital transformation journey, enabling us to realise cost efficiencies without loss of productivity. We have embraced virtual working by our staff and designed virtual access platforms to continue serving our customers. The Group has taken advantage of this accelerated digital thrust to come up with new products and services that better respond to the evolving needs of our customers.

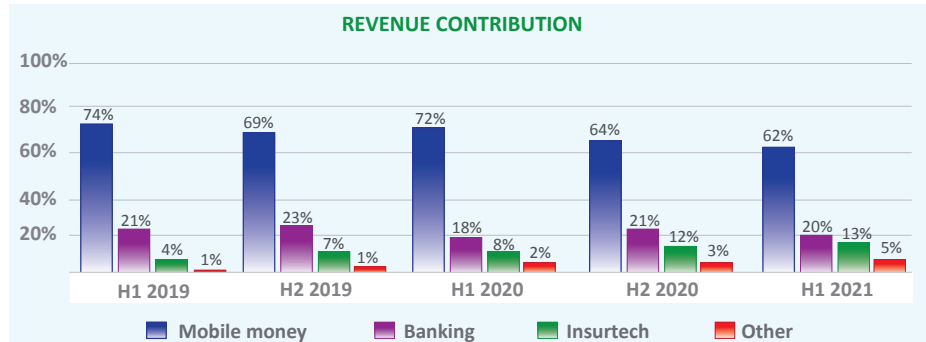
Business performance

Revenue Trends



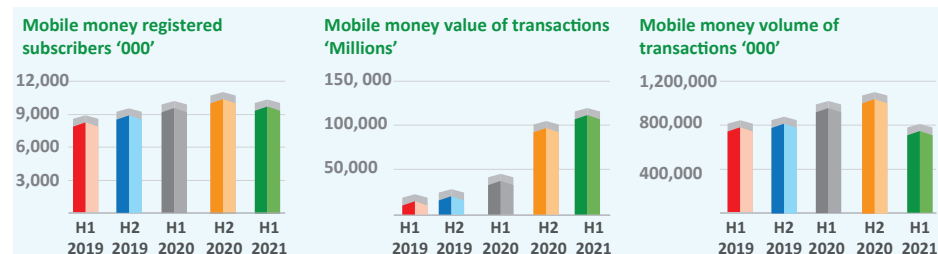
Consolidated revenues for the six months ended 31 August 2020 (H1 FY21) increased by 443% in nominal terms, from the same period last year. This nominal increase was largely driven by an increase in transactional values due to hyperinflation. Transaction activity was subdued when the COVID containment measures were implemented nominally in March 2020.

Despite the reduced contribution of Ecocash to the Group's performance, the Group's revenue diversification strategy has seen some resilience spurred by the exponential revenue growth in the upcoming Insurtech and the Vaya Technologies businesses. This is a validation of the Group's smartech business model which augurs well for the future outlook of the Group. We continue to leverage on our robust business model to innovate around on-demand technology platforms thus creating customer convenience, and value creation for our shareholders.



Ecocash revenue contribution has been reduced, both as a result of macro-economic factors referred to above, as well as the exponential growth in the Insurtech and Vaya Technologies business units. Steward Bank's contribution has remained fairly stable and is expected to maintain that revenue share once the system upgrade project underway is completed. The project is expected to improve customer experience while opening up new revenue streams.

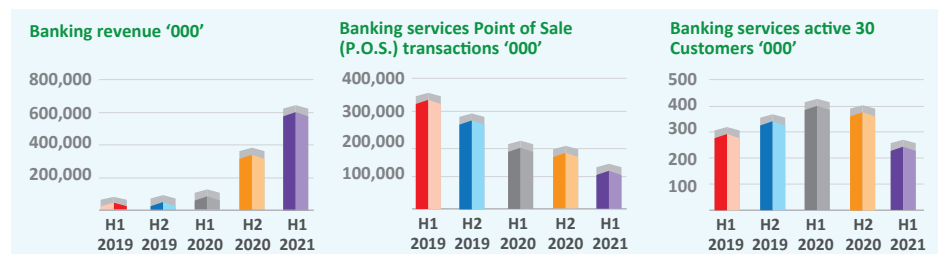
Mobile money services



Our mobile money business has seen steady growth over the period as evidenced by the registered 3% growth in registered subscribers and 16% growth in transaction volumes, respectively, for the year ended February 2020. However, both indicators have seen a dip in H1 FY21 as a result of the macroeconomic factors described above. Value of transactions continues to grow in line with inflation and rising costs.

Due to the nature of transactions processed on the Ecocash platform, which are high volume and low value, the value of transactions processed on the platform has gone to about 19% of the total value processed on the National Payments System down from 30% in the prior year.

Digital Bank



Steward Bank's revenue growth in H1-2021 was driven by higher transactional values as a result of inflation, coupled with growth in interest earning assets. However, the growth in real terms was subdued, as a result of the harsh macroeconomic environment effects referred to above and the adverse effects of the COVID-19 pandemic. The aforementioned conditions affected customers' disposable income, resulting in lower active customers and lower transaction volumes, compared to previous periods.

Insurtech services

The Insurtech business has recorded significant growth during the period, stirred mainly by the growth in Moovah revenues. Growth prospects for this business unit are high, as we continue to introduce new products under the short term insurance line. Life insurance has remained firm, with a steady growth in life policies being recorded in FY20. However, the COVID-19 induced economic pressures have also affected this business and a slight decrease was recorded in the number of life policies held, to close at 1.3 million customers covered, down from 1.6 million customers in the previous period. Both insurance businesses have managed to maintain their claims ratios at rates lower than the industry average for both life and short term insurance.

Financial inclusion

EcoCash, our mobile money offering, through its pioneering solutions has increased financial inclusion in the country. As at 31 August 2020, more than 10 million customers now had access to financial solutions from about 600,000 prior to the launch of EcoCash. Our EcoSure funeral cover product now insures more than 2 million lives. Through our partnerships and expansive distribution model, we have created an extensive eco-system that supports economic activity across many sectors of the economy and facilitates growth of small businesses, in an increasingly informal economy.

Cost containment

The Group has intensified implementation of cost containment measures, not only to mitigate effects of the decrease in revenue referred to above, but as a permanent feature of our Way Of Work.

Outlook

We continue to implement business plans which are focused on responding to customer needs as a way of increasing revenue, containing costs and sculpting our operations in order to respond to changes in our regulatory and macroeconomic environment. Our business model, with innovation at its core, will remain the cornerstone of ensuring sustainability in the current challenging economic environment.

By Order of the Board

C.R. Daniels
Company Secretary

30 September 2020