CASSAVA SMARTECH ZIMBABWE LIMITED

Cassava Smartech

(Incorporated in Zimbabwe on 29 March 2012 under Company Registration Number 2487/2012)

ZSE Alpha Code: CSZL ISIN ZW0009012361

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

DIRECTORS: Mrs S. G. Shereni, Mr M. L. Bennett, Dr Z. Dillon, Ms. E. T. Masiyiwa, Mr C. Maswi, Mr D. Musengi, Mr H. Pemhiwa, Mr D. T Mandivenga, Mr E. Chibi*, Mrs E. Chisango*. ** Executive.*

REGISTERED OFFICE: 1906 Borrowdale Road, Borrowdale, Harare.

www.cassavasmartech.com

Cassava Smartech

CASSAVA SMARTECH ZIMBABWE LIMITED

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

HIGHLIGHTS

Key Performance Indicators

REVENUE	GROSS PROFIT	EBITDA	MOBILE MONEY SUBSCRIBERS	DIGITAL BANKING CUSTOMERS
ZWL4.6 billion +43% YoY	ZWL3.1 billion +20% YoY	ZWL1.3 billion +15% YoY	10.8 Million +15% YoY	1.8 Million +34% YoY

Key Business Drivers

** YoY movements are based on comparison with unaudited Proforma financial statements for the full year ended 28 February 2019*

CHAIRPERSON'S STATEMENT

Introduction

Cassava Smartech Zimbabwe Limited ("The Group") continues its development of innovative digital solutions to provide and improve convenience in the lives of people in Zimbabwe. Our model is built on providing digital solutions to the day-to-day challenges faced by our customers. Our understanding of the local market, the dedication and skill of our staff and the ecosystem that we have built afford us the advantage to continue creating value for our shareholders and support the economic development of Zimbabwe.

Regulatory Overview

Subsequent to the reporting date, there have been a number of regulatory pronouncements and policy changes mainly affecting our fintech business segment. We continue working with the authorities to implement processes and policies that enhance the integrity of the financial system. Whilst the forensic audit being carried out on EcoCash and other mobile money operators in Zimbabwe is yet to be finalised, in the best interests of our stakeholders, the board has taken the view to release the Group's audited financial statements. As a good corporate citizen, we consistently strive to operate in compliance with all regulatory requirements and continuously upgrade our systems in order to address changes in our regulatory, operating and macro-economic environment.

Financial Reporting in Hyperinflationary Economies

Having assessed the impact of hyperinflation in the economy, the Public Accountants and Auditors Board (PAAB) advised that the conditions for adopting International Accounting Standard (IAS 29): Financial Reporting in Hyperinflationary Economies had been satisfied with effect from 1 July 2019. Both historic cost and inflation adjusted financial figures have been prepared and presented, in line with the requirements of International Financial Reporting Standards, in particular, IAS 29, and the recommendations from PAAB.

Financial Performance Review

Comparative Information

The Group came into existence on 1 November 2018 and the financial year ended 29 February 2020 is the Group's first full year of operation. Comparative information presented is, therefore, showing 4 months performance up to February 2019. The inflation adjusted figures have been indexed for comparative purposes, by applying to the prior year historic cost numbers the inflation indices prevailing at the time.

Performance Review (Inflation Adjusted)

Despite the challenges in the obtaining operating environment, the Group recorded revenue of ZWL4.6billion, compared to four months revenue for the period ended February 2019 of ZWL1.1 billion. Mobile Money and Banking businesses contributed 89% (FY19: 91%) of total revenue for the year. The decline in percentage contribution for the Fintech business segment reflects the positive effects of the group's revenue diversification strategy. The ongoing transformation of the business within the Group remains a priority as we work on scaling up the new businesses and diversifying our revenue earnings for sustainability. We are excited about the growth of Agritech and Moovah revenues included in our Insurtech and Other segments respectively. The growth was largely driven by the digital on-demand agriculture platform catering for both small holder and large scale commercial farmers, as well as the non-motor business for the short term insurance business unit. Our Life business (EcoSure) maintained solid performance, anchored on innovative digital on-boarding platforms, as well as enhanced product mix to cater for the cross profile of the segments we service.

The Group recorded an increase in gross profit margin to 68% from 57% in 2019 and in the EBITDA margin to 29%, from 27% in the prior year. This increase ocurred despite the pressure that the economic environment has continued to place on the business margins. To mitigate this, the business embarked on an elaborate cost optimisation drive to complement the revenue generation initiatives being implemented.

The continued depreciation of the Zimbabwe dollar against the United States dollar had a significant impact on our financial performance as we realised foreign exchange losses amounting to ZWL2.0 billion. At the reporting date, the Group had net foreign liabilities amounting to US$42.8 million, of which US$30.5 million comprise of the Group's 50% allocation of the overall liability in the debentures issued by Econet Wireless Zimbabwe Limited.

The business revalued its property and equipment for the year ended 29 February 2020 as the associated value in Zimbabwe Dollars was no longer meaningful due to inflation. Most of the Group's tangible and intangible assets were procured in foreign currency. Our revaluation approach is explained in the notes to the detailed financial statements.

The Directors are cognisant of the fact that certain distortions may arise due to divergent interpretation of specific economic factors that may affect the relevance and reliability of information presented in a hyperinflationary environment. These potential distortions are addressed in more detail in the Integrated Annual Report. Stakeholders are, therefore, advised to exercise caution in relying on these financial results.

Our Growth Strategy

The success of our business is predicated upon the stability, efficiency and effectiveness of our technology platforms. The Group is cognisant that our customers entrust their confidence to us based on our continued ability to deliver a consistently high quality of service.

The Group experienced a rapid increase in the volume and value of transactions being processed on mobile and digital banking platforms as more customers continued to favour these channels due to their convenience and availability. This necessitated the upgrade of the EcoCash platform in order to improve the ability to handle the increase in the volume and value of transactions, in line with the economic developments. As a result of the successful conclusion of this major upgrade, the experience of our customers as they use EcoCash has dramatically improved as measured by speed of transacting and the near 100% rate of successful transaction completion. In the next financial year, the Group has also embarked on a banking system upgrade which will improve customer service whilst enhancing the bank's operational efficiency. We always aim to have robust, world class digital infrastructure in line with our corporate vision: **Life is digital.**

The Group also continues to invest in enhanced security and monitoring tools for all our systems. Various new products and services were launched within our On-Demand-Services (ODS) strategic business unit.

We also continue to invest in the core skills required to drive the business forward, with sustained development programs running across all levels for a digital ready workforce.

Social Investment

The Group has adopted the UN Global Compact 10 Principles on human rights, labour, environment and anti-corruption to advance the broader Sustainable Development Goals, as part of our commitment to continue actively participating in society and giving back to one of our most important stakeholders, the community. In the period under review, the Group participated in a number of social transformation activities which included; Cyclone Idai disaster relief, Zimbabwe netball team sponsorship, offering free transport for doctors who were on strike, the Maisha cancer treatment fund, free water delivery to selected hospitals and basic computer literacy training for the under privileged girls.

Corporate Governance

We held our inaugural Annual General meeting on the 30th of October 2019. The Board of Directors would like to express its sincere gratitude for the support shown by our shareholders.

Pursuant to changes in the Board composition following the Company's inaugural Annual General meeting, the Board Committees were duly reconfigured and further disclosures on the composition of the various board committees are included in the corporate governance section of the annual report.

It was with great humility that I accepted the appointment as Cassava Smartech Board Chairperson effective 17 December 2019. I thank my fellow Board members for the confidence and faith placed in my leadership and will work with fellow board members and management to deliver on our promise to both shareholders and our customers.

Outlook

We are operating in a Volatile, Uncertain, Complex and Ambiguous (VUCA) environment which calls for new ways of managing risks whilst preserving shareholder value.

We will continue seeking opportunities that grow shareholder value and allow us to build a sustainable, competitive advantage in the market, based on the key strategic pillars which are staff engagement and development, customer experience, innovation, transparent and fair corporate governance practices, world class financial performance, sustained corporate social investment and enhanced risk management.

Appreciation

The Board would like to extend its appreciation to our customers who have continued to support us and made it possible for the Group to deliver exceptional results despite the difficult operating environment. I also take this opportunity to thank our shareholders, strategic business partners and regulatory authorities for their support and continued trust in the Group throughout the period. I would like to thank our management and staff for their unwavering commitment to the success of the Group despite the difficult operating environment. The Board is confident that the team will continue to drive business performance to grow our business into the future.

Dividend Declaration

Cognisant of the prevailing macro-economic fundamentals and the need to hedge the Company against the negative effects of the foreign currency translation adjustments on the bottom line, the Board resolved not to declare a dividend for the year ended 29 February 2020.

On behalf of the Board

Sherree Shereni
Board Chairperson

30 October 2020

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 29 February 2020

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL	
	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000
Revenue	**4,575,011**	**1,107,714**	**2,163,431**	**173,037**
Earnings before interest and taxation	1,122,003	268,189	459,106	41,894
Foreign exchange losses	(1,990,801)	(181,978)	(561,263)	(28,427)
Monetary adjustment (IAS 29)	1,148,840	-	-	-
Profit / (loss) from operations	**280,042**	**86,211**	**(102,157)**	**13,467**
Net finance costs	(83,700)	(12,368)	(40,624)	(1,932)
Profit / (loss) before taxation	**196,342**	**73,843**	**(142,781)**	**11,535**
Taxation	(495,886)	(14,359)	(100,612)	(2,243)
(Loss) / profit for the year	**(299,544)**	**59,484**	**(243,393)**	**9,292**
Other comprehensive income				
Other comprehensive income net of tax	381,204	448	669,586	70
Total comprehensive income for the year	**81,660**	**59,932**	**426,193**	**9,362**
(Loss) / profit for the year attributable to:-				
Equity holders of the parent	(279,862)	56,251	(259,047)	8,787
Non-controlling interest	(19,682)	3,233	15,654	505
(Loss) / profit for the year	**(299,544)**	**59,484**	**(243,393)**	**9,292**
Total comprehensive income for the year attributable to:-				
Equity holders of the parent	93,981	56,699	401,671	8,857
Non-controlling interest	(12,321)	3,233	24,522	505
Total comprehensive income for the year	**81,660**	**59,932**	**426,193**	**9,362**
Earnings per share				
Basic, headline and diluted (loss)/ earnings per share (ZWL)	(0.108)	0.022	(0.100)	0.003
Number of shares in issue (000)	2,590,577	2,590,577	2,590,577	2,590,577
Weighted average number of shares in issue (000)	2,590,577	2,590,577	2,590,577	2,590,577

Cassava Smartech

CASSAVA SMARTECH ZIMBABWE LIMITED

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2020

	Note	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL	
		Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000
Assets					
Property, equipment and intangible assets		1,653,478	896,390	1,265,478	140,026
Other non-current assets		280,369	354,097	206,827	55,314
Deferred taxation		-	26,304	-	4,109
Financial instruments		1,092,787	3,261,423	1,092,787	509,470
Financial instruments - short term-MMT	6	1,721,664	2,827,587	1,721,664	441,700
Other current assets		1,690,865	2,368,394	1,338,597	369,969
Total assets		**6,439,163**	**9,734,195**	**5,625,353**	**1,520,588**
Equity and Liabilities					
Equity					
Share capital and share premium		16,587	16,587	2,591	2,591
Retained earnings / (accumulated loss)		120,473	49,209	(251,127)	7,687
Other reserves		1,183,118	1,174,604	839,591	183,486
Attributable to equity holders of the parent		1,320,178	1,240,400	591,055	193,764
Non-controlling interests		(94)	12,227	26,432	1,910
Total equity		**1,320,084**	**1,252,627**	**617,487**	**195,674**
LIABILITIES					
Long-term interest-bearing debt	3.3	-	14,404	-	2,250
Deposit due to banks and other customers		1,110,707	3,174,867	1,110,707	495,949
Other financial instruments - short term-MMT	6	1,721,664	2,827,587	1,721,664	441,700
Other liabilities		2,286,708	2,464,710	2,175,495	385,015
Total liabilities		**5,119,079**	**8,481,568**	**5,007,866**	**1,324,914**
Total equity and liabilities		**6,439,163**	**9,734,195**	**5,625,353**	**1,520,588**

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2020

AUDITED - INFLATION ADJUSTED	Share capital and share premium ZWL'000	Retained earnings ZWL'000	Other reserves ZWL'000	Attributable to equity holders of the entity ZWL'000	Non-controlling interest ZWL'000	Total ZWL'000
Balance at 1 November 2018	**-**	**-**	**1,184,341**	**1,184,341**	**8,994**	**1,193,335**
Profit for the period	-	56,251	-	**56,251**	3,233	**59,484**
Other comprehensive income	-	-	448	**448**	-	**448**
Total comprehensive income	**-**	**56,251**	**448**	**56,699**	**3,233**	**59,932**
Issue of shares	6,402	-	-	**6,402**	-	**6,402**
Dividend paid	-	(7,042)	-	**(7,042)**	-	**(7,042)**
Reclassification	10,185	-	(10,185)	**-**	-	**-**
Balance at 28 February 2019 (Restated)	**16,587**	**49,209**	**1,174,604**	**1,240,400**	**12,227**	**1,252,627**
(Loss) / profit for the year	-	(279,862)	-	**(279,862)**	(19,682)	**(299,544)**
Other comprehensive income	-	-	373,843	**373,843**	7,361	**381,204**
Total comprehensive (loss) / income	**-**	**(279,862)**	**373,843**	**93,981**	**(12,321)**	**81,660**
Transfer within reserve	-	351,126	(365,329)	**(14,203)**	-	**(14,203)**
Balance at 29 February 2020	**16,587**	**120,473**	**1,183,118**	**1,320,178**	**(94)**	**1,320,084**

UNAUDITED - HISTORICAL	Share capital and share premium ZWL'000	Retained earnings ZWL'000	Other reserves ZWL'000	Attributable to equity holders of the entity ZWL'000	Non-controlling interest ZWL'000	Total ZWL'000
Balance at 1 November 2018	**-**	**-**	**185,007**	**185,007**	**1,405**	**186,412**
Profit for the period	-	8,787	-	**8,787**	505	**9,292**
Other comprehensive income	-	-	70	**70**	-	**70**
Total comprehensive income	**-**	**8,787**	**70**	**8,857**	**505**	**9,362**
Issue of shares	1,000	-	-	**1,000**	-	**1,000**
Dividend paid	-	(1,100)	-	**(1,100)**	-	**(1,100)**
Reclassification	1,591	-	(1,591)	**-**	-	**-**
Balance at 28 February 2019 (Restated)	**2,591**	**7,687**	**183,486**	**193,764**	**1,910**	**195,674**
(Loss) / profit for the year	-	(259,047)	-	**(259,047)**	15,654	**(243,393)**
Other comprehensive income	-	-	660,718	**660,718**	8,868	**669,586**
Total comprehensive income	**-**	**(259,047)**	**660,718**	**401,671**	**24,522**	**426,193**
Transfer within reserves	-	233	(4,613)	**(4,380)**	-	**(4,380)**
Balance at 29 February 2020	**2,591**	**(251,127)**	**839,591**	**591,055**	**26,432**	**617,487**

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 29 February 2020

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL	
	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000
Cash (utilised in) / generated from operations	**(120,274)**	**1,757,502**	**2,569,980**	**274,541**
Income tax paid	(115,396)	(265,180)	(115,396)	(41,424)
Net cash (utilised in) / generated from operations	**(235,670)**	**1,492,322**	**2,454,584**	**233,117**
Investing activities				
Net acquisition of property and equipment and intangible assets	(413,812)	(149,195)	(296,730)	(23,306)
Net acquisitions of financial instruments	(1,160,181)	(515,035)	(512,831)	(80,454)
Other investing activities	-	(38,787)	-	(6,059)
Net cash utilised in investing activities	**(1,573,993)**	**(703,017)**	**(809,561)**	**(109,819)**
Cash flows from financing activities				
Financing costs paid	(83,700)	(32,034)	(40,624)	(5,004)
Dividend paid	-	(7,042)	-	(1,100)
Net (repayments of) / proceeds from borrowings	(14,404)	11,209	(2,250)	1,751
Proceeds from issue of shares	(2,705)	6,402	(2,705)	1,000
Net cash generated / (used in) from financing activities	**(100,809)**	**(21,465)**	**(45,579)**	**(3,353)**
Net (decrease) / increase in cash and cash equivalents	**(1,910,472)**	**767,840**	**1,599,445**	**119,945**
Cash and cash equivalents at the beginning of the period	4,159,709	3,391,869	649,792	529,847
Cash and cash equivalents as at end of the period	**2,249,237**	**4,159,709**	**2,249,237**	**649,792**
Comprising:				
Cash and cash equivalents restricted	1,721,664	2,827,587	1,721,664	441,700
Cash and cash equivalents non-restricted	527,573	1,332,122	527,573	208,092
Cash and cash equivalents as at the end of the period	**2,249,237**	**4,159,709**	**2,249,237**	**649,792**

ABRIDGED SUMMARISED SEGMENT INFORMATION

AUDITED- INFLATION ADJUSTED	Mobile Money ZWL'000	Digital Bank ZWL'000	InsurTech ZWL'000	Other ZWL'000	Adjustment Journal & Eliminations ZWL'000	Total ZWL'000
For the year ended 29 February 2020						
Revenue	3,446,222	718,104	393,903	106,434	(238,929)	**4,425,734**
Interest income from banking operations	-	149,277	-	-	-	**149,277**
Depreciation, amortisation and impairment	(27,247)	(126,410)	(13,170)	(37,129)	-	**(203,956)**
Segment profit / (loss)	512,516	(258,236)	(281,018)	37,278	(310,084)	**(299,544)**
Segment assets	3,568,047	3,658,992	421,362	2,177,688	(3,386,926)	**6,439,163**
Segment liabilities	2,779,379	3,018,112	231,388	896,096	(1,805,896)	**5,119,079**
For the 4 months 28 February 2019 (restated)						
Revenue	831,606	170,417	82,363	13,495	(54,817)	**1,043,064**
Interest income from banking operations	-	64,650	-	-	-	**64,650**
Depreciation, amortisation and impairment	(13,335)	(11,977)	(2,401)	(8,341)	-	**(36,054)**
Segment profit / (loss)	62,147	12,810	28,526	132,532	(176,531)	**59,484**
Segment assets	4,839,290	6,020,109	508,351	1,941,599	(3,575,154)	**9,734,195**
Segment liabilities	4,563,240	5,133,347	105,793	672,302	(1,993,114)	**8,481,568**

UNAUDITED - HISTORICAL	Mobile Money Fees ZWL'000	Digital Banking ZWL'000	InsurTech ZWL'000	Other ZWL'000	Adjustment Journal & Eliminations ZWL'000	Total ZWL'000
For the year ended 29 February 2020						
Revenue	1,613,165	330,640	199,465	63,580	(110,181)	**2,096,669**
Interest income from banking operations	-	66,762	-	-	-	**66,762**
Depreciation, amortisation and impairment	(18,602)	(27,574)	(9,555)	(6,227)	-	**(61,958)**
Segment profit / (loss)	117,217	56,739	105,385	(425,165)	(97,569)	**(243,393)**
Segment assets	3,234,540	3,298,875	403,847	755,122	(2,067,031)	**5,625,353**
Segment liabilities	2,805,036	2,951,845	164,251	889,906	(1,803,172)	**5,007,866**
For the 4 months 28 February 2019 (restated)						
Revenue	129,906	26,621	12,866	2,108	(8,563)	**162,938**
Interest income from banking operations	-	10,099	-	-	-	**10,099**
Depreciation, amortisation and impairment	(2,083)	(1,871)	(375)	(1,303)	-	**(5,632)**
Segment profit / (loss)	9,708	2,001	4,456	20,703	(27,576)	**9,292**
Segment assets	755,950	940,407	79,410	303,299	(558,478)	**1,520,588**
Segment liabilities	712,828	801,885	16,526	105,021	(311,346)	**1,324,914**

Notes

~ The elimination amount relates to Steward Bank License Fees to the Mobile Money Platform.

~~ The elimination amount on segment profit relates to dividends declared by subsidiaries to the holding company.

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 29 February 2020

1. GENERAL INFORMATION

Cassava Smartech Zimbabwe Limited ("CSZL" or "the Company") and its subsidiaries were demerged from Econet Wireless Zimbabwe Limited ("EWZL"), effective 1 November 2018.

These abridged consolidated financial statements comprise the Company and its subsidiaries (collectively "the Group" and individually the "Group companies"). The Group's subsidiaries and main activities are as in the follows:

- EcoCash (Private) Limited - mobile money transfer and payments services;
- Steward Bank Limited - digital commercial banking;
- Econet Life (Private) Limited - mobile based funeral and life assurance products;
- Econet Insurance (Private) Limited - short-term insurance company;
- Econet Services (Private) Limited - on-demand services, e-commerce, farming technology and digital education services;
- Steward Health (Private) Limited - medical aid services; and
- MARS (Private) Limited - medical air and road rescue services.

CSZL and its subsidiaries are incorporated in Zimbabwe. CSZL's registered office is 1906 Borrowdale Road, Harare. The ultimate holding company for the Group is Econet Global Limited, which is registered in Mauritius.

These abridged consolidated financial statements are presented in Zimbabwe Dollars ("ZWL"), which is the functional and presentation currency of the primary economic environment in which the Group's entities operate.

Unaudited historical results have been presented as supplementary information, in line with the Public Accountants and Auditors Board ("PAAB") recommendation set out in Pronouncement 01/2019. The audited inflation adjusted results represent the primary financial information required by International Accounting Standard ("IAS") 29 'Financial Reporting in Hyperinflationary Economies', and in respect of which the auditors have expressed their opinion.

2. STATEMENT OF COMPLIANCE

The Group prepares consolidated financial statements with the aim to fully comply with International Financial Reporting Standards ("IFRSs"), which comprise standards issued by the International Accounting Standards Board ("IASB") and interpretations developed and issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC"). Compliance with IFRSs is intended to achieve consistency and comparability of financial statements.

Only partial compliance has been achieved for the year ended 29 February 2020, as a result of the carryover impact of non-compliances in the prior period with IAS 21 and IAS 16, and current year non-compliances with IAS 29. Only partial compliance was also achieved for the 4 months ended 28 February 2019. Consequently, the Directors advise users of these abridged consolidated financial statements to exercise caution.

The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous period, unless otherwise stated, and except for the adoption of new standards and amendments that became effective for the year ended 29 February 2020. In the current year, the Group has applied the requirements of IAS 29 and IFRS 16 Leases for the first time. These have had a material impact on the Group's reporting for the current year.

These abridged consolidated financial statements do not include all of the information and disclosures required to fully comply with IFRSs and should be read in conjunction with the Group's complete consolidated financial statements for the year ended 29 February 2020, which are available for inspection at the Company's registered office.

3. ACCOUNTING POLICIES

3.1 Basis of Preparation and Consolidation

The underlying consolidated financial statements for the year ended 29 February 2020 have been prepared, to the extent legally possible, in compliance with IFRSs. The underlying consolidated financial statements have also been prepared, to the extent legally possible, in accordance with the disclosure requirements of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2009, the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Medical Services Act (Chapter 15:13), and related regulations. They are based on accounting policies which have been consistently applied and modified where necessary by the impact of new and revised IFRSs, unless otherwise stated. The abridged consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 29 February 2020.

3.2 Application of IAS 29

The PAAB issued Pronouncement 01/2019 in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

The underlying consolidated financial statements to these abridged consolidated financial statements have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from only 1 March 2019, being the commencement date of the current financial year and the immediate date after the adoption of the Zimbabwe dollar (formerly known as the RTGS dollar) as the functional and reporting currency by the Group. Historical cost financial results have been presented as supplementary information, and the auditors have not expressed an opinion on those historical results.

CASSAVA SMARTECH - 1942/PAGE 4

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Application of IAS 29 (continued)

The conversion factors used to restate the underlying historical numbers for the consolidated financial statements for the year ended 29 February 2020 are as follows

	Index	Conversion Factor
29 February 2020	640.16	1.00
28 February 2019	100.00	6.40

3.3 Restatement for Prior Period Error

In the prior year consolidated financial statements, it was disclosed that, pursuant to the demerger of the Group from EWZL on 1 November 2018, the Group assumed 50% of the EWZL debenture obligations equitably, giving the debenture holders the same security on a joint and several, but shared basis. 1 166 906 618 unsecured redeemable debentures with an annual compounding coupon rate of 5% were issued at a subscription price of 4.665 US cents per debenture and the same was accounted for as a third-party borrowing based on information available at that time. The value of the debenture liability attributable to the CSZL was classified as part of the Group's borrowings for the 4 month period ended 28 February 2019.

However, following the conclusion of extensive legal consultations in the current year on the legal form and transferability of the debentures, the Directors concluded that it is more appropriate to treat and account for the commitment by the Group to settle 50% of the debentures as a long term related party payable. Therefore, a reclassification of the full carrying amount of the debentures to amounts owed to related parties has been done retrospectively. The commitment by the Group to settle the debentures should have been accounted for and disclosed separately as a related party payable instead of recognising a debenture obligation for the 4 month period ended 28 February 2019. The correction will provide clearer disclosure of the legal form of the debentures in the context of EWZL and the Group being separate legal entities.

The prior period treatment has been corrected by restating each of the affected financial statement line items for prior period as follows:

	AUDITED INFLATION ADJUSTED 4 months ended 28 February 2019			UNAUDITED HISTORICAL 4 months ended 28 February 2019		
	As previously presented ZWL '000	Adjustment ZWL '000	Restated ZWL'000	As previously presented ZWL '000	Adjustment ZWL '000	Restated ZWL '000
Statement of Financial Position						
Borrowings	419,164	(404,760)	**14,404**	65,478	(63,228)	**2,250**
Amounts owed to related party companies	1,395,792	404,760	**1,800,552**	218,038	63,228	**288,266**

4. AUDITOR'S STATEMENT

The underlying consolidated financial statements to these abridged consolidated financial statements have been audited by Deloitte & Touche. An adverse opinion has been issued thereon, with respect to the following matters;

- Impact of the prior year misstatements of the valuation of property and equipment on the accuracy of current year depreciation and revaluation restatements required by IAS 29;
- Unresolved prior period matters and incorrect restatement approach of the prior period amounts impacting the comparability of the current year figures and corresponding prior period figures;
- Impact of incorrect date of change of functional currency on the current year restated closing values of inventory, share capital, share premium and revaluation reserves, and the deferred tax movement and net gain/loss on monetary position for the year; and
- Inability to obtain sufficient appropriate audit evidence due to limitations arising from a forensic audit on EcoCash (Private) Limited that was ongoing at the time of issuing the auditor's report.

The auditor's report contains the following key audit matters;

- Valuation of expected credit losses on loans and advances,
- Revenue recognition,
- Existence and valuation of suspense accounts, and
- Going concern

The Auditors' report on the consolidated financial statements is available for inspection at the Company's registered office and on the Zimbabwe Stock Exchange website.

5. OTHER INFORMATION

		AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL	
		Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000
5.1	**Revenue**	4,575,011	1,107,714	2,163,431	173,037
5.2	**Depreciation and amortisation of property, equipment and intangible assets**	203,956	36,054	61,958	5,632
5.3	**Income tax expense**	(495,886)	(14,359)	(100,612)	(2,243)
5.4	**Earnings per share**				
	Weighted number of ordinary shares for the purposes of basic and diluted earnings per share calculation	2,590,577	2,590,577	2,590,577	2,590,577
	Basic and diluted (loss) / earnings per share (ZWL)	(0.108)	0.022	(0.100)	0.003
	Headline earning per share	(0.108)	0.022	(0.100)	0.003
	Reconciliation of (loss) / earnings for headline earnings per share				
	(Loss) /profit for the period attributable to ordinary shareholders	(279,862)	56,251	(259,047)	8,787
	Adjustment for capital items (gross of tax):				
	(Profit) / loss on disposal of property and equipment	1,011	32	995	5
	Headline (loss) / earnings attributable to ordinary shareholders	(278,851)	56,283	(258,052)	8,792
5.5	**Commitments for capital expenditure**				
	Authorised and contracted for	1,267,927	452,388	198,064	70,668
	Authorised and not contracted for	6,327,682	1,124,857	988,453	175,715

The capital expenditure is to be financed from internal cash generation, extended supplier credits and bank credit.

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

5. OTHER INFORMATION (CONTINUED)

5.6 Adoption of IFRS 16

The Group leases several assets including buildings, plants, IT equipment and adopted IFRS 16 - Leases on 1 March 2019 as a replacement of IAS 17 - Leases together with the related interpretations. The Group adopted the modified retrospective approach and elected not to restate its comparative financial statements and retain comparative information on IAS 17 basis. The Group recognised right-of-use assets and lease liabilities and the financial impact can be summarised as follows;

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL	
	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000	Year ended 29 February 2020 ZWL'000	(Restated) 4 months ended 28 February 2019 ZWL'000
5.6.1 Right of Use Assets				
Opening balance (restated)	-	-	-	-
Additions	75,759	-	18,335	-
Depreciation	(24,727)	-	(5,265)	-
Closing balance	**51,032**	**-**	**13,070**	**-**
5.6.2 Lease Liabilities				
Maturity analysis				
Not later than one year	1,189	-	1,189	-
Later than one year and not later than five years	13,883	-	13,883	-
Later than five years	-	-	-	-
	15,072	**-**	**15,072**	**-**
Analysed as:				
Non-current	13,883	-	13,883	-
Current	1,189	-	1,189	-
	15,072	**-**	**15,072**	**-**
Maturity analysis				
Year 1	7,478	-	7,478	-
Year 2	5,146	-	5,146	-
Year 3	2,448	-	2,448	-
Year 4 onwards	-	-	-	-

6. FINANCIAL INSTRUMENTS-MMT

"Financial instruments - short term-MMT" and "Other financial instruments - short term-MMT" represent restricted and reserved cash balances held in trust for the EcoCash customers and commissions held for On Demand Services partners.

7. CONTINGENT LIABILITIES

Tax

The Group is regularly subject to an evaluation by tax authorities on its direct and indirect tax filings. The consequence of such reviews and pending matters is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group. The Group has pending matters with the tax authorities arising from the normal course of business and the resolution of the disputes and pending matters could result in an obligation to the Group. The Group cannot disclose the full details of these matters as this could prejudice its position.

8. EVENTS AFTER THE REPORTING DATE

8.1 COVID 19

The World Health Organisation (WHO) declared the COVID 19 outbreak as a pandemic mid-March 2020. The local government imposed a nationwide lockdown in response to the guidelines from WHO to contain the spread of the virus. The Group has taken an active role of participation in the fight to contain the virus through provision of financial and other resources to aid health-workers and support less privileged individuals as well as adopting preventative measures within the group such as operating through a telecommuting model to minimise human contact and ensuring the adherence to the set enhanced hygiene standards.

The pandemic has affected the level of transactions across the Group companies, however, the Directors continue to monitor business continuity initiatives to manage the impact of the changing economic conditions on the Group. The financial impact of COVID 19 has been discussed in note 9.

8.2 Forensic Audit

In July 2020, the Reserve Bank of Zimbabwe's Financial Intelligence Unit ("the FIU") instituted a forensic investigation into the transactions being handled through all mobile money operators in Zimbabwe. The transactions and systems of the Group's mobile money operator, EcoCash, also fell within the scope of this investigation. The objective of the audit, as specified in the introductory letter was to investigate the integrity of the EcoCash system and assess compliance with the Money Laundering and Proceeds of Crime Act, National Payments System Act and any other banking laws of Zimbabwe.

At the time of publishing this report, EcoCash was still cooperating with the appointed forensic auditors. Accordingly, the outcome of the investigation was not yet known. The business remains committed to conducting its business ethically and in compliance with all regulatory requirements and international standards of best practice.

9. GOING CONCERN

The Directors are mandated by IFRS and good governance to assess the ability of the Group to continue in operational existence into the foreseeable future at each reporting date. As at 29 February 2020, and subsequently as at the date of authorisation of the consolidated financial statements, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these consolidated financial statements on a going concern basis remains appropriate.

In guiding it's going concern assessments, the Group has given consideration to the following key internal and external matters that it has observed for the period 1 March 2020 through to the date of authorisation of the consolidated financial statements;

i. COVID-19 has had a negative impact on the level of business operation with decreases in transactional volumes of about 30% across all business entities being witnessed during the initial lockdown period. As the economy is reopening, we have seen an increase in transactional activities back to the pre-lockdown levels.
ii. Business performance since 1 March 2020 has been largely in line with the forecasts performance for the group as measured in US$ terms.
iii. While the regulatory measures currently undertaken have had an impact on the operating model of the EcoCash business, the financial impact on the Group has not been material to affect the ability of EcoCash, nor the Group as a whole, to continue as a going concern. .

The going concern assessment has been extended for the 12 month period commencing from the date of approval of these consolidated financial statements for issue and incorporated all available information on the operating environment and future risks and uncertainties on which sensitivity analysis were also made. Based on this assessment, management believes that the group will be able to continue as a going concern.

Deloitte.

PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Cassava Smartech Zimbabwe Limited and its subsidiaries ("the Group") set out on pages 11 to 98 which comprise the inflation adjusted consolidated statement of financial position as at 29 February 2020, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly, in all material respects, the inflation adjusted consolidated statement of financial position of the Group as at 29 February 2020, and its inflation adjusted consolidated financial performance and its inflation adjusted consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2009, the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Medical Services Act (Chapter 15:13), and related regulations.

Basis for Adverse Opinion

Our basis for adverse opinion was arrived at following consideration of the following matters.

1. Impact of the Prior Year Misstatements of the Valuation of Property and Equipment on the Accuracy of Current Year Depreciation and Revaluation Restatements Required by IAS 29 – 'Financial Reporting in Hyperinflationary Economies'

   The Group applied the revaluation model for the valuation of property and equipment as at 28 February 2019. The valuations attributed to property and equipment at that date were based on a directors' valuation performed by Econet Wireless Zimbabwe Limited directors as at 1 September 2018. No independent professional valuer was utilised, and these values were adopted as is by the Group's Directors. Consequently, we were unable to determine the reasonability of the assumptions applied, as no independent professional valuer was engaged for that purpose. The resulting misstatements thereon were also considered to be material.

   Consequently, because of the material misstatement arising from the foregoing matter, there has been a carry-over effect in the current year, which has resulted in the hyperinflation restatements required by IAS 29 on the following items being inaccurate;

   - depreciation and amortisation expenses recognised in respect of items of property and equipment recorded for the year ended 29 February 2020 and 4 month period ended 28 February 2019;

   - revaluation gains recognised in other comprehensive income for revaluations of property and equipment recorded for the year ended 29 February 2020 and 4 month period ended 28 February 2019;

   Inflation adjusted depreciation and amortisation expenses and revaluation gains on property and equipment for the current year and prior period are therefore materially misstated. There is also a corresponding carry-over effect resulting in a misstatement of the net gain/loss on monetary position and retained earnings for the current year and prior period. It is not practicable to quantify the effects, but their impact, when considered in aggregate with the other matters raised in our basis for adverse opinion, is considered to be pervasive.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis for Adverse Opinion (continued)

2. Unresolved Prior Period Matters and Incorrect Hyperinflation Restatement Approach on the Prior Period Amounts Impacting the Comparability of the Current Year Figures and Corresponding Prior Period Figures

   An adverse opinion was issued on the Group's consolidated financial statements for the 4-month period ended 28 February 2019. One of the two bases for the adverse opinion related to;

   Non-compliance With the Requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates
   On 20 February 2019, a currency called the Real Time Gross Settlement Dollar ("RTGS Dollar", now subsequently called the Zimbabwe Dollar ("ZWL")) was legislated through Statutory Instrument 33 of 2019 ("SI 33/2019") with an effective date of 22 February 2019. SI 33/2019 fixed the exchange rate between the RTGS Dollar (and its prior forms) and the United States Dollar ("USD") at a rate of 1:1 for the period up to its effective date. The rate of 1:1 was consistent with the rate mandated by the Reserve Bank of Zimbabwe ("RBZ") at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency prior to 22 February 2019, as required by IAS 21:

   - The Group transacted using a combination of USDs, bond notes and bond coins. The acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement ("RTGS") system and mobile money platforms. Prior to 22 February 2019, there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money platform and RTGS system balances in comparison to the USD. Although RTGS system balances were not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that they were currency.

   - In October 2018, banks were instructed by the RBZ to separate and create distinct bank accounts for depositors, namely, RTGS Foreign Currency Account ("FCA") and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

   Prior to October 2018, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. While RTGS system balances were not legally recognised as currency up until 22 February 2019, in substance, under IAS 21, such balances would have been deemed to be currency from October 2018.

   Based on the legal requirements of SI 33/2019, the Directors used 28 February 2019 as the date of change in functional currency from USD to ZWL for the Group's component entities. The Group came into existence on 1 November 2018, and consequently the decision to use 28 February 2019 as the date of change in functional currency resulted in a material misstatement to the financial performance and cash flows for the 4-month period ended 28 February 2019, as transactions denominated in USD were not appropriately translated. This departure from the requirements of IAS 21 was considered to be pervasive.

   The above matter resulted in material misstatements to the reported financial performance, financial position and cash flows of the Group for the 4-month period ended 28 February 2019. It was impracticable to quantify the effects.

   The Directors have adopted a hyperinflation restatement approach on the prior period amounts that aims to be consistent with the legal implications of SI 33/2019 on hyperinflation restatements. The hyperinflation restatement approach applied on the comparative amounts, as set out in Note B and note 45, does not comply with the requirements of IAS 29.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis for Adverse Opinion (continued)

3. <u>Impact of Incorrect Date of Change of Functional Currency on the Current Year Restated Closing Values of Inventory, Share Capital, Share Premium and Revaluation Reserves, and the Deferred Tax Movement and Net Gain/Loss on Monetary Position for the Year</u>

   As cited in item 2 of the Basis for Adverse Opinion section of our report, the Directors chose 28 February 2019 as the date of change in functional currency for the Group's component entities. As indicated in Note B2, 1 March 2019 was therefore also used as the starting point for the Group's restatements of non-monetary items, rather than 1 November 2018.

   Consequently, the restated closing values of inventory, share capital, share premium and revaluation reserves for 2020, and the current year deferred tax movement are materially misstated. The net gain/loss on monetary position for the current year is also misstated in respect of the impact of these items. It is not practicable to quantify the effects, but their impact, when considered in aggregate with the other matters raised in our basis for adverse opinion, is considered to be pervasive.

4. <u>Inability to Obtain Sufficient Appropriate Audit Evidence Due to Limitations Arising from a Forensic Audit on EcoCash (Private) Limited That Was Ongoing at the Time of Issuing Our Auditor's Report</u>

   As described in Note 37.4, there was a delay in the publication of the Group's audited inflation adjusted consolidated financial statements. On 3 July 2020, all mobile money operators in Zimbabwe were subjected to a forensic audit by the Financial Intelligence Unit of the Reserve Bank of Zimbabwe. The Group's subsidiary, EcoCash (Private) Limited ("EcoCash") was amongst the mobile money operators within the scope of the forensic audit. At the time of issuing our auditor's report, we had not been able to obtain the results of the forensic audit as it was still ongoing. We have therefore been unable to obtain sufficient appropriate audit evidence as to the impact of the outcome of the forensic investigation on the inflation adjusted consolidated financial statements. We are unable to determine whether there are any additional material misstatements to the inflation adjusted consolidated financial statements that may have been identified if the outcome of the forensic audit had been finalised and known by us at the time of issuing our auditor's report.

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 Inflation Adjusted Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) Code together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section of our report, we have determined the matters described below to be the key audit matters.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of expected credit losses on loans and advances</td></tr>
<tr><td>The closing impairment allowances reflected in the statement of financial position as at 29 February 2020 amounted to ZWL 50.52 million. This impairment loss was determined in accordance with IFRS 9 "Financial Instruments" in respect of loans and advances.

This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment on the part of the Directors.

The key areas where we identified heightened levels of Directors' judgement and therefore increased levels of audit focus include:
• The measurement of modelled provisions, which is dependent on key assumptions relating to Probability of Default (PD – the chance that the borrowers will fail to meet their contractual obligations in the future), Loss Given Default (LGD – estimate of the loss from a transaction given that default has occurred) and expected recoveries discounted to present value;
• The identification of exposures with a significant deterioration in credit quality; and
• Assumptions used in the ECL model including forward looking information.

Note U1 and note 20 to the financial statements provide detailed information around the determination of the ECL.</td><td>In respect of this key audit matter, we performed the following procedures:
• Obtained an understanding of the business process around the impairment of financial assets and evaluated the design and assessed implementation of relevant controls;
• Obtained an understanding of the inputs into the IFRS 9 model;
• Performed procedures to test completeness and accuracy on all such inputs identified;
• With the assistance of our IT specialists, tested controls around the system that computes ECL;
• For a sample of loans and advances, assessed the appropriateness of the Group's staging;
• With the assistance of our auditor's expert, recalculated the ECL for a sample of financial assets in the model and assessing the appropriateness of the balance being recalculated by the model against the requirements of IFRS 9;
• Assessed whether forward looking information was incorporated into the Group's ECL computations for all financial assets subject to IFRS 9 impairment and whether it is appropriate in light of the current economic environment; and
• Inquired of management about specific considerations that have been made around the probability of default given the current economic environment and assessed whether these were appropriate.
• Challenged the reasonability of management assumptions in light of economic circumstances by performing sensitivity analyses and seeking out and considering contradictory evidence impacting the assumptions
• Inspected the ECL disclosures to determine that they were relevant and understandable in the context of the audit evidence we had obtained and the requirements of IFRS 9.</td></tr>
</table>

Key audit matter	How the matter was addressed in the audit
Revenue recognition	
The entity's revenue streams are characterised by high volumes of transactional data. The revenue computation process is highly automated, complex in nature and dynamic thus requiring the reliance on numerous information technology related controls. Due to the varying terms and conditions, the revenue recognition is determined to being complex. The following are specific areas of the complexities identified: • The recognition criteria for revenue; • Accounting treatment for agency relationships, treatment of discounts, incentives and commissions; and • The potential impact of seemingly small errors is significant due to the possibility of automated replication through the large volumes of transactions. As a result of the above matters and the related timing of revenue recognition and the volume of transactional data involved, this was considered to be a key audit matter. Note N to the financial statements includes details on the revenue recognition accounting policies. Note 2 further provides detailed information around the different classes of revenue.	In addressing this matter, we performed the following procedures: • We performed walkthroughs of the revenue processes and evaluated the design and implementation of controls in this area; • We reviewed a sample of agency contracts and the related treatments; • We obtained an understanding of the process of updating and application of new tariff plans and the relevant controls in the billing process and tested the effectiveness thereof; • We analysed and verified transactional data on a monthly basis; • We engaged our internal Data Analytics specialists to independently re-compute the revenue using data analytical methods; • We performed sensitivity analysis in relation to the key assumptions in order to assess the potential for management bias; • We made use of internal IT specialists to evaluate the design and test implementation of key controls over the loan administration systems and the manner in which data is extracted from these systems into the models used to determine revenue recognition; • We performed detailed substantive testing of journal entries processed around revenue to ensure these were appropriately authorised, complete and accurate; • We confirmed that the related interest enhancing mechanisms, such as loan arrangement fees and establishment fees, were appropriately recognised over the tenure of the facility from which they arose using the effective interest; • We inspected a sample of underlying data for completeness and accuracy; • For a sample of contracts, we reviewed the contract terms and assessed against the 5 step approach of IFRS 15; and • Inspected the revenue disclosures to determine that they were relevant and understandable in the context of the audit evidence we had obtained and the requirements of IFRS 15.

Key audit matter	How the matter was addressed in the audit
Existence and valuation of suspense accounts	
Suspense accounts are a high-risk area given the nature of operations and the accounts' general susceptibility to fraud. The risk is further enhanced as during the year the Group's banking subsidiary experienced a high volume of transactions passing through the accounts, resulting in the capacity constraints for the core banking system, which resulted in general ledger account mismatches. Furthermore, following currency conversions that were implemented on the core banking system, there was a material trial balance imbalance that arose. To address these matters, the Group engaged an accredited consultant to apply a correction tool to resolve the general ledger account mismatches and trial balance imbalance. Due to the magnitude of the transactions within the suspense accounts and the audit effort required in validating the accounts and the correction tool applied by the consultant, we noted this to be a key audit area. Note 19 and note 24 include suspense account related balances.	To address the key audit matter, we performed the following procedures: • Obtained an understanding and analysed the nature of suspense accounts; • Tested the design and implementation of controls around the reconciliation of suspense accounts; • Performed tests of details on a sample of transactions within suspense accounts to validate them; • Tested the ageing of a sample of reconciling items and established the validity thereof; • Performed subsequent period tests to evaluate how the suspense accounts were cleared after the year-end date; and • Obtained an understanding of general ledger account mismatches identified in a sample of accounts tested. With regards to the correction tool applied by the consultant, we performed the following procedures with the assistance of our Information Technology specialists: • Obtained an understanding of the data solution tool; • Recomputed expected balances for all account balances and compared with the recorded amounts; • Verified the completeness and accuracy of the data used; and • Re-constructed account balances for all accounts impacted by the general ledger account mismatches and the trial balance imbalance.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Going concern</td></tr>
<tr><td>As at 29 February 2020, the Group has incurred a loss of ZWL 299.54 million in inflation adjusted terms, as a consequence of exchange losses being incurred of ZWL 1.99 billion on foreign denominated liabilities. Subsequent to that date, the ZWL/US dollar exchange rate has weakened significantly.

Subsequent to year end, one of the Group's significant operating entities, EcoCash (Private) Limited ("EcoCash") became one of the subjects of a forensic investigation initiated by the Financial Intelligence Unit of the RBZ on all mobile money operators in the country.

Subsequent to year end, a number of changes were also made to the regulatory environment in which EcoCash operates which resulted in a number of significant restrictions on the scale and extent of its operating activities.

Due to the significant auditor attention and judgement involved in assessing management's use of the going concern assumption as a result of the foregoing matters, this was found to be a key audit matter.</td><td>To respond to the key audit matter, we performed the following procedures, with special focus on the impact of EcoCash on the Group:

• We assessed the cash flow forecasts and budgets for reasonableness, for at least 12 months after the expected date of sign-off of the financial statements. This involved challenging the key assumptions used in the forecasts and performing sensitivity analyses;
• We performed retrospective reviews by comparing historical projected cash flows against actual historical performance to test reasonableness of the budgets;
• We assessed management's plans to mitigate the negative impacts of the changes in the regulatory environment for reasonability;
• We performed subsequent events review and assessed the potential impact of those events on the going concern assumption;
• We corresponded with the Group's legal counsel and assessed the potential impact of the outcomes of the forensic audit and the new regulatory requirements;
• We assessed the viability of the interim measures put in place by the Board to ensure business continuity;
• We inspected minutes of Board meetings outlining their plans for the Group; and
• We considered the adequacy of the going concern disclosure as set out on note 33.</td></tr>
</table>

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Cassava Smartech Zimbabwe Limited Consolidated Financial Statements for the year ended 29 February 2020", which includes the 'Director's responsibility for financial reporting', which we obtained prior to the date of our auditor's report. The other information also comprises the information included in the document titled "Cassava Smartech Zimbabwe Limited Annual Report for the year ended 29 February 2020", which we had not yet received as at the date of issuing our auditor's report. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. The document titled "Cassava Smartech Zimbabwe Limited Annual Report for the year ended 29 February 2020" is expected to be made available to us after the date of this auditor's report.

Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated 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 that we 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. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is also materially misstated for the same reasons.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Responsibility of the Directors for the Inflation Adjusted Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules 2009, the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Medical Services Act (Chapter 15:13), and related regulations. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated 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.
- 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 Group'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 Directors' 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 Group'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 inflation adjusted consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CASSAVA SMARTECH ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated 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.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(a)
As a result of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements of the Group are not properly drawn up in accordance with the Act and do not give a true and fair view of the state of the Group's affairs as at 29 February 2020.

Section 193(2)
We have no further matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already covered in the Basis for Adverse Opinion section of our report.

The engagement partner on the audit resulting in this independent auditor's report is Tumai Mafunga.

Deloitte & Touche

DELOITTE & TOUCHE
Per Tumai Mafunga
PAAB Practice Certificate No: 0442
Partner and Registered Auditor

6 November 2020