

TRADING UPDATE FOR THE PERIOD ENDED 30 NOVEMBER 2020

Cassava Smartech Zimbabwe Limited (the Company) is pleased to issue a trading update for the third quarter (Q3) ended 30 November 2020.

Trading Environment

The quarter under review saw a slow-down in the downward trend of the business environment that we had witnessed over the past quarters, anchored on exchange rate and price stability. The relaxation of Covid-19 lockdown conditions locally and across the world also saw relatively increased activity across most sectors of business.

COVID-19 Update

After experiencing a period of relative stability in respect of new COVID-19 cases, the country has started experiencing an increase in new and active cases and this is a cause for concern. As a business, we are committed to continuing engagements with our key stakeholders as we educate the public and continue with the various initiatives which we put in place at the onset of the pandemic. We are confident that the lessons we learnt from the first wave of the pandemic will assist us to better respond to the impact of this second wave. We continue to prioritise the health and welfare of our staff, customers, partners and of the nation at large.

Business Performance

Business performance in the third quarter has shown some improvement when compared to what we witnessed during the first and second quarters. If the economy continues on this positive trajectory into the fourth quarter, we expect to see recovery across all our business units.

Mobile money services

EcoCash revenue registered a growth of 29% from Q2, mainly on the back of a tariff review which became effective in August 2020 but whose full impact was felt in Q3. Active subscribers, however, declined by 6% between Q2 and Q3. The company also launched a self-registration USSD platform, which has seen a significant uptake in the number of new customer subscriptions.

We remain positive about a sustained volume and value recovery in the 4th quarter.

Banking services

A marked improvement in our banking services has also been registered in the third quarter, to exit at 81% revenue growth compared to the second quarter. This was primarily underpinned by a 166% growth in interest earning assets from Q2, as a result of the bank adopting a more aggressive lending strategy targeted at quality borrowers in line with the bank's credit risk management framework. Mobile banking customers recorded a 5% growth in Q3, a reflection of a comeback in consumer activity.

Insurtech services

Revenue for our Insurtech business grew 131% compared to Q2. This growth was on the back of strong growth in the short-term insurance business which registered a 165% increase on Q2 revenues and the company's high-end comprehensive and diverse product portfolio which spans across all industry segments, with a specific focus on agriculture. Reflecting this, in the recent publication by IPEC, the company was placed in the top 10 insurers in Zimbabwe, which is strong recognition for a new entrant that has been in operation in the insurance industry for only two years.

The life business recorded a decline in terms of policies underwritten following the suspension of some EcoCash services for premium payments by community groups. The business is in the process of redesigning payment gateways to ensure all our customers have access to the flexible payment options that existed before the suspension of the previous modes of payment. The new transaction limits on EcoCash also affected invoices greater than ZWL\$5,000.

Other business segments

The other segments of the business, comprising Agritech, Healthtech and On-Demand-Services, also contributed towards the growth registered in the third quarter. The business strategy to provide a digital one-stop-shop experience for farmers across the crop and livestock production value chains has resulted in tremendous growth in the Agritech unit.

Outlook

The Company continues to focus on identifying and developing opportunities in the market that are consistent with providing convenient digital solutions to the changing customer demands without compromising service excellence. The drive towards digital transformation for improved efficiencies and enhanced revenue generation remains our goal. The stable macro-economic outlook, and a promising agricultural season are all pointing to a brighter and stronger finish to the financial year.

By Order of the Board



C.R. Daniels
Company Secretary

31 December 2020